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## FISCAL IMPACT REPORT

SPONSOR: Hanosh DATE TYPED: 2/14/03 HB 565  
 SHORT TITLE: Hunting and Fishing Licenses for Veterans SB \_\_\_\_\_  
 ANALYST: Maloy

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			35.0	Recurring	Game Protection Fund

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	(\$1,676.0)	See Narrative	Recurring	Game Protection Fund

### SOURCES OF INFORMATION

Responses Received From  
 Game and Fish Department

### SUMMARY

#### Synopsis of Bill

House Bill 565 amends current language to expand the eligibility for a free *general* hunting and fishing license (to cover deer hunting, small game hunting and fishing). Currently, the statute provides this free license to any resident who is *one hundred percent disabled as a result of having] served in the armed forces of the United States*. HB 565 removes the language referring to any disability, and provides a free license to any person who has served in the armed forces.

#### Significant Issues

- According to the game and fish department, HB 565 will have significant fiscal, adminis-

trative and performance implications for its operation. The department reports that this expanded eligibility for free licensure will decrease revenue, reduce the department's ability to qualify for apportioned federal funds, increase expenses and compromise the efforts to meet performance targets.

- The department also specifically reports that this bill will reduce revenues to the extent that the next increase in hunting and fishing license fees will be needed two years earlier than previously projected.
- Finally, the department is concerned that a significant reduction in state and federal funding would hamper the department's ability to provide services to the public.

## FISCAL IMPLICATIONS

HB 565 will result in an estimated \$1,676.0 recurring revenue loss to the Game Protection Fund.

- The game and fish department estimates HB 565 will decrease license revenue so as to change 31,500 buyers of general hunting and fishing buyers into recipients of free licenses. This would be a decrease in revenue by \$1,181.0 (31,500 X \$37.50).
- HB 565 will also impact the department's ability to qualify for federal funds through the Sportfish and Wildlife Restoration program. Annual federal apportionment is based upon the number of hunting and fishing license buyers (paid licenses only) and the state's landmass. The federal government calculates this apportionment annually, based on data from all 50 states. Therefore, it is difficult to pin-point an exact amount by which this apportionment will be reduced. However, a conservative estimate would be a five-percent reduction. Thus, based on an annual average of \$7.5 million from the Sportfish and Wildlife Restoration program, this reduction would be \$375.0.
- The department has also created exemptions to habitat improvement stamps for recipients of free licenses (disabled veterans and free fishing for over 70 years old). Expanding the pool of free licenses by 31,500 would also reduce revenue to the habitat improvement program by approximately \$120, assuming that 75% of the license buyers would also buy the habitat stamp required to hunt or fish on BLM or Forest Service land holdings.
- This revenue decrease will hasten the need for the next fee increase for all other license buyers, and will up the amount of the increase. Current projections indicate that the next fee increase would need to take effect in fiscal year 2006. The revenue impact of this bill would move that date forward to fiscal year 2004, assuming no other negative impacts due to other legislation or other conditions (special appropriations, drought, forest closures, etc.).
- The decrease will also limit the department's ability to maintain or expand services to the public.
- Finally, there would also be a fiscal implication related to the administrative effort required to administer this expanded program (one FTE, \$25,000 per year). While not as

large an impact, even things such as postage should be considered. The department currently allows applicants for the disabled veteran licenses to obtain their license through the mail. If half of the estimated free license applicants chose this option, postage expenses would increase by \$5-10 thousand per year.

### **ADMINISTRATIVE IMPLICATIONS**

- An increase in the number of free licenses issued would require the agency to increase the administrative effort in licensing operations. The annual report of the Veterans Service Commission estimates that the New Mexico veteran population is approximately 175,000. Assuming that veterans hunt and fish at the same rate as other New Mexicans (18%), the department would issue 31,500 free veteran licenses. This compares to 3,900 licenses that the department has issued since this program began in 1981. In light of this increase, the department estimates the need to commit at least one additional FTE to administering this program. The workload would likely be greatest at the beginning of the license year (April 1). While the law calls for a lifetime license, the deer-hunting license requires an annual carcass tag to demonstrate that a deer was taken legally. The department would need to dedicate additional administrative effort to this program. This would either require the department hire additional staff, or to divert staff from other efforts.
- An additional administrative impact comes from the requirement that licensees notify the agency of any changes in residency status. The agency would need to adopt additional administrative processes to track thousands of free license recipients and to communicate changes to field enforcement personnel.

### **TECHNICAL ISSUES**

- HB 565 does not include definitions for "armed services" or "veteran". This raises questions as to whether this bill intends to include all persons that have served in the armed forces, or only those that were honorably discharged.
- Also, it is not clear whether this bill would apply to Reserve and National Guard portions of the armed services.

### **SUBSTANTIVE ISSUES**

The proposed veteran's exemption may not be popular with the remaining license-purchasing population, as it is this population that will be absorbing the costs of the exemption.

### **ALTERNATIVES**

An alternative would be to create an appropriation to replace the revenue not collected for the free licenses. This would also likely allow New Mexico to count the veterans receiving these licenses as paid license holders. This would allow the state to include them in our annual license certification and would keep New Mexico from losing federal funds.