

Updated for 2020 session

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 | see below | see below | see below | see below |
| FEDERAL FUNDS | | see below | | see below |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | | | | |

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

LB 126 proposes to provide the Game and Parks Commission with authority to issue up to four (4) free firearm deer hunting permits, valid for only the seven (7) days immediately preceding the beginning date of the deer firearm season, to any qualified landowner and designated members of their immediate family who have been issued a limited permit if the landowner consents to make at least 50 percent of their farm/ranch land located in any single commission designated deer management unit available for public hunting during the firearm deer hunting season.

In order to validate the consent made by a landowner as described above, the Commission would be required to develop a form that landowners complete to provide the legal description of the land that will be made available to the public during the deer firearm season. The Commission is also required to publish the location of said land on their web site.

The Commission has prepared a detailed fiscal note (see attached) that addresses various potential areas where an impact may be experienced. After review of the fiscal note and the provisions in the bill, it is not possible to determine an overall fiscal impact. Items which make the fiscal impact not determinable are as follows:

1. Based upon current statute, specifically 37-455(1), (2)(a) and (3)(a), a distinction is drawn between a “qualifying landowner or leaseholder” by providing a separate set of criteria to be met in order to be considered a “leaseholder”. Additionally, these same sections of statute demonstrate an “immediate family member” is inherently different than either a qualifying landowner or leaseholder by providing a specific definition of an “immediate family member”. In order to be eligible for up to four (4) free firearm deer hunting permits, a “qualifying landowner” must have been issued a limited permit (i.e. landowner permit) as the language on page four (4), line nine (9) specifies “In addition to any limited permit to hunt deer issued to a qualifying landowner...the commission shall issue up to four free firearm deer hunting permits to any landowner and designated members of his or her immediate family...”.
 - The agency does not have the number of limited permits issued to each distinct type of individual readily available making it difficult to determine how many individuals who were issued one of the 13,916 permits in FY18 would be a qualifying landowner, and would thus be eligible for a free permit(s).
2. The language on page four (4), line 11, starting with “shall” through line 14, ending with the word “family” is unclear as to whether each qualifying landowner limited permit would result in a total of up to four (4) free permits being available, or if the landowner and each individual that meets the definition of a “immediate family member” will each receive up to four (4) free permits each.
 - Depending on the family size and which interpretation of how many free permits can be issued pursuant to a limited permit being issued to a qualifying landowner, any impact may grow exponentially due to fewer permits being purchased.
3. The type “free” permit provided has potential revenue implications. Currently the language of the bill indicates “firearm” permits will be provided. If the permits would be considered limited permits, rather than regular permits, an impact on the Habitat Fund could materialize. This is due to a habitat stamp not being required for holders of limited permits pursuant to NRS 37-426(4).

(Continued on next page)

- At this time, a habitat stamp costs \$25 each year for both residents and non-residents. A potential loss of revenue exists if a habitat stamp is not required for the free permit and the individual does not purchase a habitat stamp for another reason (ex. Upland Game hunting).
4. The Commission receives federal funds through the Wildlife and Sport Fish Restoration Program. Within this program is a specific program (Wildlife Restoration) which provides funding to the state through an apportionment formula that includes the total number of paid hunting permits issued in the state. Limited and regular deer permits are considered in the apportionment formula.
 - An impact on federal funds from this specific federal program could materialize if individuals who normally purchased only a deer permit (no other big game permit or hunting license) receive one of the free permits. This would be due to a potential total reduction in the total number of permits being counted in the apportionment formula which could result in fewer federal dollars being apportioned to the Commission.
 5. The fiscal note provided by the agency indicates there would be associated expenditures for staffing costs to verify eligibility of landowners and immediate family members as well as enforcement. Additionally, the agency anticipates expenditures for staff who would gather, publish, post/sign participant land access and issue the free permits would be incurred.
 - NRS 37-106 and 37-108 place enforcement of the laws which pertain to wildlife, fisheries, etc. upon the Commission. One would have to assume the agency's estimate 556,640 free permit(s) being issued in order to support this staffing level. For the reasons delineated in numbers one (1) through four (4) above, the assumption may not be accurate.
 - The level of land enrollment and number of permits issued will dictate the quantity of staff time required, as there is no possible way to determine these numbers, there is not an expenditure figure that can be arrived at.

| | | | |
|--|----------------|------|--|
| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | |
| LB: | 126 | AM: | AGENCY/POLT. SUB: Nebraska Game and Parks Commission |
| REVIEWED BY: | Claire Oglesby | DATE | 12/12/2019 PHONE: (402) 471-4174 |
| COMMENTS: Nebraska Game and Parks Commission's statement appears reasonable based on the assumptions provided. | | | |

Please complete ALL (5) blanks in the first three lines.

