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FISCAL IMPACT REPORT

SPONSOR SFC DATE TYPED 3/3/05 HB _____

SHORT TITLE Increase Game And Fish License Fees SB 16/77/336/SFCS/aSFL#1

ANALYST Aguilar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	Indeterminate		Indeterminate	Recurring	Game Protection Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	\$1,500.0	\$4,500.0	Recurring	Game Protection Fund

(Parenthesis () Indicate Revenue Decreases)

Conflicts with HB-47

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Game and Fish (DGF)

SUMMARY

Synopsis of Senate Floor Amendment #1

Senate Floor Amendment #1 to Senate Finance Committee Substitute for Senate Bill 16, 77 and 336 reduces the fees for a temporary small game license from \$35 dollars to \$33 dollars. The Senate Finance Committee substitute had increased the fee from \$35 dollars to \$44 dollars.

Synopsis of Original Bill

The Senate Finance Committee substitute for Senate Bills 16, 77 and 336 raises license fees for resident, nonresident and temporary hunting and fishing licenses, removes obsolete license descriptions, provides for a junior hunting and fishing license and increases the eligibility age, provides for a junior-senior elk license, clarifies a license type and provides for increased distribution of vendor fees.

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 nonrecurring projects have caused overall expenditures to surpass revenues, reducing cash balances in the Game Protection Fund. This has produced a situation where increasing revenue has become a priority for the department. 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 FY07.

The department notes the last increase in license fees was effective in 1996, with some fees being reduced in 1997. This fee increase would take effect on April 1, 2006.

Current statute provides for 10 cents of each temporary license be paid to the vendor. SB 16/77/336/SFCS provides for a 50 cent distribution to vendors.

PERFORMANCE IMPLICATIONS

The department reports in order to continue providing services at the current level, the agency must have sufficient income to keep up with inflationary effects on operating costs such as; gasoline, employee salaries and benefits, changes in per diem rates, utilities, etc. If the Department does not obtain a change in fees or some other form of revenue enhancement, it will not have the resources to operate at the level used to establish target levels for performance measures.

One of the agency's performance measures is based on the percentage of special drawing licenses issued to New Mexico resident applicants. Increasing fees for nonresident applicants will potentially decrease the overall number of nonresident applicants, possibly increasing the number of licenses drawn by residents.

FISCAL IMPLICATIONS

At current sales levels, the changes proposed in this bill will generate an additional \$4.5 million in annual license sales revenue for the Department of Game and Fish. This will allow the agency to continue operating at current levels. Without the proposed increase, current cash balances will only sustain the agency's operations through fiscal year 2007.

ADMINISTRATIVE IMPLICATIONS

If passed, the Department would implement this amendment on April 1, 2006. This will allow for printed materials and computer systems to be updated to reflect the amended fees.

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