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FISCAL IMPACT REPORT

ORIGINAL DATE 1/19/2007

SPONSOR Stewart LAST UPDATED 1/26/2007 HB 6/aHHGAC

SHORT TITLE Department of Game and Fish Appropriation Act SB _____

ANALYST Woods

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$304.2	Recurring	General Fund
	\$12,563.2	Recurring	Federal Funds
	\$22,315.4	Recurring	Internal Service Funds/Interagency Transfers
	\$5.0	Recurring	Other State Funds

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act, Section 4 for the Department of Game and Fish

SOURCES OF INFORMATION

Report of the Legislative Finance Committee to the Forty-Eighth Legislature, First Session, January 2007 for Fiscal Year 2007-2008, Volume II, pp. 189 – 194.

Responses Received From
Department of Game and Fish (DGF)

SUMMARY

Synopsis of HHGAC Amendment

House Health and Government Affairs Committee amendment to HB6 amends the legislation to reflect adoption of the executive budget recommendation of \$35,187.8 delineated as follows:

- General Fund FY08 appropriation: \$304.2, an increase of \$70.0 over the original bill.
- Federal Funds FY08 appropriation: \$12,563.2, an increase of \$100.0 over the original bill.

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- Internal Service Funds/Interagency Transfers FY08 appropriation: \$22,315.4, an increase of \$490.0 over the original bill.
- Other State Funds FY08 appropriation: \$5.0, no increase over the original bill.

Additionally, the amendment adds 1 FTE to the sport hunting and fishing program, bringing agency's total authorized compliment to 301.5 FTE.

FISCAL IMPLICATIONS

This amended bill is \$660.0 higher than the LFC recommendation and Department's FY08 operating budget request. It increases the amount of General Fund that the Department will receive. The difference can be explained as follows:

- \$20.0 in General Fund for bird rehabilitation in the Conservation Services Program,
- \$50.0 in General Fund, \$100.0 of Federal Funds and 1.0 FTE to expand youth hunting and fishing education and outdoor services. This funding will be used to introduce youth to hunting, fishing, and outdoor skills with possible links to outdoor classrooms and environmental education.
- \$250.0 from the Game Protection Fund to expand the Department's Open Gates initiative. This funding will increase the Department's ability to provide public access to private lands and landlocked public lands. This change doubles the current funding level for this ongoing initiative.
- \$225.0 for the "Grand Slam" hunting authorizations for Habitat Enhancement and Conservation. The Department is pursuing legislation to offer two packages of enhancement authorizations. Each package will provide the opportunity to hunt elk, deer, oryx, ibex, and pronghorn antelope. One package would be allocated by lottery (raffle) and the other package would be sold at auction.
- \$15.0 for the Governor's Conservation Hunting and Fishing authorizations. This initiative will generate revenue for fish and wildlife conservation activities by making special big game, small game and trophy fish authorizations available for fundraising at special events designated by the Governor.
- \$182.3 for Ute Lake Dam and Eagle Nest Dam operation from the Game Protection Fund (GPF), to be transferred to the Office of the State Engineer (OSE). The original bill did not contain this funding and had recommended a general fund appropriation to the OSE for this purpose. Funding these agreements with Game Protection Fund money will preclude the need for the appropriation from the general fund. These transfers are offset by an equal savings of \$182.3 in Game Protection Fund resulting from vacancy savings and other cuts.
- The net impact of the \$70.0 in new general fund appropriations and the funding of the dam operations agreements from GPF rather than general fund results in an overall need of \$112.3 less general fund between the Department of Game and Fish and OSE.

ADMINISTRATIVE IMPLICATIONS

This bill will increase the department FTE level by 1.0 in the Sport Hunting and Fishing Program. The following sections summarize the fiscal impact of this recommendation to each of the department's programs:

Sport Hunting and Fishing Program – The appropriation proposed for this program is \$19,602.6. It will support 197.0 FTE, which is 1.0 higher than last year, with Salaries and Employee Benefits (200 category) amount being \$12,190.5, Contractual Services (300 category) being \$1,423.5, Other (400 category) being \$5,491.3, and \$497.3 in Other Financing Uses (500 category).

Conservation Services Program - The appropriation proposed for this program is \$7,626.5. It will support 40.5 FTE with Salaries and Employee Benefits (200 category) amount being \$2,489.1, Contractual Services (300 category) being \$1,324.7, and Other (400 category) being \$3,812.7.

Wildlife Depredation and Nuisance Abatement Program - The appropriation proposed for this program is \$1,168.9. It will support 5.0 FTE with Salaries and Employee Benefits (200 category) amount being \$314.4, Contractual Services (300 category) being \$179.7, and \$674.8 in Other (400 category).

Administration Program - The appropriation proposed for this program is \$6,789.8. It will support 59.0 FTE with Salaries and Employee Benefits (200 category) amount being \$4,113.4, Contractual Services (300 category) being \$523.6, and \$2,152.8 in Other (400 category).

Synopsis of Original Bill

House Bill 6 appropriates \$34,527.8 from the general fund, game protection fund and federal funds to the Department of Game and Fish (DGF) for its FY08 operating budget. The bill reflects the Legislative Finance Committee (LFC) budget recommendation for the agency and includes performance measures and targets.

