

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|---------------------|----------------|---------------------|----------------|
| | FY 2020-21 | | FY 2021-22 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | | | |
| CASH FUNDS | 732,309 – 987,309 | (see below) | 552,909 | (see below) |
| FEDERAL FUNDS | | (see below) | | (see below) |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | 732,309 – 987,309 | | 552,909 | |

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB1173 provides the Nebraska Game and Parks Commission (NGPC) with the authority to issue a limited transferable permit to hunt antelope (pronghorn), deer, and elk at no charge. One (1) limited transferable permit may be issued to a landowner or leaseholder per species. The permit is only valid to hunt on the property where damage is caused for the remainder of the calendar year. A holder of a limited transferable permit may transfer the permit to any resident or nonresident who is able to apply for a regular permit to hunt the applicable species. The original permit holder is able to receive compensation from the person to whom the permit is being transferred.

The criteria that must be met in order to be issued a limited transferable permit are as follows:

- An application for the permit must be filed by a landowner or leaseholder.
- The quantity of land owned or leased by a resident or nonresident must be at least 320 acres.
- The 320 acres of land must be agricultural, horticultural, or wasteland and in Nebraska.
- There needs to be a likelihood of damage to property or crops within six (months) of application for the permit.
- The likelihood of damage by the applicable species needs to be confirmed.

The NGPC would be tasked with the following:

- Inspecting the damage to the crops or land and determine whether there is a likelihood that the damage was caused by the applicable species.
- Responding to applications filed for the limited transferable permit within 15 days by either issuing the permit or denying the application*.

Other provisions of the bill include:

- 37-456 is updated to exclude the number of limited transferable elk permits when determining the total number of limited permits authorized for an elk management unit.
- The limited transferable permit may be renewed annual upon the demonstration of the likelihood of continuing damage on the property by the same species.

The NGPC has provided a detailed fiscal note (see attached) where estimates are provided with regard to the effects on revenue. These revolve around limited and regular permits (antelope/pronghorn, deer, and elk) and habitat stamp sales by making assumptions that there will be reductions in those permits/stamps being sold due to the utilization of the new limited transferable permits by individuals.

- Because it is not possible to predict the future behaviors of individuals who would change the type of permit and acquisition method (purchase from NGPC or Limited Transferable permit holder), there is no basis to agree/disagree with the effects estimated by the agency.

Other potential effects relate to future herd population size and hunting opportunities as a result of the additional permits being available. Additionally it is unknown whether offering the limited transferable permits, which could be sold by the individual who qualifies for the permit, would constitute a loss of control of hunting license revenue pursuant to 50 CFR 80.11 that may result in a loss

(continued on next page)

of federal funding under the Sport Fish and Wildlife Restoration Program. In FFY19, the state of Nebraska's apportionment for these programs was about \$15.6 million.

- The agency has requested an opinion from the United States Fish and Wildlife Service to determine if federal funding is at risk. If/when a response is received, the fiscal note will be revised.

The agency has also indicated additional staff and equipment will be needed in order to administer and issue the limited transferable permits throughout the state. After review of the detailed listing of equipment, a range of estimated expenditures is being reflected for FY21. The lower amount of the range is due modifying the start-up costs by removing the UTV's & UTV Trailers, drones, and tools as well as substituting ½ - ton trucks for the ¾ - ton trucks. These adjustments were made to reflect a possible reduced level of precision/engagement when verifying property or crop damage.

