

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1345

(Chair, Environmental Matters Committee)(By Request -
Departmental - Natural Resources)

Environmental Matters

Education, Health, and Environmental Affairs

Recreational Fishing Licenses - Licensing and Registration

This departmental bill modifies the duration, fees, and other terms of existing tidal and nontidal recreational fishing licenses and establishes a new fishing license. The bill expands the requirement to obtain specified recreational tidal fishing licenses to State waters of the Atlantic Ocean and the Atlantic coastal bays and tributaries. Also, the bill requires specified persons who fish recreationally in tidal waters to register with the Department of Natural Resources (DNR). The bill repeals the June 30, 2010 termination date of Chapter 217 of 2007, which (1) increased the license fees for resident and nonresident nontidal angler's licenses and sport fishing licenses; and (2) authorized the Governor to include general fund appropriations for the State Fisheries Management and Protection Fund and the Fisheries Research and Development Fund in the budget bill each fiscal year. The bill repeals the Task Force on Fishery Management, which was established by Chapter 217 of 2007.

The bill takes effect January 1, 2011, except for provisions making Chapter 217 of 2007 permanent and repealing a task force which has completed its work, which take effect July 1, 2010.

Fiscal Summary

State Effect: DNR special fund revenues increase by \$3.0 million in FY 2011 due to fishing license fee revenue. The Governor's proposed FY 2011 budget assumes the fee increases due to Chapter 217 of 2007 continue through FY 2011. Future year revenues reflect annualization and projected fishing license fee revenue. The potential increase in general fund expenditures due to Chapter 217 of 2007 continues in FY 2011 and future years.

(\$ in millions)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
SF Revenue	\$3.0	\$3.1	\$3.1	\$3.1	\$3.1
GF Expenditure	-	-	-	-	-
Net Effect	\$3.0	\$3.1	\$3.1	\$3.1	\$3.1

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

Local Effect: None.

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

Analysis

Bill Summary: A “resident” is an individual who (1) for more than six months of the taxable year maintains a residence in the State; or (2) moves to the State with the intent to be domiciled in the State.

The duration and fees associated with various fishing licenses are adjusted. The duration of short-term resident and nonresident nontidal angler licenses and tidal sport fishing licenses is extended from five to seven days. The fee for a nonresident sport fishing license is changed to \$22.50. The bill modifies *nonresident* trout stamp and short-term sport fishing license fees to require *nonresidents* to pay a \$10 fee for a trout stamp and a \$12 fee for a short-term sport fishing license. The bill deletes DNR’s authority to sell expired trout stamps below face value.

The bill requires applicants for nontidal angler and tidal sport fishing licenses to provide all information requested by DNR on DNR-issued forms.

The bill establishes an annual registration requirement for fishing in tidal waters for specified persons who are not required to have a fishing license. Specifically, individuals must register with DNR prior to fishing in the following areas: (1) a free fishing area with a hook and line; (2) private real property bordering on tidal water as an owner or tenant of the property, or a spouse or an immediate family member who resides on the property with the owner or tenant; and (3) on a boat with a bay sport boat license. DNR may not charge a fee for this registration, and licensing agents may not be compensated for issuing registrations.

The bill extends the authority to fish for finfish to State waters of the Atlantic Ocean and the Atlantic coastal bays and tributaries to (1) designated free fishing days; (2) individuals with specified disability exemptions; (3) individuals with a consolidated

senior sport, Chesapeake Bay sport, or charter boat license; and (4) boats with a bay sport boat license. The Chesapeake Bay sport fishing license is renamed the Chesapeake Bay and Coastal sport fishing license.

DNR is authorized to create a special commercial fishing pier license for all individuals fishing from the pier in State tidal waters. A “commercial fishing pier” is a pier open to the public that charges a fee to fish in the tidal waters of the State. The bill establishes a \$290 annual fee for the commercial fishing pier license and exempts individuals fishing from these piers from sport fishing licensing requirements. The bill requires the owner or operator of a licensed commercial fishing pier to maintain specified information about customers and submit this information electronically to DNR.

The bill requires charter and bay sport boat licenses to be valid for up to one year and expire on December 31. DNR’s authority to issue regulations concerning special charter boat licenses is limited to boats operated by licensed guides in tidal waters of the State.

Current Law: A variety of fishing licenses are required to fish for finfish in nontidal (fresh) waters and in the tidal waters of the Chesapeake Bay and its tributaries. However, fishing licenses are not required to fish for finfish in State waters of the Atlantic Ocean and the Atlantic coastal bays and tributaries. The various fishing licenses authorize fishing during different time periods, for specific animal species, and within specific geographic locations.

Among other things, Chapter 217 of 2007 (1) increased the license fees for resident and nonresident nontidal angler’s licenses and sport fishing licenses; (2) authorized the Governor to include general fund appropriations in the budget bill each fiscal year for the State Fisheries Management and Protection Fund and the Fisheries Research and Development Fund; and (3) established a Task Force on Fishery Management. The Act took effect on July 1, 2007, and terminates June 30, 2010. **Exhibit 1** list several types of fishing licenses and illustrates how the fees associated with several licenses change under current law as of July 1, 2010.

