

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

Revised

Senate Bill 59 (Chairman, Education, Health, and Environmental Affairs Committee)
 (By Request – Departmental – Natural Resources)

Education, Health, and Environmental Affairs

Environmental Matters

**Natural Resources - Hunting Licenses - Licensing Procedures and Shoreline
Licenses**

This departmental bill modifies the process used by the Department of Natural Resources (DNR) to issue shoreline and blind site licenses. First, the bill authorizes DNR to issue riparian landowner shoreline licenses every three years; the fee for a three-year license would be \$60. (The current \$20 annual license option would continue.) Second, the bill provides that Maryland residents not licensing their own property (nonlandowners) must possess a current-year or prior-year hunting license in order to apply to DNR to license shoreline for an offshore blind site. Third, the bill repeals the provision requiring that unexpended funds revert to the general fund; instead, unexpended funds would be credited to the Wildlife Management and Protection Fund, and may not be transferred to the general fund.

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: Special fund revenues would increase by \$72,000 in FY 2005 due to the implementation of the three-year license option and its associated fee; future year revenue estimates assume 60 new licenses are issued each year. Special fund administrative expenditures would decrease beginning in FY 2006. Failure to enact the bill will result in a decrease in federal fund revenues of \$2 million annually.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
SF Revenue	\$72,000	(\$33,800)	(\$34,900)	\$72,000	(\$33,800)
SF Expenditure	0	(43,400)	(43,400)	(100)	(43,500)
Net Effect	\$72,000	\$9,600	\$8,500	\$72,100	\$9,700

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

Local Effect: Although local governments license their shoreline and could, therefore, benefit from the change in the licensing process, the bill is not expected to have a significant impact on local finances or operations.

Small Business Effect: DNR has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: In addition to the changes described above, the bill requires DNR, at least three months before a landowner's license expires, to mail a renewal notice and application to all landowners holding shoreline licenses subject to expiration. A landowner who misses the deadline for applying for a landowner's license may license shoreline and establish a stationary blind or blind site for a one-year period by following the licensing process used for nonlandowners. The bill also modifies the way in which DNR provides public notice regarding the licensing process for nonlandowners. DNR is authorized to adopt implementing regulations. Finally, the bill authorizes DNR to use a lottery-based system to issue any hunting license, permit, or stamp.

Current Law: Current law establishes a process that divides the public's use of State waters for waterfowl hunting. Owners of riparian property in Maryland (landowners) are given first preference to license their shoreline to establish stationary blinds or blind sites or to prevent other people from doing so. Licensing is done on an annual basis. The application fee is \$20 and must be submitted by June 1. Licenses are valid until June 30 of the following year. At least one month before a license expires, DNR must mail a renewal notice and a renewal application to all riparian landowners who received a license the previous year. Before the license expires, the licensee may renew the license for an additional one-year term. Funds collected must be used to administer the licensing program. Any funds not expended in a fiscal year revert to the general fund.

On or before the first Tuesday in August (as set by DNR), any Maryland resident may apply to license a blind site adjacent to shoreline that has not been previously licensed. DNR is required to post notices of dates and locations for licensing of blind sites in the office of the clerk of the court in each county. The application fee is \$20 for each "squatter" license requested. Licenses are valid until June 30 of the following year and are issued in the order the applications are received in person. Although not specifically authorized by statute, DNR uses a lottery process to distribute the squatter licenses on the first day of licensing.

Background: DNR issues approximately 2,000 shoreline licenses annually to riparian landowners and another 2,500 annually to nonlandowners (squatters). According to DNR, shoreline licensing is burdensome for DNR to administer and burdensome on landowners. Given the low turnover in land ownership, DNR believes that having the option to issue landowner licenses every three years will make the process easier for both landowners and DNR.

Current law provides that unexpended funds from the sale of landowner licenses revert to the general fund. However, as a condition of participation in the Federal Aid in Wildlife Restoration Program, Maryland is required to ensure that all revenue from hunting licenses be used solely for wildlife management and conservation. The federal U.S. Fish and Wildlife Service has advised DNR that this provision of current law is inconsistent with federal rules and that, as a result, Maryland may lose its ability to participate. DNR currently receives approximately \$2 million annually in federal funds for wildlife restoration. This bill addresses the inconsistency by providing that unexpended funds would be credited to the State Wildlife Management and Protection Fund within DNR.

DNR reports that, during the current “squatter” licensing process, many applicants bring small children to stand in line for lottery numbers, which determine the order in which applicants are called. DNR has received numerous complaints about this practice, but current law provides no means to exclude such individuals. This bill addresses that problem by requiring an individual to have a current- or prior-year hunting license to participate in the lottery.

State Revenues: Special fund revenues would increase by \$72,000 in fiscal 2005, which reflects implementation of the three-year license (at \$60 each). The estimate assumes that 90% of riparian landowners would choose the bill’s three-year licensing option as opposed to the current annual licensing process. In fiscal 2006 and 2007, there would be a net decrease in special fund revenues due to the implementation of the three-year license. This pattern would begin again in fiscal 2008, reflecting renewal fees from those landowners who chose the three-year license in fiscal 2005. Out-year estimates assume that DNR would issue 60 new landowner licenses each year and that 90% of new licensees would choose the three-year license option.

DNR currently receives about \$2 million annually in federal funds by participating in the Federal Aid in Wildlife Restoration Program. As a condition of participation, Maryland must ensure that all revenue from hunting licenses be used solely for wildlife management and conservation. This bill addresses the concerns of the federal U.S. Fish and Wildlife Service by repealing the provision of current law that provides that unexpended funds from the sale of landowner licenses revert to the general fund. Failure to enact this bill would jeopardize Maryland’s ability to participate in the program, resulting in a decrease in federal fund revenues of approximately \$2 million annually.

Repealing the general fund reversion provision would not affect general fund revenues; according to DNR, it spends all the revenues it receives from these licenses each year.

State Expenditures: By authorizing a three-year licensing process, special fund administrative expenditures would decrease in years when only a minimal number of landowner licenses are issued. Based on historical costs associated with the licensing process, DNR's special fund expenditures would decrease by an estimated \$43,393 in fiscal 2006, which reflects a decrease in expenditures of an estimated \$42,061 in salaries and fringe benefits for contractual employees that, under current law, are needed to administer the annual landowner licensing process; the estimate also reflects a decrease in mailing costs. Future year cost savings reflect additional in total mailing costs and reflect the three-year licensing option most landowners would choose.

Additional Information

Prior Introductions: HB 122 of 2002, among other things, would have replaced the current annual licensing process (\$20 fee) with a five-year licensing process (\$100 fee). The bill was reported favorably with amendments by the House Environmental Matters Committee but was recommitted to that committee. No further action was taken.

Cross File: None.

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

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