*Language of the bill directs that if the commission fails to respond to the applicant within 15 days, the landowner or leaseholder may kill or take any animal of applicable species believed to be responsible for causing the damage to the property. The killing or taking must be reported to the NGPC within three (3) days.

| | | | |
|--|---------------|--|--|
| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | |
| LB: 1173 | AM: | AGENCY/POLT. SUB: Nebraska Game and Parks Commission | |
| REVIEWED BY: Claire Oglesby | DATE: 2/07/20 | PHONE: (402) 471-4174 | |
| COMMENTS: Nebraska Game and Parks Commission's statement appears reasonable based on the assumptions provided. | | | |

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2020

LB⁽¹⁾ 1173 limited transferable permits for deer, elk and antelope

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Game and Parks Commission

Prepared by: ⁽³⁾ Patrick H. Cole Date Prepared: ⁽⁴⁾ February 7, 2020 Phone: ⁽⁵⁾ 402-471-5523

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2020-21</u> | | <u>FY 2021-22</u> | |
|---------------|---------------------|----------------------|---------------------|----------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | | | | |
| CASH FUNDS | \$987,309 | (\$3,883,287) | \$552,909 | (\$3,883,287) |
| FEDERAL FUNDS | | (\$1,041,834)** | | (\$1,041,834)** |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | <u>\$987,309</u> | <u>(\$4,925,121)</u> | <u>\$552,909</u> | <u>(\$4,925,121)</u> |

Explanation of Estimate:

The proposed legislation provides for the issuance of limited transferable deer, elk and antelope permits to landowners/leaseholders experiencing property or crop damage by elk, deer or antelope. The limited transferable permit would be issued without charge and be valid for an animal of either sex of the species causing the damage. The permit would be valid any time during the remainder of the calendar year and may be renewed annually upon a showing of a likelihood of continuing damage. The permit would be valid on all land owned or leased as identified in the permit application. The holder of the limited transferable permit may transfer such permit to any resident or nonresident with or without compensation.

To qualify for a limited transferable permit the applicant must be a landowner or leaseholder (resident or nonresident) who owns or leases 320 acres or more agricultural, horticultural, or wasteland in Nebraska with a confirmed likelihood of damage caused by deer, elk or antelope. Nebraska Department of Agriculture reported 47,400 farms/ranches in 2017 averaging 957 acres in operational size. The qualifying "land" language differs from a normal limited permit by eliminating the ownership/leasing of farm or ranchland for "agricultural purposes", presumably opening up the applicability to recreational leaseholders or property owners thus increasing the likely volume of qualified applicants. The qualifying/confirmed damage must have occurred within the 6 months preceding the date of application.

The Commission will have 15 days from the date of the application to issue or deny the permit otherwise the applicant can proceed to harvest an animal of the species causing the damage. The permit-holder will have 3 days to notify the Commission of the harvest.

Since the permits are free and would not necessitate purchase of any additional permit, it is anticipated that the demand will be high creating a large volume of applications. Depending upon the qualifying damage limit determinations, it would not be improbable that all that applied could show damage and thus potentially qualify. This could shift all currently paid regular limited landowner permits to the free permit reducing landowner permit sales, and/or the transferable permits could be acquired and transferred for compensation pulling permit purchases from regular permits. For antelope and elk, the potential to more than double limited permit issuance (assuming regular limited permits would be sold and the transferable permit would also be applied for) The transferable permits could be transferred to an otherwise regular permit holder, thus potentially eliminating the ability of the agency to sell regular permits depending on population level management objectives, since quotas apply. The same could be true to a much lesser extent for deer. The opportunity to sell the transferable permits would likely expand the 'landowner/leaseholder' pool beyond the normal permit applicant/buyers.

The apparent opening qualifications to recreational leases could have a significant impact on land leasing dynamics across the state, especially in areas with elk populations. This would open up an otherwise limited opportunity for nonresidents to get a bull elk permit or any other individual willing to pay high dollars.

The following is an estimate of fiscal impact to revenues. The following assumptions are made: There are some 47,400 farm/ranch owners in the state. The number of limited (landowner) applications is a small subset representing individuals interested in hunting a particular animal. A free transferable limited permit that allows the harvest of an either sex animal and potentially longer season, would be more appealing than a regular non-transferable permit that costs money. The assumption is that reportable damage could likely be documented on an equal number of areas making at least an equal number of transferable permits available.