In accordance with federal law, starting January 1, 2010, recreational anglers must sign up with a newly created National Saltwater Angler Registry if they (1) do not hold a saltwater fishing license from a state where they are automatically registered, or do not meet specified exemptions in the law; and (2) fish for or catch anadromous species in tidal waters, or fish in the federal waters more than three miles from the ocean shore or from the mouth of harbors, bays, and rivers. Currently, all State anglers must register directly with the National Oceanic and Atmospheric Administration (NOAA).

Revenue generated from the sale of angler’s licenses is deposited into the Fisheries Management and Protection Fund and used only for the scientific investigation,

protection, propagation, and management of nontidal finfish. Revenue generated from the sale of Chesapeake Bay sport fishing licenses is deposited into the Fisheries Research and Development Fund to be used for the replenishment, protection, and conservation of fish stocks caught by recreational anglers; enhancement of recreational fishing opportunities; and research regarding tidal fishery resources.

Exhibit 1
Select Tidal and Nontidal Fishing Licenses

<u>License</u>	<u>Current Fee</u>	<u>Current Law Fee as of July 1, 2010</u>
Angler (Nontidal)		
Resident Annual	\$20.50	\$10.50
Resident Short-term (5 Days)	\$7.50	\$7.50
Nonresident Annual	Greater of \$30.50 or the fee charged by applicant's state	Greater of \$20.50 or the fee charged by applicant's state
Nonresident Short-term (5 Days)	Greater of \$7.50 or the fee charged by applicant's state	Greater of \$7.50 or the fee charged by applicant's state
Annual Trout Stamp	\$5.00	\$5.00
Sport Fishing (Tidal)		
Annual Resident	\$15.00	\$9.00
Short-term (5 Days)	\$6.00	\$6.00
Annual Nonresident	\$15.00	\$14.00
Annual Bay Sport Boat	\$50.00	\$40.00

Source: Department of Legislative Services

Background: The Marine Recreational Information Program (MRIP) is a new national data collection and analysis initiative being implemented by NOAA's National Marine Fisheries Service to help ensure the long-term health and sustainability of fisheries and oceans. MRIP seeks to provide a more comprehensive and detailed picture of the number of trips being taken by recreational anglers; the amount and species of fish they are catching; where and when those fish are being caught; and the economic impact of

recreational fishing on local, regional, and national economies. MRIP is a system of coordinated data collection programs designed to produce accurate information that will help determine the condition of fish stocks. This data will allow anglers, fisheries managers, and others to set strategies for ensuring the long-term sustainability of recreational fishing in salt waters. The development of a National Saltwater Angler Registry is one of the tools being used throughout the United States to develop better information.

While DNR has information about individuals with fishing licenses, a mechanism does not currently exist to track recreational anglers who are exempt from State fishing license requirements, such as waterfront property owners. To comply with the new federal data collection requirements, DNR plans to establish a free registration process for recreational anglers who fish in tidal waters. If the State fails to establish a registration or licensing framework for tidal anglers, Maryland residents and nonresidents fishing in State tidal waters will be required to register with the federal government and pay an annual registration fee estimated at \$20 to \$30 in fiscal 2011.

The Task Force on Fishery Management was established by Chapter 217 of 2007 to review current fishery management processes and develop recommendations for improving, modernizing, and streamlining fishery management in Maryland. A report of the findings and recommendations of the task force was submitted to the Governor and the General Assembly in December 2008. This report outlines numerous recommendations addressing habitat preservation and restoration, stock monitoring and assessment, data management, fisheries management, alternative management, legal and regulatory updates, and fishery law enforcement. Among other things, the task force recommended (1) extending the temporary increase in fishing license fees until December 31, 2010; and (2) expanding the geographic scope of recreational fishing license requirements in response to federal angler registration requirements. As introduced, this bill was a result of those recommendations.

State Revenues: DNR special fund revenues increase by an estimated \$3.0 million in fiscal 2011, which reflects the bill's July 1, 2010 effective date for making the increased fishing license fees under Chapter 217 of 2007 permanent, and the January 1, 2011 effective date for instituting broader licensing requirements. Revenues are expected to increase by approximately \$3.1 million annually in future years. This revenue estimate assumes licensing agents issue all licenses, where applicable, and is based on the information and assumptions described in detail below.

Extension of Fishing License Fee Increase

The increase in fishing license fee revenue due to Chapter 217 of 2007 continues in fiscal 2011 and future years due to the repeal of the June 30, 2010 termination date. The

increase in DNR special fund revenues resulting from the Act are estimated to total \$2.4 million in fiscal 2011 and future years. The fiscal 2011 estimate reflects the bill's July 1, 2010 effective date. The estimate assumes that fishing license sales remain at the fiscal 2009 level. In fiscal 2009, DNR issued 120,195 annual resident angler licenses, 11,951 annual nonresident angler licenses, 94,734 annual resident sport fish licenses, 23,383 annual nonresident sport fish licenses, and 47,275 sport boat licenses. The Governor's proposed fiscal 2011 budget assumes these fee increases continue.