FISCAL IMPLICATIONS

The Department of Game and Fish notes that the FY 2008 LFC recommendation for the department is responsive to the agency's operating budget request: a recommendation that is \$660,000 lower than the Executive Recommendation. The majority of this difference can be attributed to new initiatives included in the Executive recommendation that were not included in the LFC recommendation including:

- \$20.0 in General Fund for bird rehabilitation in the Conservation Services Program,
- \$50.0 in General Fund, \$100.0 of Federal Funds and 1.0 FTE to expand youth hunting and fishing education and outdoor services,
- \$250.0 from the Game Protection Fund to expand the Department's Open Gates initiative;

- \$225.0 for the “Grand Slam” hunting authorizations for Habitat Enhancement and Conservation,
- \$15.0 for the Governor’s Conservation Hunting and Fishing authorizations, and
- \$182.3 for Ute and Eagle Nest Operations.
- The Executive Recommendation also includes vacancy savings and other reductions, for an overall net difference of \$660,000.

PERFORMANCE IMPLICATIONS

The LFC recommendation recognizes agency performance and performance exceptions. Accordingly, the LFC budget recommendation funds agency operations at levels which support performance goals and objectives.

TECHNICAL ISSUES

The LFC recommendation reflects \$8,521.2 in federal funds in the sport hunting and fishing program, rather than the \$8,521.1 as contained in the bill. Within the same program, the LFC recommendation reflects \$10,359.3 in internal services funds, as opposed to the \$10,359.4 contained in the bill. All subtotals and totals should be corrected accordingly.

OTHER SUBSTANTIVE ISSUES

As detailed in the FY08 LFC budget recommendation, with the exception of a minimal portion of general fund support, the agency is fully funded from fees, penalties, income from department-owned property, and federal revenues. FY08 request of \$34.5 million is flat, and represents no increase in either funds or FTE requested over the department’s FY07 operating budget.

With the exception of a minimal portion of general fund support, the agency is fully funded from fees, penalties, income from department-owned property, and federal revenues. For FY08, this reflects a general fund request of \$234.2 thousand, with the remainder of operating funds being derived from program revenues (\$21.8 million), federal funds (\$12.5 million), and fund balances (\$1.5 million). The department had a vacancy rate of 6.8 percent in September 2006, but the recommendation takes no vacancy savings.

The FY08 request reflects an increase in federal revenue, largely due to integrating recently enacted State Wildlife Grant and Landowner Incentive programs into the budget request. The department has used funding from these programs in past fiscal years but had brought it into the budget via budget adjustment requests because the amounts allocated to New Mexico were not known when the budget requests were prepared. Funding for these programs has become more stable and the amounts have been incorporated into the request. The FY08 request also includes funding from a number of smaller grant programs apart from the sportfish and wildlife restoration grants traditionally used by the department.

In support of its various programs, the agency oversees the following funds:

The game protection fund is the department's operating fund and is its largest fund. It is nonreverting and is the only fund that receives general fund revenues. The general fund primarily supports personnel in the Conservation Services Program involved in conservation of threatened or endangered species. Additional sources of revenue include license fees, federal funds, court fines and forfeitures, other penalties, crops, interest on investments and land rental or lease income. Since FY01, the game protection fund has provided over \$21.5 million to complete several capital projects, including \$5.38 million for new projects appropriated during the 2005 session. Projects recently financed by game protection fund appropriations include the construction of the warm water hatchery at Santa Rosa, purchase of Eagle Nest Lake, construction at the Red River hatchery, Eagle Nest dam repair, clean up at the Terrero Mine site, and engineering and construction costs associated with work on dams and spillways owned by the State Game Commission. The projected FY08 fund balance is \$31 million.

The Share with Wildlife fund is a subsidiary account under the game protection fund and is a nonreverting fund that receives revenues from federal grants, gifts, hunting and fishing licenses, and various other sources including donations through the state tax form check-off. Funds are used to assist at-risk wildlife, regardless of species. Projected FY08 fund balance is \$125 thousand.

The Sikes Act fund is a nonreverting program that receives revenues from hunting and fishing licenses, interest on investments, miscellaneous revenue, and other financing sources. These funds are dedicated to habitat conservation and rehabilitation projects in the Conservation Services Program. Projected FY08 fund balance is \$1.5 million.

The big game enhancement fund is a nonreverting program that receives revenues from enhancement hunting permits for elk, deer, and big horn sheep, as well as from federal grants. The revenues are earmarked exclusively for the preservation, restoration, and management of those three big game animals under the Sport Hunting and Fishing Program. Projected FY08 fund balance is \$733 thousand.

The big game depredation damage fund is funded through the sale of big game depredation damage stamps on hunting licenses and earnings from the investment of the fund. Funds are used by the Wildlife Depredation and Nuisance Abatement Program to correct damage to federal, state, or private land caused by big game and to prevent such damage in the future. Projected FY08 fund balance is \$546 thousand.

The habitat management fund is supported by a \$3 habitat management stamp that will be included in the purchase of each hunting and fishing license or wildlife-associated recreation permit starting in FY06. Proceeds from the fund will be used to make habitat improvements and to develop and maintain properties owned by the State Game Commission. Projected FY08 fund balance is \$500 thousand.

In 2005, the department received capital appropriations totaling \$5 million from the general fund for the acquisition of property and habitat improvement and is presently coordinating this initiative with the state departments of Agriculture and Energy, Minerals and Natural Resources. Planning efforts continue to be directed to four general areas: natural land protection, wildlife protection, working farm and ranch conservation, and local-government-related activities.

Additionally, for FY08, the department is significantly increasing the target number of Gaining Access into Nature (GAIN program) opportunities, from two in FY07 to 30 in FY08. GAIN activities include guided tours with wildlife biologists and other experts, plus opportunities to witness and assist biologists as they trap bighorn sheep, deer, turkey and antelope, and conduct fishing surveys in lakes and streams.

BW/mt