

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE
Revised

House Bill 719

(Delegate Weir)

Environmental Matters

Education, Health, and Environmental Affairs

Hunting Licenses - Nonresident Fees and Reversion of Fees to General Fund

This bill modifies the fees for nonresident hunting licenses and establishes a new category of specified deer hunting stamps for nonresidents. At the end of a fiscal year, any unspent or unencumbered fees collected by the Department of Natural Resources (DNR) from hunting licenses and stamps must revert to the general fund.

Fiscal Summary

State Effect: Special fund revenue increase of \$248,300 annually beginning in FY 2004 from the new fee structure, which reflects implementation for the 2003-2004 license season. Federal fund revenue decrease of approximately \$4.8 million annually beginning in FY 2003 as a result of the general fund reversion provision. General fund revenue increase of \$230,000 in FY 2003 pursuant to the reversion provision; future year reversions cannot be reliably estimated. Special fund expenditure increase of \$5,000 in FY 2003 only to upgrade DNR's computer licensing system.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
GF Revenue	\$230,000	-	-	-	-
SF Revenue	0	248,300	248,300	248,300	248,300
FF Revenue	(4,800,000)	(4,800,000)	(4,800,000)	(4,800,000)	(4,800,000)
SF Expenditure	5,000	0	0	0	0
Net Effect	(\$4,575,000)	(\$4,551,700)	(\$4,551,700)	(\$4,551,700)	(\$4,551,700)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: The bill would not directly affect local operations or finances.

Small Business Effect: Potential meaningful. The impact to hunting-related businesses (such as sporting goods stores) and other businesses (such as restaurants and hotels) due

to the decrease in the number of licensed nonresident hunters cannot be reliably estimated at this time.

Analysis

Bill Summary: The bill modifies the fees for nonresident hunting licenses as follows:

- for a nonresident basic hunting license (except for residents of adjacent states), the bill increases the fee from \$120.50 to \$130; and
- for a nonresident basic hunting license for residents of Delaware, Pennsylvania, Virginia, and West Virginia, the bill codifies current reciprocal license fees by changing the fee from the greater of \$83 or a fee equal to the fee charged by the nonresident's home state for a similar license, to the greater of the fee charged by the nonresident's home state for a similar license or the fee applicable to residents of the following states: (1) Delaware, \$86; (2) Pennsylvania, \$101; (3) Virginia, \$120; and (4) West Virginia, \$135.

The bill also establishes a nonresident bow and arrow stamp and a nonresident muzzleloader (black powder) stamp and sets a fee of \$25 for those stamps.

Current Law: A nonresident of any age must purchase either a nonresident basic hunting license or a nonresident three-day hunting license to hunt in the State. License fees are as follows: (1) for a nonresident basic license, \$120.50; (2) for a nonresident basic hunting license for residents of Delaware, Pennsylvania, Virginia, and West Virginia, \$83.00 or the fee charged by that state for a similar basic hunting license, whichever is greater; and (3) for a nonresident three-day hunting license, \$35. License fees are generally paid into the State Wildlife Management and Protection Fund and must be used only for the scientific investigation, protection, propagation, and management of wildlife. The fee for a bow and arrow stamp and a black powder (muzzleloader) stamp, applicable to both residents and nonresidents, is \$3.50. Agents keep as compensation \$0.50 for each nonresident basic hunting license sold and each bow and arrow or muzzleloader stamp sold.

Background: Maryland first began licensing its hunters in 1918. The number of licensed hunters grew from about 75,000 in the early 1940s to a peak of about 180,000 in the early 1970s. Since the 1970s the number of licensed hunters has slowly declined to the present level of about 135,000. Beginning with the 1998-1999 hunting season, DNR began issuing hunting licenses electronically; this has allowed DNR to examine characteristics of Maryland's hunters, including residency. Nonresident hunters currently

account for about 13% of the State's license buyers. During the 2000-2001 hunting season, hunters from 49 states and Washington, D.C. purchased nonresident hunting licenses in Maryland. The geographic distribution of nonresident license buyers is shown below:

<u>State</u>	<u>% of Nonresident License Buyers</u>
Pennsylvania	53.4
Delaware	16.3
Virginia	9.9
West Virginia	5.1
New Jersey	3.7
North Carolina	1.2
Washington, D.C.	1.0
42 other states	9.4

DNR advises that the current reciprocal license fees applicable to residents of Delaware, Pennsylvania, Virginia, and West Virginia are \$86, \$101, \$120, and \$135, respectively).