Fees for Nonresident Fishing Licenses

Establishing new fees for nonresidents who purchase trout stamps and sport fishing licenses will increase special fund revenue in fiscal 2011 and future years. In fiscal 2009, approximately (1) 8,500 nonresidents bought trout stamps in the State; (2) 23,383 nonresidents bought regular sport fishing licenses in the State; and (3) 10,940 nonresidents bought short-term sport fishing licenses in the State.

DNR special fund revenues increase by an estimated \$34,000 in fiscal 2011 and \$42,500 annually thereafter due to establishing a new trout stamp fee for nonresidents. This estimate assumes 80% of the trout stamps issued annually are purchased during the January through June period and 8,500 nonresidents purchase trout stamps annually.

DNR special fund revenues increase by an estimated \$140,298 in fiscal 2011 and \$175,373 annually thereafter due to increasing nonresident sport fishing licenses fees. This estimate assumes 80% of sport fishing licenses issued annually are purchased during the January through June period and 23,383 nonresidents purchase sport fishing licenses annually. This estimate accounts for the \$1 nonresident sport fishing license fee increase that takes effect July 1, 2010, due to the bill making Chapter 217 of 2007 permanent.

DNR special fund revenues increase by an estimated \$52,512 in fiscal 2011 and \$65,640 annually thereafter due to establishing a new short-term sport fishing license fee for nonresidents. This estimate assumes 80% of short-term sport fishing licenses issued annually are purchased during the January through June period and 10,940 nonresidents purchase short-term sport fishing licenses annually.

Extending Licensing to the Atlantic Ocean and Atlantic Coastal Bays and Tributaries

DNR special fund revenues increase by an estimated \$351,721 in fiscal 2011 and \$439,651 annually thereafter due to extending licensing requirements to all tidal waters of the State. Since the National Marine Fisheries Service estimated in 2008 that approximately 10% of saltwater fishing trips involved coastal fishing, this estimate assumes overall tidal license sales increase by 10%. The estimate also assumes (1) 94,734 resident sport fishing licenses are sold annually for \$15 each;

(2) 23,383 nonresident sport fishing licenses are sold annually for \$22.50 each; (3) 6,401 resident short-term sport fishing licenses are sold annually for \$6 each; (4) 10,940 nonresident short-term sport fishing licenses are sold annually for \$12 each; (5) 21,928 resident senior consolidated licenses are sold annually for \$5 each; (6) 47,275 sport boat licenses are sold annually for \$50 each; (7) agents issue all licenses; and (8) 80% of licenses are purchased during the January through June period.

New Commercial Fishing Pier License

The bill establishes a special commercial fishing pier license with an annual fee of \$290. DNR advises there is only one commercial fishing pier in the State at this time. This estimate assumes this new license does not materially affect DNR special fund revenues.

Increasing License Terms

The bill extends the term of several short-term licenses from five to seven days. DNR advises that extending the term of these licenses may result in more licenses being sold, but the additional costs for nonresident licenses, beginning in January 2011, may offset any increase in sales. Overall, it is not expected to have a significant impact on license revenues.

Federal Funding

Even if the bill increases the number of fishing licenses sold, DNR is unlikely to receive increased federal Aid in Sport Fish Restoration Act (Wallop-Breaux Act) funding. Although the bill makes it more likely that DNR will increase license sales, DNR will not likely meet the minimum threshold necessary to qualify for additional federal funds.

State Expenditures: As a result of making Chapter 217 of 2007 permanent, DNR is permanently authorized to include a general fund appropriation in the budget bill for the affected special funds. Accordingly, general fund expenditures may increase in fiscal 2011 and future years to the extent funds are provided as a result of the bill, but any such increase cannot be predicted at this time. Special fund revenues would further increase correspondingly.

The repeal of the task force is not expected to materially affect State finances because the task force has already completed the report required by Chapter 217 of 2007.

DNR expenditures are not anticipated to increase significantly in fiscal 2011 or future years to implement the new licensing requirements. DNR advises that its new web-based customer licensing system, called COMPASS, is currently being adjusted to incorporate recreational angler registration requirements. DNR also notes that any costs associated with changing existing license fees and terms and creating the commercial pier fishing

license can be absorbed. Since DNR Natural Resources Police officers already patrol in the Atlantic Ocean and Atlantic coastal bays, the bill is not expected to have a meaningful effect on enforcement expenditures.

Small Business Effect: The bill may have a significant impact on small businesses. DNR works with agents, which in most cases are small businesses, to issue fishing licenses. To the extent the bill results in more licenses being sold, agent commissions increase. However, to the extent agents issue registrations and are not compensated, costs may increase. To the extent increasing the fees for nonresident fishing licenses leads to a decrease in licenses issued, there may be an indirect negative impact on hotels, restaurants, and retailers that cater to nonresident anglers.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 11, 2010
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Recreational Fishing Licenses – Licensing and Registration

BILL NUMBER: HB 1345

PREPARED BY: Department of Natural Resources

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.