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## FISCAL IMPACT REPORT

SPONSOR: Stewart DATE TYPED: 02/04/01 HB 7/aHGUAC  
 SHORT TITLE: Department of Game & Fish Appropriations Act SB \_\_\_\_\_  
 ANALYST: Valenzuela

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	\$ 278.1			Recurring	General Fund
	\$ 7,816.4			Recurring	Federal Funds
	\$ 19,422.8			Recurring	Game Protection Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates Appropriation in The General Appropriation Act for the Department of Game and Fish and associated programs

### SOURCES OF INFORMATION

LFC Files  
 Department of Game and Fish (DGF)

### SUMMARY

#### Synopsis of the HGUAC Amendment

The effect of the House Government and Urban Affairs Committee (HGUAC) amendment is to fully fund a base expansion request made by the Department of Game and Fish (DGF), but not funded in the LFC recommendation. The total amount of the amendment is \$112.0. The base expansion request for the Big Game Enhancement License Fund is described below.

During the 1999 legislative session, Chapter 17, NMSA was amended (Laws 1999, ch. 69 §1.) to create two enhancement licenses for elk and an additional enhancement license for bighorn sheep. The statute directs DGF to expend the proceeds from these auction and lottery elk hunting licenses for elk restoration and management (Section 17-3-16.2 NMSA).

Synopsis of Original Bill

House Bill 7 appropriates \$27,405.3 from the general fund, federal funds, and the Game Protection Fund to the Department of Game and Fish (DGF) for the FY2002 budgets for its programs including the Big Game Enhancement License Fund, the Sikes Act - Habitat Improvement Program, the Share with Wildlife Program, and the Endangered Species Program. The bill provides operating funds to accommodate 282.5 full-time equivalents.

Significant Issues

House Bill 7 reflects the Legislative Finance Committee (LFC) recommendation for the department. The recommendation reflects a 2.7 percent increase over the DGF current operating budget. The LFC did recommend full funding for two base expansion requests totaling \$637.9. With the addition of the base expansion recommendations, the total recommendation is 5.4 percent over the current operating budget.

**DUPLICATION**

House Bill 7 duplicates the appropriation for DGF that is in House Bill 2, the General Appropriations Act.

**TECHNICAL ISSUES**

Due to an inadvertent oversight, the LFC did not make a recommendation for a base expansion in the Big Game Enhancement License Fund program. To resolve this issue, an amendment to House Bill 7 is required, in the amount of \$112.0.

**OTHER SUBSTANTIVE ISSUES**

The game protection fund has had a cash balance of more than \$20 million for the past couple of years, and FY01 balances are more than a million dollars greater than the same month a year ago. Based on its budget request, the department projects a cash balance of \$19 million on June 30, 2001. However, this projection assumes a decrease in federal revenues and, over time, federal revenues have been steadily increasing. In fact, for the past three years, actual revenues have surpassed budgeted revenues by more than \$2 million a year. The actual revenues for FY00 outpaced expenditures by \$2.4 million.

<i>Game Protection Fund</i>	<b>FY00</b>	<b>FY01 (est.)</b>
Beginning cash balance	\$20,456,706.00	\$ 22,871,072.00
Revenues	26,437,091.00	25,613,824.00
Expenditures	(20,313,104.00)	(22,175,304.00)
Other items impacting cash	(3,709,622.00)	(6,652,445.00)
End cash balance	<b>\$ 22,871,072.00</b>	<b>\$ 19,657,147.00</b>
Cash Restrictions and Obligations		(4,271,055.00)

Cash reserve requirement		(6,000,000.00)
Unobligated cash		<b>\$ <u>9,386,092.00</u></b>

The substantial unobligated cash balance represents an opportunity for the department to continue to pursue land acquisitions throughout the state such as the purchase of Eagle Nest Lake.

**Eagle Nest Lake.** During the 2000 legislative session, \$4 million was appropriated from the game protection fund for the lease and purchase of Eagle Nest Lake. The legislation also authorized the department to pursue acquisition on behalf of the state. The state will have eight years to purchase the lake.

When the lease of the lake ended in April 2000, the CS Cattle Company (the owner) clearly stated its intention to sell the property, and provide the state with the first-purchase option. The state entered into a month-to-month lease with the owners while a purchase agreement was being negotiated. The lease ended on January 15, 2001. The purchase price will be based on an appraisal, jointly funded by the CS Cattle Company and the DGF, and an independent appraisal funded by the department. The parties have both agreed the price will fall within the range of \$17 million to \$22 million. Aside from the price, the purchase agreement stipulates three key terms: (1) the agreement does not obligate the state; (2) the state would have eight years to consummate the purchase; and (3) the \$4 million (less monthly lease amounts) would be used for a non-refundable down payment. If the department contributed an additional \$5 million from the game protection fund, the remaining funds needed to purchase the lake would be between \$8 million and \$13 million. It may be necessary to make the State Game Commission owners of the lake, rather than another state agency.

### **POSSIBLE QUESTIONS**

What is the status of the Eagle Nest Lake purchase?

What is the estimated cost of Eagle Nest Lake?

MFV/njw:ar