2020

LB⁽¹⁾ 126 special landowner deer hunting permits

FISCAL NOTE

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

Prepared by: ⁽³⁾ Patrick Cole Date Prepared: ⁽⁴⁾ _____ 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 | \$1,329,799 | (\$11,455,480) (\$86,975) | \$1,073,321 | (\$11,455,480) (\$86,975) |
| FEDERAL FUNDS | | (\$487,825) | | (\$487,825) |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | <u>\$1,329,799</u> | <u>(\$12,030,280)</u> | <u>\$1,073,321</u> | <u>(\$12,030,280)</u> |

Explanation of Estimate:

The legislation proposes to make up to four free firearm deer hunting permits to hunt deer prior to the regular deer firearm season to any qualifying landowner **and** designated immediate family members. The qualifying factor would entail opening up 50% or more of their land to public deer hunting during the regular firearm season. The designated open land would need to be reported to the Commission in writing for publication on the agency's website.

The description of the free permits does not clearly indicate that they are 'landowner' type or 'regular' type to determine value so both will be shown. A regular firearm permit has a fee of \$34 while a landowner permit fee is \$17. Depending on the type, a \$25 habitat stamp could be required (for regular/ not landowner). It appears to apply to both residents and nonresidents so using 2018 landowner figures (486 NR, 13,430 Res for total of 13,916) four free permits could account for potential lost revenue as illustrated below, assuming owner is married and has 2 children (each with spouse) and 2 siblings (each with spouse), if each got 4.

| | QTY LO's | Assume owner +9 more | | | POTENTIAL LOST REVENUE | |
|--------------|--------------|----------------------|-----------|-----------|------------------------|---------------------|
| | | FREE | REGULAR | Landowne | REGULAR | Landowner |
| Resident | 13430 | 40 | \$ 34.00 | \$ 17.00 | \$18,264,800 | \$ 9,132,400 |
| Nonresident | 486 | 40 | \$ 239.00 | \$ 119.50 | \$ 4,646,160 | \$ 2,323,080 |
| Total | 13916 | | | | \$22,910,960 | \$11,455,480 |

CONTINUED...

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> |
| Conservation Tech II (6-0.5 FTE) | 6 | 6 | \$85,213 | \$85,213 |
| GIS Analyst (8 for 1 mo) | 8 | 8 | \$31,994 | \$31,994 |
| Conservation Officer | 2 | 2 | \$90,854 | \$90,854 |
| Acct Clerk II | 7 | 7 | \$201,772 | \$201,772 |
| Benefits | | | \$272,646 | \$272,646 |
| Operating | | | \$390,842 | \$390,842 |
| Travel | | | | |
| Capital outlay | | | \$231,478 | |
| Aidcomputer programming..... | | | \$25,000 | |
| Capital improvements | | | | |
| TOTAL | | | \$1,329,799 | \$1,073,321 |

LB⁽¹⁾ 126 special landowner deer hunting permits

The estimates provided assume all Landowner permits issued in 2018 represent qualifying landowners for the free permits. If the free permits are limited to a total of 4 (owner and only 3 of the 9 designees getting 1 each), the previous figure would be reduced proportionally.

Certainly a major unknown factor and qualifying necessity is the opening of land to public access. The advantage of additional free permits may entice more to consider participation than would normally be expected especially considering the agency has over 250,000 acres enrolled in its Open-Fields and Waters (OFW) program. Value of the free permits versus payment in OFW would be considered by the landowner as well as the agency for eligibility/participation decisions. For purposes of this note it will be assumed all participate.

As free permits, there would be no revenue gain even if the recipient were a new hunter. The Federal Sport Fish and Wildlife Restoration Program apportionment formula requires that a permit be paid in order to count it. Current value for a paid hunter in terms of Federal Aid grant dollars is \$70.11. Using the figures above with 40 free permits per current landowner permit (13,916 x 40) some 556,640 free permits could be issued resulting in a potential loss of \$22,910,960 (if regular price permits) or \$11,445,480 (if landowner permits). Since most hunters only purchase 1 deer permit it could be assumed that the free deer permit would be their only permit. If we assume at least 50% of them purchase another kind of hunting permit so they would be counted for federal aid, then the potential federal loss could be $(50\% \times 13,916 \times 70.11)$ \$487,825.

Habitat stamps are not required of landowners hunting their own property with a landowner permit. Regular deer permits would require a habitat stamp. Since only 1 is required the direct impact would depend on whether or not they also buy a upland hunting permit and would thus need a stamp for that permit. If we assume the free permits are 'landowner' type in terms of fee value and confined to their property then a habitat stamp would likely not be necessary. Assuming 25% of the 13,916 free permit recipients don't have another hunting permit that requires a stamp, but would need one under normal deer permit, the Habitat Fund could see a loss of $(13,916 \times 0.25 \times \$25)$ \$86,975 in annual revenue.

