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FISCAL IMPACT REPORT

ORIGINAL DATE 01/29/10
LAST UPDATED _____ **HB** 116

SPONSOR Garcia, T.

SHORT TITLE Game & Fish Licenses for Military on Leave **SB** _____

ANALYST Woods

REVENUE (dollars in thousands)*

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY10	FY11	FY12		
	(\$416.5)		Recurring	Game Protection

(Parenthesis () Indicate Revenue Decreases)

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	Recurring	Game Protection

(Parenthesis () Indicate Expenditure Decreases)

* Fiscal impact data provided by the Department of Game and Fish.

Relates to HB37

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Game and Fish (DGF)

Veterans' Services Department (VSD)

SUMMARY

Synopsis of Bill

House Bill 116 would waive the license fee for a temporary small game or temporary fishing license for residents of the State of New Mexico who are members of the Armed Forces of the United States who are stationed outside of New Mexico and are currently on leave for thirty days or less.

FISCAL IMPLICATIONS

DGF advises that 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.

Further, DGF opines that, if the Department were to issue these licenses for free, those license holders cannot be used to help support the State to receive federal funds. Each paid fishing license hold in the New Mexico results in approximately \$29.00 of federal revenue coming to the state. Each paid hunting license holder represents about \$90.00 in federal revenue for New Mexico. According to information from the Department of Veterans' Services, there are approximately 7,000 members of the Armed Forces who are residents of the State of New Mexico. Assuming only half of the 7,000 eligible members of the armed forces elect to be issued a free license versus paying a fee for the license, the Department would lose approximately \$416,500 of annual federal revenue.

SIGNIFICANT ISSUES

DGF notes that, in addition to large decrease in 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.

As background, VSD adds that, according to figures supplied by the Department of Defense, there are approximately 7000 active duty military personnel that list New Mexico as their state of residency. This number does not include the over 3000 members of the New Mexico National Guard. The soldier, sailor, or airman would have to be stationed outside of New Mexico in order to qualify for this. DOD did not supply the number of personnel from New Mexico that are currently stationed outside of the state so it is difficult to determine how many would actually qualify for this program.

ADMINISTRATIVE IMPLICATIONS

DGF indicates that 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.

RELATIONSHIP

Related to HB37.

TECHNICAL ISSUES

DGF notes that the bill does not specify whether the free temporary fishing license would be a 1-day or a 5-day license, both of which exist in current statute; while VSD asks the following two questions:

1. What would suffice as proof satisfactory that the member is currently stationed outside of New Mexico, and how would the department know the active duty status?
2. Would the applicant qualify for a temporary license each time they come home on leave?

OTHER SUBSTANTIVE ISSUES

DGF indicates that it 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.

ALTERNATIVES:

DGF proposes the following:

- 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 small game or 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

DGF states, “Eligible resident Armed Forces members would still be required to purchase a small game or fishing license under the current schedule of license fees as defined under 17-3-13 NMSA.”

AMENDMENTS

DGF suggests amending the bill to carry an effective date of April 1, 2011 to coincide with the beginning of the next hunting and fishing license year.

BW/mew