There are typically more applications than there are available permits (especially for elk and antelope), should they opt to go with the free, another applicant would fill in and take the regular limited permit... a potential wash for landowner permit sales. However, since the new permits are transferable, and being either sex with a potentially longer season...they would likely be highly sought after from non-landowners and particularly non-residents whose opportunities are limited. As such, individual landowners that are not typically hunters, may apply for the transferable permits with the intent to sell.

It is this latter possibility that could displace current regular permit holders from being able to hunt and thus present a loss in revenue. This displacement is dependent upon an increased harvest, especially of antlered/male species that would have a dramatic impact on the species population and distribution patterns likely heading to smaller bag limit opportunities and further limited access. The following chart estimates that the displacement (i.e. loss of revenue) would be equal the number of regular elk permits issued, for elk due to the interest level and relatively small harvest opportunity; equal to at least the number of nonresident regular antelope permits; and equal to the number of landowner deer permits issued.

| 2019 permits sales | QTY | permit \$ | TOTAL \$ | 2019 apps | est transf permits | est lost rev | |
|---|-------|-----------|----------------|-----------|---|--------------|------------------------|
| Resident Elk LO | 119 | \$35.00 | \$4,165.00 | 322 | 322 | | |
| NR Elk LO | 4 | \$529.00 | \$2,116.00 | 19 | 19 | | |
| Resident ELK | 246 | \$176.00 | \$43,296.00 | | would displace reg | 246 | \$43,296.00 |
| | | | \$49,577.00 | | to control harvest | | |
| Resident Antelope LO | 389 | \$17.00 | \$6,613.00 | 453 | 453 | | |
| NR Antelope LO | 13 | \$88.00 | \$1,144.00 | 14 | 14 | | |
| Resident Antelope | 1962 | \$34.00 | \$66,708.00 | | | | |
| NR Antelope | 385 | \$176.00 | \$67,760.00 | | would displace reg | 385 | \$67,760.00 |
| | | | \$142,225.00 | | to control harvest | | |
| Resident Deer LO | 13715 | \$17.00 | \$233,155.00 | | 13715 | | |
| NR Deer LO | 514 | \$119.50 | \$61,423.00 | | 514 | | |
| *Resident Deer | 77400 | \$34.00 | \$2,631,600.00 | | | | |
| *NR Deer | 16246 | \$239.00 | \$3,882,794.00 | | would displace reg | 14,229 | \$3,400,731.00 |
| | | | \$6,808,972.00 | | to control harvest | | |
| * regular priced permits and statewide buck | | | | | lost permit revenue | | \$3,511,787.00 |
| | | | | \$ 70.11 | lost paid license holder = lost fed \$ | 14,860 | \$ 1,041,834.60 |
| | | | | \$ 25.00 | lost habitat stamp\$ | 14,860 | \$ 371,500.00 |

This translates into a potential direct decline in permit revenue of \$3,511,787. Since this could represent 14,860 individuals, the potential loss of counting them as paid license holders in our federal aid apportionment could represent a \$1,041,834 loss (14,860 x \$70.11 – current federal value of a paid license holder). **** See below for further comments related to WSFR funding.** Additionally since these are regular permit holders that would require a habitat stamp, it could also mean an additional loss of \$371,500 in habitat cash revenue unless they hunt other species and purchase the stamp for that species. For purposes of this fiscal note, the revenue losses are reported as effective in year one.

Administrative activities associated with timely (time limits spelled out in bill) inspecting/confirming damage and thus qualifying for a transferable permit, along with tracking any permit transfers would add expenses and personnel needs not currently covered by the commission. The following are estimated staffing and operational expenses expected to implement the required needs of managing this new permit offering should it become law. These are in addition to current agency expenditures responding to deprecation complaints and providing abatement assistance. Since the positions needed would be stationed across the state, it is anticipated that office and storage space may need to be rented; office supplies, vehicles, and operating expenses would need to be accommodated. Many of the equipment costs will require replacement at some point for future budgets.

