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FISCAL IMPACT REPORT

ORIGINAL DATE 01/27/10

SPONSOR Jennings LAST UPDATED _____ HB _____

SHORT TITLE Fishing License for Certain Military Members SB 193

ANALYST Escudero

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY10	FY11	FY12		
	(\$309.7)		Recurring	Game Protection Fund Habitat Management Fund Big Game Depreciation Fund Bond Retirement Fund

(Parenthesis () Indicate Revenue Decreases)

Duplicates, Relates to, Conflicts with, Companion to House Bill 37 and House Bill 112

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY10	FY11	FY12	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total			\$2.0	\$2.0	Nonrecurring	Game Protection Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Game and Fish (DGF)
 Department of Military Affairs (DMA)
 Veterans' Services Department (VSD)

SUMMARY

Synopsis of Bill

Senate Bill 193 would waive the fishing license fee for members of the Armed Forces of the United States who are eligible; those on disabled-active duty status or veteran military members who are undergoing a federally-sponsored rehabilitation program that is related to the sport of fishing.

FISCAL IMPLICATIONS

Game and Fish Department indicates as follows:

The Department receives approximately 1/3 of its annual budget from federal funds. These federal funds are distributed to all of the States and certain Territories of the United States Government through a license certification process that requires each State and Territory to count and certify the total number of paid license holders. The number of paid license holders is then combined into a formula that distributes the money across the States and Territories. For the purposes of certification and distribution of the federal funds, only the number of paid licenses (defined as fees collected for the sale of a license) can be used to determine the distribution of the funds. Free licenses do not count toward a state's count of license holders.

If the Department were to issue these licenses for free, none of those license holders could be used to help support the State to receive federal funds. Each paid fishing license holder in New Mexico results in approximately \$29.00 of federal revenue coming to the state. According to information from the Department of Veterans' Services, there are approximately 21,000 New Mexico residents--members of the armed services who would be eligible for this license. However, this bill does not restrict the free license to just New Mexico residents. It makes anyone who is active duty, disabled or a veteran of the armed services eligible for a free fishing license, no matter their state of residency. Therefore, completing a comprehensive fiscal analysis is difficult because it is unknown at this time how many members of the entire United States Armed Forces would be eligible for the license.

However, to get a sense of the potential revenue impact, the Department assumes 25% of the 21,000 resident Armed Forces members would participate in a fishing-related rehabilitation program. Therefore, the Department could recognize a loss in direct license sale revenue of \$157,500 (\$25.00 annual fishing license and \$5.00 habitat stamp) and a loss in federal revenue of \$152,250; for a total loss of approximately \$300,000 annually. That revenue loss is based upon New Mexico residents only, but this law would allow all eligible members of the Armed Forces, regardless of residency to be eligible for the free license.

SIGNIFICANT ISSUES

Game and Fish Department submits that:

As written, this law applies to all eligible members of the entire United States Armed Forces. The Department could potentially see a much larger decrease to its revenue stream, but at minimum, it would recognize a loss of \$300,000.

In addition, decreases in both direct State and Federal revenues received by the Department, administrative processes would need to be modified. In order to properly issue the license to eligible members of the Armed Forces, the state would have to issue those licenses only through Department offices, because persons buying these licenses would need to produce the appropriate documentation verifying their eligibility, and the Department would need to maintain those documents for audit purposes. Staff at non-department license vendors would not have the means to verify this eligibility nor would they have the ability to properly manage the documentation verifying eligibility.

Veterans Affairs notes that:

Currently the VA reports that New Mexico has an estimated 21,500 disabled veterans that are qualified for Vocational Rehab. Not all of these veterans are using this benefit.

ADMINISTRATIVE IMPLICATIONS

Department of Game and Fish indicated as follows:

The waiver of license fees will have to be developed and incorporated into the Department current over-the-counter system and the Department will provide additional training to Department staff regarding the issuance of the licenses and the fee waiver process. The Department would also have to develop processes on the part of the agency and the military to verify eligibility for the license fee waiver.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

As stated by Department of Game and Fish, some disabled veterans who qualify for Voc Rehab already qualify for a free license under the Disabled Veteran Free License Program already in place.

TECHNICAL ISSUES

As stated by Department of Game and Fish, the bill does not specify if only residents of the State of New Mexico or all members of the United States Armed Forces are eligible

Veterans Affairs provided the following:

In order for an active duty service member to qualify for a voc rehab program they must:

- Expect to receive an honorable discharge upon separation from active duty
- Apply for Vocational Rehabilitation and Employment services

- Obtain a memorandum rating of 20% or more from the VA

In order for a veteran to qualify for Voc Rehab they must:

- Have received, or will receive, a discharge that is other than dishonorable
- Have a service-connected disability rating of at least 10%
- Submit a completed application for VR&E services

OTHER SUBSTANTIVE ISSUES

Department of Game and Fish indicated that:

The Department has some concerns that the bill does not specifically define who would be eligible to receive this license. In developing this analysis the Department made some assumptions as to who would be eligible for purchasing the license. The Department would request that the eligible recipients of this license be clearly articulated in the final bill. However, if the assumptions we have made regarding eligible participants and the participation rates are incorrect, the impact to revenue will be affected.

As stated by the Veterans Administration, some disabled veterans who qualify for Voc Rehab already qualify for a free license under the Disabled Veteran Free License Program already in place.

ALTERNATIVES

Game and Fish Department indicates as follows:

- 1) Enact House Bill 37 which would provide for a reduced fee license for eligible armed forces members who are residents of the State of New Mexico. House bill 37 would provide a reduced-fee license while maintaining the Department's federal revenue stream because all license sales as provided for in House Bill 37 would generate net revenue and count towards the number of paid license holders that determine New Mexico's share of the federal revenue stream.
- 2) Appropriate funding to support the purchases of the temporary fishing license from a funding source outside of the Department's current revenue sources that would still allow the Department to count those license sales for the purposes of calculating and receiving federal funds, as each license issued would generate net revenue to the state wildlife agency.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

As stated by Game and Fish Department, eligible Armed Forces members would still be required to purchase a fishing license under the current schedule of license fees as defined under 17-3-13 NMSA.

As stated by United States Army, such disabled veterans attending a VA rehabilitation program would be required to purchase an annual Fishing License and Habitat Stamp, notwithstanding participation in an approved VA program that involve fishing rehabilitation.

AMENDMENTS

As stated by Game and Fish Department, amend the bill to carry an effective date of April 1, 2011 to coincide with the beginning of the next hunting and fishing license year.

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