State Revenues: Special fund revenues will increase by an estimated \$248,284 annually beginning in fiscal 2004, which reflects the increase in fees under the bill. (Although the bill takes effect October 1, 2002, DNR advises that it would be virtually impossible to modify its computer licensing system to implement the bill's changes during the middle of a license year. Accordingly, it is assumed that the bill's changes would not be implemented until the 2003-2004 license season, which begins August 1, 2003).

This estimate assumes that the number of bow and arrow and muzzleloader stamps sold to nonresidents will decrease by 6% as a result of the fee increases. The estimate also assumes that the number of nonresident basic hunting licenses sold to residents of non-adjacent states will decrease by 4%, and the number of nonresident basic hunting licenses sold to residents of adjacent states will decrease by 3%. (Even though license fees for residents of adjacent states would not increase under the bill, DNR expects that some hunters from those states will choose not to hunt in Maryland due to the increase in fees for the two deer stamps). The estimate also assumes that agents issue approximately 97.5% of licenses and stamps sold.

The bill's changes to the number of licenses and stamps sold and associated fee revenue are shown in **Appendix 1**.

Maryland participates in the Federal Aid in Sport Fish and Wildlife Restoration Program administered by the U.S. Fish and Wildlife Service (FWS), from which DNR receives an

estimated \$4.8 million in federal funds. Federal regulations allow states to participate only after having enacted legislation that prohibits the diversion of license fees paid by hunters and sport fishermen to purposes other than administration of the fish and wildlife agency. According to a letter submitted by FWS to DNR dated March 21, 2002, the bill's general fund reversion provision would make DNR ineligible to participate in the program. Accordingly, the bill would result in a decrease in federal fund revenues of an estimated \$4.8 million annually beginning in fiscal 2003.

General fund revenues could increase beginning in fiscal 2003 as a result of the bill's reversion provision. Based on the Governor's proposed fiscal 2003 budget, the fund balance for the Wildlife and Management and Protection Fund at the end of fiscal 2003 is estimated at approximately \$230,000. Estimates of future year fund balances cannot be reliably estimated at this time; DNR does not have projected fund balances beyond fiscal 2003.

State Expenditures: Special fund expenditures would increase by \$5,000 in fiscal 2003 only for DNR to make minor changes to its computer licensing system to reflect the new fee structure.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Natural Resources, Department of Legislative Services

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APPENDIX 1. EXISTING FEE STRUCTURE COMPARED TO FEE STRUCTURE UNDER HB 719

EXISTING STRUCTURE				PROPOSED STRUCTURE UNDER HB 719			
LICENSE/STAMP TYPE	# SOLD	COST	DNR REVENUE	LICENSE/STAMP TYPE	ESTIMATED SALES	COST	DNR REVENUE
NONRESIDENT BASIC				NONRESIDENT BASIC			
DELAWARE	2,331	86.00	\$199,330	DELAWARE	2,261	86.00	\$193,350
PENNSYLVANIA	7,727	101.00	\$776,660	PENNSYLVANIA	7,495	101.00	\$753,360
VIRGINIA	1,429	120.00	\$170,783	VIRGINIA	1,386	120.00	\$165,660
WEST VIRGINIA	720	135.00	\$96,849	WEST VIRGINIA	698	135.00	\$93,944
OTHER	1,200	120.50	\$144,015	OTHER	1,152	130.00	\$149,198
MUZZLELOADER STAMP*	7,000	3.50	\$21,088	MUZZLELOADER STAMP-NONRESIDENT	6,580	25.00	\$161,292
BOW AND ARROW STAMP*	7,000	3.50	\$21,088	BOW AND ARROW STAMP-NONRESIDENT	6,580	25.00	\$161,292
TOTAL	27,407		\$1,429,812	TOTAL	26,153		\$1,678,096
				TOTAL INCREASE UNDER HB 719			\$248,284

*Includes only those sold to nonresidents

Source: Department of Natural Resources, Department of Legislative Services