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FISCAL IMPACT REPORT

SPONSOR Campos DATE TYPED 02/07/2004 HB _____

SHORT TITLE Nonresident and Temporary Game and Fish Licenses SB 2/aSFC/aSFL#1

ANALYST Aguilar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	\$709.0		Minimal	Recurring	Game Protection Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB554

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring Or Non-Rec	Fund Affected
FY04	FY05			
	\$450.0	\$1,500.0	Recurring	Game Protection Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Report of the Legislative Finance Committee to the Forty-Sixth Legislature, Second Session, January 2004 for Fiscal Year 2004 – 2005, pp. 377 – 381.

Responses Received From

Department of Game and Fish
Taxation and Revenue Department

SUMMARY

Synopsis of SFl Amendment #1

The Senate Floor Amendment #1 strikes the SFC amendment; adds language to the title, and makes an appropriation to provide salary increases for game and fish law enforcement commissioned conservation officers, clerical, secretarial, financial specialists and farm and ranch workers of the department.

The amendment makes the appropriation contingent on DGF adopting a tiered salary schedule for all employees based on experience and job qualifications and, in the case of law enforcement officers, risk involved in the job assignment.

The amendment specifies an effective date of July 1, 2005.

Any unexpended or unencumbered balance remaining at the end of fiscal year 2005 shall revert to the game protection fund.

Significant Issues

The New Mexico Conservation Officers Association (NMCOA) has approached the department regarding concern surrounding the recruitment and retention of officers and salary compaction within the pay group. An investigation of concerns recognized a segment of employees who are being compensated at a salary that does not reflect their demonstrated performance in their current positions.

An approximately 6 month in-house evaluation of compensation and the duties performed by the officers was undertaken and a proposed resolution developed. NMCOA has reviewed the proposal and supports this plan. Additionally, several State Game Commission members and legislators have indicated their concern and the need to address this issue. As a result, the plan specified in the amendment is being recommended to correct compensation issues among Conservation Officers.

DGF has not completed a study of salary issues in some of the other classified positions. The agency is preparing to work with SPO to determine appropriate classification changes if necessary. SPO will need to be involved in any reclassification efforts and are so directed by the legislation.

FISCAL IMPLICATIONS

The appropriation of \$709 thousand contained in this bill is a recurring expense to the game protection fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2005 shall revert to the game protection fund.

TECHNICAL ISSUES

The effective date of the provisions should be changed July1, 2004.

Synopsis of SFC Amendment

The Senate Finance Committee amendment adds a new section which makes the effective date of the provisions of the act April 1, 2005.

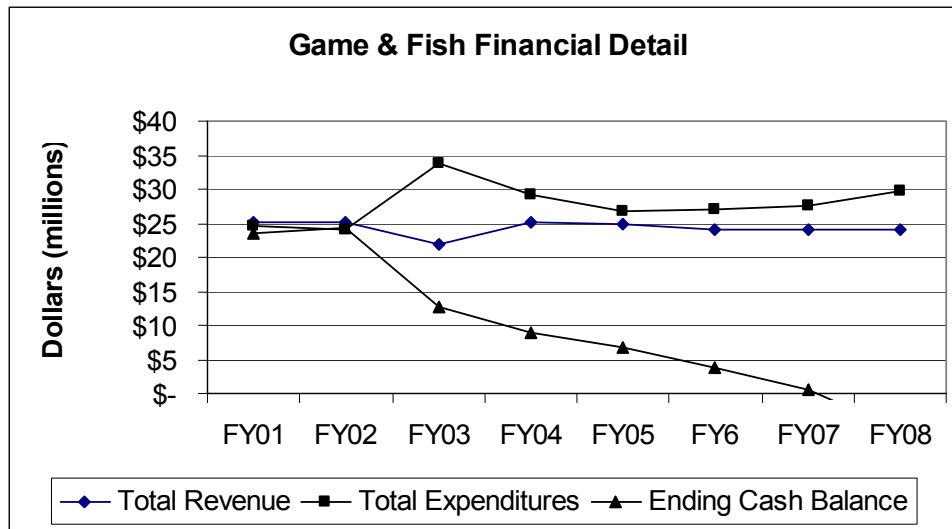
Synopsis of Original Bill

Senate Bill 2 raises license fees for certain non-resident and temporary hunting and fishing licenses.

Significant Issues

The Department of Game and Fish generates the majority of its revenue through the sale of hunting and fishing licenses, with fees fixed by statute. Inflation and appropriations for non-recurring projects have caused overall expenditures to surpass revenues, reducing cash balances in the fund. This has produced a situation where increasing revenue has become a priority. Increasing license fees is one way the department has identified to generate additional revenue.

In recent years, the game protection fund has provided opportunities for the department to complete several projects, such as the construction of its headquarters building, construction of fish hatcheries and the purchase of Eagle Nest Lake. Current estimates show that the fund is declining to a critical level. Revenues to the department are off from October through March requiring a minimum cash balance of \$6 million. Department estimates indicate the fund may fall below this threshold by the end of FY06.



Source: New Mexico Department of Game and Fish

The license fees amended in this bill are sold during the hunting and fishing license year that runs from April 1st to March 31st. The licenses for the 2004-2005 license year have already been ordered and printed and the computer systems have been programmed. Consideration should be given to changing the effective date of the bill to April 1, 2005 in order to allow for production of printed materials and updates to computer systems.

FISCAL IMPLICATIONS

The department reports that at current sales levels, the changes proposed in this bill will generate an additional \$1.5 million in annual license revenue. This will allow the agency to continue operating at current levels until fiscal year 2007. Without the proposed increase, current cash balances will only sustain the agency's operations through fiscal year 2006.

TECHNICAL ISSUES

The Department requests that this bill be amended to include an effective date of April 1, 2005. The current version of the bill does not specify an effective date, which would provide for implementation during 2004. In order to allow time for printed materials to be changed and computer systems to be updated, the April 2005 effective date is needed.

OTHER SUBSTANTIVE ISSUES

The agency notes that the additional revenue generated by this license fee adjustment will forestall the need for an overall increase in fees for both residents and nonresidents, but will not eliminate the need to make adjustments to the agency's fee structure in the future.

PA/prr:dm