

Updated to reflect the adoption of AM757/AM2150 and new data.

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		Permit - (290,326) Stamp - 426,950		Permit - (290,326) Stamp - 426,950
FEDERAL FUNDS		(1,197,339)		(1,197,339)
OTHER FUNDS				
TOTAL FUNDS		(see below)		(see below)

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

As amended by AM757/AM2150, LB 126 proposes to require the Game and Parks Commission to issue up to four (4) free firearm deer hunting permits, valid only during the five (5) days of Saturday through Wednesday immediately preceding the beginning date of the deer firearm season, to each qualified landowner and designated members of their immediate family if the qualifying landowner has been issued a limited permit. No more than four (4) free permits may be issued per qualifying landowner with a limit set by the number of acres owned by a resident divide by 80 and a non-resident owned by 320.

- Based on information provided by the Commission, the total number of limited permits issued to resident qualifying landowners in CY18 was 7,094. Also provided was the total number of limited permits issued to those individuals who were appropriately related to the resident qualifying landowner for CY18 - 17,078. The data set provided by the agency also allowed for the ability to decipher how many limited permits were issued to qualifying landowners who have between 80-159 acres, 160-239 acres, 240-319 acres, and 320-plus acres. Knowing the specific number permits issued in relation to farm/ranch size allows the computation of the maximum number of free permits (20,553) that would have been issued in conjunction with the 7,094 limited landowner permits issued in CY18. Further, this allows for an estimated impact based on historical data to be calculated.
 - Utilizing the data described above, and assuming that the 17,078 appropriately related individuals would utilize the free permit instead of purchasing a limited permit for \$17, there would be an estimated loss of cash fund revenue in the amount of **\$290,326** annually.
 - If it is assumed these same individuals do not purchase another type of big game permit or hunting permit, a loss of apportioned federal funds under the Wildlife Restoration Program (Pittman-Robertson Act) would be seen in the estimated amount of **\$1,197,339** annually.
- It is unknown what type of permit the "free" permit will be classified as. Currently the language of the bill indicates "firearm deer hunting" permits will issued in addition to the limited permit, providing for a distinction between the two (2) types. If the permits would be considered regular permits, an impact on the Habitat Fund could materialize due to the requirement that a habitat stamp is required for holders of regular deer permits pursuant to NRS 37-426(1)(a). If the permits are considered limited permits, there will be no fiscal impact related to the habitat stamp as one is currently not required pursuant to 37-429(4).
 - At this time, a habitat stamp costs \$25 each year for both residents and non-residents. If a habitat stamp is required and the assumption is made that the individuals utilizing the free permits have not purchased a habitat stamp historically due to only utilizing a limited permit, the agency would see a cash fund revenue increase of **\$426,950**. This figure is based on the 17,078 individuals discussed above.
- The fiscal note provided by the agency (see attached) indicates there would be expenditures associated with staffing costs to verify eligibility of landowners and immediate family members, issuing permits, as well as enforcement. After review of the fiscal note, there are a few items to note:
 - Effectively, the bill is providing those individuals appropriately related to a qualifying landowner and the landowner an opportunity to receive a free permit purchase in addition to the a limited permit by automatically requiring the issuance of the applicable number (depending on land size) of free permits for each limited permit issued to a qualifying landowner. Data analysis shows the commission issued fewer limited permits to appropriately related individuals that the number of free permits that could be issued under the bill. As such, an increase in overall enforcement efforts may not be needed as an expansion of the total number of hunters is not being anticipated.

- With regard to a registration/verification system needing to be updated to accommodate the changes in the bill; for the reasons outlined directly above, it would not appear to be necessary as mechanisms are currently in place to issue a permit that essentially utilizes the same criteria for eligibility as a limited permit.

Also of note:

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 as exemplified by the bills language; “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...”. As such, Individuals who received limited permits as a result of being a qualifying leaseholder or appropriately related individual are not included in estimates as they are not meeting the criteria to receive the free permit(s).
2. The potential number of Non-resident qualifying landowners that would be issued up to the four (4) free permits is not considered due to data not being readily available.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 126	AM: 757	AGENCY/POLT. SUB: Nebraska Game and Parks Commission	
REVIEWED BY: Claire Oglesby		DATE: 1/30/20	PHONE: (402) 471-4174
COMMENTS: Nebraska Game and Parks Commission’s statement appears reasonable based on the assumptions provided.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 126	AM: 2150	AGENCY/POLT. SUB: Nebraska Game and Parks Commission	
REVIEWED BY: Claire Oglesby		DATE: 1/30/20	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⁾ 126 AM2150 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⁾ January 27, 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	\$815,090	(\$1,145,548) (\$86,975)	\$617,298	(\$1,145,548) (\$86,975)
FEDERAL FUNDS		(\$487,825)		(\$487,825)
OTHER FUNDS				
TOTAL FUNDS	<u>\$815,090</u>	<u>(\$1,720,348)</u>	<u>\$617,298</u>	<u>(\$1,720,348)</u>

Explanation of Estimate:

The legislation as amended 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. No more than 4 free permits would be allowed with the limit set by the qualifying acres owned/leased by a resident divided by 80 and a nonresident owned by 320. To get 4 permits the total acres for a resident must be greater than or equal to 320 and for a nonresident 1,280.

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 meets the acreage requirement to receive the maximum 4 permits (320 for Resident/ 1,280 for Nonresident).

	QTY LO's	Assume all would meet acres			POTENTIAL LOST REVENUE	
		FREE	REGULAR	Landowne	REGULAR	Landowner
Resident	13430	4	\$ 34.00	\$ 17.00	\$ 1,826,480	\$ 913,240
Nonreside	486	4	\$ 239.00	\$ 119.50	\$ 464,616	\$ 232,308
Total	13916				\$ 2,291,096	\$ 1,145,548

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>
Acct Clerk II	7	7	\$201,772	\$201,772
Conservation Officer	2	2	\$90,854	\$90,854
Benefits.....			\$264,148	\$264,148
Operating.....			\$ 60,524	\$ 60,524
Travel.....				
Capital outlay.....			\$172,792	
Aid.....computer programming.....			\$25,000	
Capital improvements.....				
TOTAL.....			\$815,090	\$617,298

The estimates provided assume all Landowner permits issued in 2018 represent qualifying landowners for the free permits and all would meet the acreage requirements to get all 4 permits.

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 4 free permits per current landowner permit (13,916 x 4) some 55,664 free permits could be issued resulting in a potential loss of \$2,291,096 (if regular price permits) or \$1,145,548 (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% x 13,916 x 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 an 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 * 0.25 x \$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 5-days 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.

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. 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 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.

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
										\$ 172,792		\$ 617,298