

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 691** HLS 21RS 1224

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 24, 2021	8:35 AM	Author: BACALA
Dept./Agy.: Wildlife and Fisheries		Analyst: Kimberly Fruge
Subject: Fee Restructure for Wildlife and Fisheries		

WILDLIFE/FEES RE +\$16,498,693 SD RV See Note Page 1 of 2
Provides relative to fee increases for the Department of Wildlife and Fisheries

Proposed law restructures the recreational fishing and hunting licenses for the Department of Wildlife and Fisheries.

Proposed law renames the Crab Promotion and Marketing Fund to the Crab Development, Management and Derelict Crab Trap Removal Account. Further, proposed law creates the Oyster Resource Management Account, the Crawfish Development and Management Account, the Louisiana Duck License, Stamp, and Print Fund, the Louisiana Wild Turkey Fund, the Lifetime License Endowment Trust Fund, the Charter Boat Fishing Fund, and the Louisiana Wildlife and Fisheries Escrow Account.

Proposed law provides for possible hunting reciprocity with Mississippi and turkey hunting reciprocity for neighboring states if license requirements and fees are similar.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$448,147	\$448,147	\$448,147	\$448,147	\$1,792,588
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$448,147	\$448,147	\$448,147	\$448,147	\$1,792,588

REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$231,112	\$16,498,693	\$16,498,693	\$18,216,521	\$18,216,521	\$69,661,540
Federal Funds	\$0		\$1,051,084	\$1,051,084	\$1,051,084	\$3,153,252
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$231,112	\$16,498,693	\$17,549,777	\$19,267,605	\$19,267,605	\$72,814,792

EXPENDITURE EXPLANATION

Proposed law will increase statutory dedication expenditures in the Louisiana Department of Wildlife and Fisheries (LDWF) in FY 23 to pay for the preservation of breeding grounds for migratory waterfowl and the promotion of the charter boat industry. LDWF anticipates the total expenditure increase for beginning in FY 23 through FY 26 is \$448,147 per year.

LDWF will use 50% of revenues from the Duck License, Stamp and Print Fund for the preservation of breeding grounds for migratory waterfowl. The department estimates, based on permit counts from 2019, that \$696,360 will be deposited into the fund and \$348,195 will be used for breeding ground preservation. In FY 19, \$264,254 was used for the preservation of the breeding grounds from the Conservation Fund. Therefore, this measure increases net expenditures for breeding ground preservation by \$83,941 (\$696,360 estimated revenue increase x 50% = \$348,254 - \$264,254 currently used from the Conservation Fund).

LDWF will use revenues from the Charter Boat Fishing Fund for the promotion of the charter industry. Currently, LDWF uses \$386,729 from the Conservation Fund on promotion expenses for the charter industry. The Charter Boat Fishing Fund will be determined by \$500 per non-resident charter fishing guide license, \$7.50 per Resident/Nonresident Charter Pass 3 Day (a \$2.50 increase from current law), and 10% of charter boat licenses. Assuming the same number of permits as 2019, this would equate to \$750,935 of revenue deposited into the Charter Boating Fishing Fund, and thus increase expenditures on promotion by \$364,206 (\$750,935 estimated revenue increase - \$386,729 currently used from the Conservation Fund).

SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

Proposed law will increase revenue generated from the restructuring of recreational hunting and fishing permit fees, motorboat registration fees, and commercial licensing fees in the Louisiana Department of Wildlife and Fisheries (LDWF). The increase in revenue will be spread across a variety of statutory dedication fund accounts (see page 2). The changes to the commercial fishing fees will be phased in with half of each fee increase realized in FY 23 and the other half in FY 25. In addition, the restructuring of LDWF's youth hunting licenses and disabled hunting and fishing licenses will increase the federal funds available to LDWF by approximately \$1.0 M starting in FY 24. LDWF estimates that the total revenue increase will be approximately \$231,112 in FY 22, \$16.5 M in FY 23, and \$17.5 M FY 24, and \$19.3 M in FY 25 and FY 26, based on data from 2019. To the extent that a change in fees may change market behavior with regards to the number of permits sought annually, the potential additional revenues may be impacted accordingly.

FY 22: Half of the anticipated motorboat revenue will be realized in FY 22. Current revenue for the motorboat fees is \$4,705,340 (half: \$2,352,670). Under this measure, the fees would increase to \$5,167,564 (half: \$2,583,782). This leads to an increase of \$231,112 for the collection of half of the fees.

SEE REVENUE EXPLANATION CONTINUED ON PAGE TWO

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED:

The LFO presumes the revenue increase from the restructuring of fees under the proposed law will be used to mitigate the decrease in revenue from the Conservation Fund, which has decreased as a result of low oil and natural gas prices as well as a fee structure that has not been increased in 20 years for recreational licenses and 35 years for commercial licenses. Therefore, LDWF will not have to decrease expenditures throughout the department. (See Revenue Explanation Below).

Note: The LFO presumes the same number of annual fees will be assessed and collected each year. To the extent that a change in fees may change market behavior with regards to the number of permits sought annually, the potential additional revenue and expenditures may be impacted accordingly.

