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FISCAL IMPACT STATEMENT

LS 7027
BILL NUMBER: SB 447

NOTE PREPARED: Mar 1, 2005
BILL AMENDED: Feb 21, 2005

SUBJECT: Fishing and Hunting Licenses.

FIRST AUTHOR: Sen. Lutz L
FIRST SPONSOR: Rep. Ulmer

BILL STATUS: As Passed Senate

FUNDS AFFECTED: **X**   GENERAL
                     X   DEDICATED
                          FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill discontinues issuance of lifetime hunting, fishing, and trapping licenses, but retains the validity of lifetime licenses already issued. (The introduced version of this bill was prepared by the Natural Resources Study Committee.)

Effective Date: July 1, 2005.

Explanation of State Expenditures: (Revised) The Department of Natural Resources (DNR) will experience an increase in administrative expenses associated with discontinuing lifetime licenses; however, revenue that could be generated by the discontinuation of lifetime licenses could cover the costs of additional administrative expenses.

Explanation of State Revenues: (Revised) *Lifetime Hunting, Fishing, and Trapping Licenses*. The fee for a comprehensive lifetime hunting and fishing license is $1,154. IC 14-22-12-7 provides that all money received for this license must be deposited in the Lifetime License Trust Fund (LLTF). IC 14-22-4-6 provides that all accumulated earnings in the LLTF plus 2.5% of the money in the fund must be transferred to the Fish and Wildlife Fund (FWF) to maintain the automated point-of-sale licensing system and to pay the operational expenses of the Divisions of Fish and Wildlife and Law Enforcement.

Based on the sale of one lifetime license at $1,154, the Divisions of Law Enforcement and Fish and Wildlife could receive 2.5%, or approximately $29 plus approximately $11 in interest, for a total of $40. If an individual purchased an annual license for hunting and fishing at $20.75, turkey hunting at $23, a game bird habitat stamp at $6.75, a deer firearms license at $24, and a deer muzzle loader license at $24, the total license

revenue collected, or $122.50, would be deposited in the FWF to finance the operations of the Divisions of Law Enforcement and Fish and Wildlife. Under the bill, up to an additional $82 per individual could be deposited in the FWF if the sale of lifetime licenses was replaced with an annual sale.

Lifetime hunting and fishing licenses and the LLTF were authorized in 1983. DNR has sold over 42,000 lifetime licenses. In 2001, 1,547 lifetime licenses were sold. In 2002, over 21,000 were sold after a fee increase was passed by the Natural Resources Commission in 2001. In 2002, the number of deer licenses sold declined by 41% , and the number of hunting licenses declined by 29%. (In 2002, 579 lifetime licenses were sold. In 2003, 668 licenses were sold.) The lifetime license fee is the annual license fee multiplied by 20. Use of a lifetime license beyond 20 years could result in less revenue generated relative to annual purchases. With respect to inflation, in 1983, a basic annual license was $120. In 2004, a basic license costs $285. A license fee of about $220 in 2003 would have kept pace with inflation, based on the Consumer Price Index of all goods and services purchased for consumption by urban households.

The LLTF balance was $14.5M at the beginning of FY2004. An amount of $4.8M was transferred for the development and implementation of a fish and wildlife automated sport licensing system. The interest accrued to the LLTF and 2.5% of its principle is transferred annually to the FWF. The 2003 LLTF transfer to the Fish and Wildlife Division was $576,899.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DNR.

Local Agencies Affected:

Information Sources: Greg McCollum, Deputy Director, DNR, Fish and Wildlife Division, 233-9382.

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