| | HRLY/base | ANNUAL | 1X start up | NOTES |
|--|-----------|---------------|-------------|---|
| Program Manager (x1) | 27.227 | \$ 56,632.16 | | Min Perm rate |
| Biologist II (x4) | 23.408 | \$ 194,754.56 | | Min Perm rate |
| Admin Assistant I (x1) | 15.861 | \$ 32,990.88 | | Min Perm rate |
| Benefits (OASDI) | 0.0765 | \$ 21,754.89 | | |
| Benefits (Retire) | 0.075 | \$ 21,328.32 | | |
| Benefits (Insurance) | 25290.5 | \$ 151,743.00 | | family coverage |
| Staff Travel | \$10,000 | \$ 10,000.00 | | standard travel expenditures |
| 3/4 ton PU New (x5) | \$45,000 | | \$225,000 | would relace one per year per our schedule |
| 3/4 ton annual cost (x5) | \$8,625 | \$ 43,125.00 | | based off mileage of 15,000 miles per year using the federal mileage rate of \$.575/ mile |
| NEW UTV (x5) | \$20,000 | | \$100,000 | would relace one per year per our schedule |
| NEW UTV Trailer (x5) | \$6,000 | | \$30,000 | would replace as needed allow 1 per year |
| Drone (x5) | \$2,500 | | \$12,500 | would need a replacement schedule developed for the annual budget |
| Tools (x5) | \$10,000 | | \$50,000 | hand tools, jacks, fencing tools, tool boxes, chain saw, |
| NEW computer (x6) | \$2,000 | | \$12,000 | replace these on a three year cycle- so we would need to budget annually |
| OnX Map (x5) | \$20 | \$ 100.00 | | |
| Cell phone- start up cost (x5) | \$500 | | \$2,500 | phones last about 2 years would need to budget annually |
| Cell phone- annual cost (x5) | 50 | \$ 3,000.00 | | got the cost for one person's phone to use as an example |
| Uniform (x6) | \$200 | | \$1,200 | WL gives all new employees \$200 in new uniform when they start. Periodically we do a division wide reorder - every couple of years |
| storage unit (12'x30') (estimate 2 each for 4) | \$320 | \$ 2,560.00 | | est is based off a current unit cost. Estimate each remote staff member would need two units to store UTV and equip |
| office rental (estimate need 4) | \$400 | \$ 1,600.00 | | this is likely on the low end |
| phone lines/internet charges | \$200 | \$ 1,200.00 | | Trying to confirm this cost estimate |
| OCIO/Email charges (x6) mo | 60 | \$ 4,320.00 | | per IT from 2019 |
| GIS (x6) annual | \$1,300 | \$ 7,800.00 | | we are going to a more expensive GIS so likely higher. |
| Printers (x4) | \$300 | | \$1,200 | printers last 2-3 years so would need to annually allow for replacements |
| | | \$ 552,908.81 | \$434,400 | |
| | | | | \$ 987,308.81 |

** The United State Fish and Wildlife Service, administers of the Sport Fish and Wildlife Restoration Program (WSFR) have expressed a concern that this legislation would result in a loss of control in the authority over the management of fish and wildlife of the state and thus put Nebraska at odds with the rules of the program. The WSFR programs have provided over \$307 million in federal dollars for fish and wildlife work in Nebraska since 1939. The current apportionment for both programs for Federal Fiscal Year 2019 is just over \$15.6 million. This and future federal apportionments could be jeopardized.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2020-21</u> | <u>2021-22</u> |
|-----------------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>20-21</u> | <u>21-22</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Program Manager | 1 | 1 | 56,632 | 56,632* |
| Biologist II | 4 | 4 | 194,755 | 194,755* |
| Admin Assistant I | 1 | 1 | 32,991 | 32,991* |
| Benefits | | | 194,826 | 194,826* |
| Operating | | | 63,705 | 63,705 |
| Travel | | | 10,000 | 10,000 |
| Capital outlay | | | 434,400 | |
| Aid | | | | |
| Capital improvements | | | | |
| TOTAL | | | 987,309 | 552,909 |

*plus any
wage/benefit increases