REVENUE EXPLANATION CONTINUED:

FY 23-24 Stat. Ded.: The table below illustrates the increase and restructuring of the hunting and fishing license fees, the motorboat registration fees, and the first phase of the commercial licensing fees across the various statutory dedication fund accounts within LDWF.

<u>Fund Account (renamed where applicable)</u>	<u>Current Revenue</u>	<u>Proposed Revenue</u>	<u>Difference</u>
Conservation Fund	\$ 23,723,925	\$ 35,182,135	\$ 11,458,210
Lifetime License Endowment Trust Fund	\$ 535,690	\$ 698,700	\$ 163,010
Seafood Promotion and Marketing Fund	\$ 247,100	\$ 293,040	\$ 45,940
Shrimp Marketing and Promotion	\$ 73,150	\$ 73,150	\$ -
Crab Development, Management, and Derelict-Fund Trap Removal Account	\$ 103,635	\$ 152,090	\$ 48,455
Aquatic Plant Control Fund	\$ 1,384,447	\$ 5,000,000	\$ 3,615,553
Duck License, Stamp, and Print Fund	\$ 276,560	\$ 696,390	\$ 419,830
Louisiana Wild Turkey Fund	\$ 41,464	\$ 59,423	\$ 17,959
Wildlife Habitat and Natural Heritage Trust	\$ 659,939	\$ 763,529	\$ 103,590
Charter Boat Fishing Fund	\$ 386,729	\$ 744,420	\$ 357,691
Louisiana Fur Public Education and Marketing	\$ 51,810	\$ 78,715	\$ 26,905
Saltwater Research and Conservation Fund	\$ 1,530,780	\$ 1,530,780	\$ -
Oyster Resource Management Account	\$ 290,000	\$ 531,550	\$ 241,550
Total Statutory Dedication Revenue	\$ 29,305,229	\$ 45,803,922	\$ 16,498,693

FY 25-26 Stat. Ded.: The table below illustrates the additional anticipated revenue received in commercial license fee accounts after the introduction of the second phase. Statutory dedications increase by \$1,717,828 making the total increase \$18,216,521 (\$16,498,693 + \$1,717,828).

	<u>Current</u>	<u>Proposed FY 24</u>	<u>Proposed FY 26</u>	<u>Difference FY 24 to 26</u>
Conservation Fund	\$ 23,723,925	\$ 35,182,135	\$ 36,845,533	\$ 1,663,398
Crab Development Account	\$ 103,635	\$ 152,090	\$ 163,430	\$ 11,340
Charter Boat Fishing Fund	\$ 386,729	\$ 744,420	\$ 750,935	\$ 6,515
Louisiana Fur Fund	\$ 51,810	\$ 78,715	\$ 96,880	\$ 18,165
Oyster Resource Management Account	\$ 290,000	\$ 531,550	\$ 549,960	\$ 18,410
Total	\$ 24,556,099	\$ 36,688,910	\$ 38,406,738	\$ 1,717,828

FY 24-26 Federal Funds: LDWF receives federal funds from the US Fish and Wildlife Service for the Wildlife and Sport Fish Restoration Program. The amount is partially dependent on the number of hunting and fishing license holders. With the addition of the Youth Hunting License and the Disabled Hunting/Fishing License, the department can now count these individuals as license holders. LDWF receives \$36 per hunting license holder and \$45.20 per combination license holder. The table below illustrates the additional federal funding revenue based on data from actual sales in 2019.

	<u>2019 Actual Sales</u>	<u>Federal Amount per License</u>	<u>Federal Revenue</u>
Youth Hunting Licenses	19,470	\$ 36.00	\$ 700,920.00
Disabled Hunt/Fish	7,747	\$ 45.20	\$ 350,164.40
Total Federal Revenue			\$ 1,051,084.40

Calculation Assumptions:

- Unless otherwise noted below, calculations above are based on License Year 2019 actual licenses sold.
- The vendor commissions were not included in the above estimates.
- The Senior License increase will not be realized until FY 28 and therefore is excluded from the calculations above.
- Proposed law introduces new licenses (Non-resident Sportsman Paradise and Five-Day Blast and Cast) which are not included in this analysis as there is no available data.
- The number of Freshwater Resident/Nonresident Charter Pass 3 Days, resident and non-resident charter guide licenses and hunting guide licenses was estimated by LDWF and their knowledge of the industry. The true number is indeterminate.
- The number of Youth Licenses was determined by a translation of the number of youth deer and turkey tags issued in 2019 to potential licenses sold.
- The Daily Camping Permit count was based on the number of individuals who indicated they were camping on WMA Self Clearing Permit.
- The motorboat estimates were based on the number of registered vessels on April 9, 2020. This number was divided by three to account for the registration covering three years.
- The Crab Gear fee was based on 600,000 traps estimated from the LDWF Economic survey of the crab industry.
- Crawfish Gear fee is based on 10,000 crawfish traps estimated from LDWF's knowledge of the industry.

The LFO presumes LDWF's industry knowledge and assumptions provide accurate estimates for the revenue increases based on the restructuring and fee increases in this proposed measure. To the extent that an increase in fees will reduce the number of licenses sold, the potential for additional revenues may be impacted accordingly. In addition, to the extent that LDWF's industry knowledge or translation of existing fees to the new proposed structure is inaccurate, the potential additional revenues may be impacted accordingly.

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