There would likely be impacts to other permit sales numbers issued since there are quota's tied to specific hunt units. Hunt unit quota's are determined by desired management objectives and considering past harvest success and population estimates. This would add a new/unknown variable to the mix since these additional permits could have a direct as well as an indirect (affecting archery season and regular firearm season) impact on harvest and thus the quantity of permits issued in the future. The additional week of landowner firearm deer season may also take away hunting opportunities for upland game hunters with a lack of access and more interest in deer hunting. The highest participation times for pheasant hunting are the first two weeks of season, this potential season would fall on the second weekend of the pheasant/upland season. The impact would likely be revenue negative as a reduced number of other permits available for issuance would result.

Additional staff would be necessary to gather, publish, and post/sign participant land access as well as process the free permits. For purposes of this note one temporary Conservation Technician I for each of the districts/service center areas (6) for 6 months each will be used. Certainly the number of participants and size/complexity of land descriptions would impact this. A technician receives \$13.656/hr so $6 \times 1040\text{hrs} \times \$13.656 = \$85,213$ for wages plus FICA at 7.25% \$6,178. Costs for signs (est \$4.95 ea) and sign posts (est \$ 5.95 ea) for 6,958 tracts (1/2 of the 13,916 permit holders) assuming minimum 4 signs per tract would require approximately \$303,368 in materials annually (assumes minimal reuse of material). Extra fuel, mileage on existing trucks is estimated to be \$13,300 (100,000 miles, 15mpg, \$2/gal). In order to get all the signs posted in a timely fashion, an additional two trucks would be needed (at \$29,343/vehicle) for an extended cab ½ ton truck, a total of \$58,686.

Additional staff would be needed to digitize the sites open to public hunting for publication on the agency website. Assuming 6,958 tracts need to be digitize in one month, eight (8) GIS Analysts would be needed, at a cost of \$23.165/hr, so $8 \text{ analysts} \times \text{month} = \$31,994$ for wages plus FICA at 7.25% \$2,320. Seven ArcGIS Basic Licenses (\$1,350/license) and 1 Arc GIS Advanced license (\$4,200) would be needed for the digitizing, $7 \times \$1,350 + \$4200 = \$13,650$ for software on existing computers.

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It is estimated that at least one additional staff member would be necessary in each of the district offices/service centers (7) to verify eligibility and landownership and assist with registry updates as land changes hands throughout the year. For purposes of this note we will classify them as Accounting Clerk II's (\$13.858 x 2080 hours x 7 = \$201,772 for wages plus benefits (Retirement+FICA+Family Health) would be \$201,639. Office equipment (computer, desk, chair, phone etc) estimated at \$3,000 each for a total of \$21,000 one time, plus ongoing office expenses of supplies and phones, travel, \$3,500/yr (\$500 x 7). Total estimated cost \$406,911 in each year plus an additional \$21,000 in year one.

The implementation of a more sophisticated registration/verification system not currently employed to assist in detecting false reporting/qualifying would be necessary. Development programming fees and testing time are estimated at \$25,000.

Posting the access areas (similar to OFW) would be a necessity that would also require additional law enforcement efforts to respond to potential trespass issues associated with hunters mistaking open land locations. Additionally the 7 days prior to the regular firearm season is open to archery hunters so this would increase the number of hunters in the field thus increasing the need for patrol/contact time.

Historic law enforcement investigations of landowner permits has revealed a violation (false reporting of qualifications and/or transfer of permits) rate that ranges between 19% to 24%. The introduction of free permits in the mix would expand the scope of these types of violations. Two additional officer positions would be needed to handle the increased workload. Wages for the two officers is estimated at \$90,854 annually plus benefits (Retirement+FICA+Family Health) would be \$62,509. Operating expenses/supplies (vehicle fuel, phone and service, computer, office supplies, etc is estimated at \$57,024 annually and 1 time equipment/supply expenses (truck, radio, law enforcement supplies) would be \$151,792.

Expenses summarized below:

| | | | | 2080 hrs | 7.50% | 7.25% | | 24553.9 | | | | |
|----------------------|-----|----------|-----------|-----------|-----------|-----------|------------|-------------|------------|------------|-----------|--------------|
| Position | QTY | FTE/each | Wage | Annual | Retiremen | FICA | Life Insur | Health Insu | Operating/ | 1 time | Equipment | TOTAL |
| Accounting Clerk II | 7 | 1 | \$ 13.858 | \$201,772 | \$ 15,133 | \$ 14,629 | | \$171,877 | \$ 3,500 | \$ 21,000 | | \$ 406,911 |
| Conservation Officer | 2 | 1 | \$ 21.840 | \$ 90,854 | \$ 6,814 | \$ 6,587 | | \$ 49,108 | \$ 57,024 | \$ 151,792 | | \$ 210,387 |
| Conservation Tech I | 6 | 0.5 | \$ 13.656 | \$ 85,213 | | \$ 6,178 | | | \$316,668 | \$ 58,686 | | \$ 408,059 |
| GIS Analysts | 8 | 0.083 | \$ 23.165 | \$ 31,994 | | \$ 2,320 | | | \$ 13,650 | | | \$ 47,963 |
| | | | | | | | | | | \$ 231,478 | | \$ 1,073,321 |