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FISCAL IMPACT STATEMENT

LS 7048

BILL NUMBER: SB 554

NOTE PREPARED: Mar 21, 2005

BILL AMENDED: Mar 17, 2005

SUBJECT: Off-road vehicles and hunting and fishing stamps.

FIRST AUTHOR: Sen. Waterman

FIRST SPONSOR: Rep. Hoffman

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Off-Road Vehicles*. This bill specifies that for purposes of the law regulating off-road vehicles and snowmobiles, the definition of "operate" applies to both types of vehicles. It specifies that snowmobiles must be registered under the off-road vehicle and snowmobile law. It also makes possessing an off-road vehicle or snowmobile with an altered or defaced vehicle number a Class B misdemeanor. The bill makes failure of a dealer to maintain rented vehicles in a safe operating condition or to maintain liability insurance a Class C infraction (instead of a Class B misdemeanor).

Licenses and Stamps. It allows bird hunting stamps in an electronically generated form. It also allows commemorative bird hunting stamps to be sold. The bill provides that hunting and fishing licenses and stamps expire on March 31. It requires electronically obtained licenses to be signed to be valid. It amends procedures to obtain a duplicate license.

Fishing Licenses. The bill also discontinues the fishing license exemption for residents who are at least 65 years of age. It establishes a senior fishing license for residents who are at least 60 years of age. (The introduced version of this bill was prepared by the Natural Resources Study Committee.)

Effective Date: July 1, 2005.

Explanation of State Expenditures: *Expiration of Hunting and Fishing Licenses*. The bill extends the expiration date of the yearly hunting, fishing, migratory waterfowl stamp, and game bird hunting license from the last day in February to March 31. Currently, there are different expiration dates for the different licenses and stamps. This change will make the certification of license holders easier for reporting for federal aid

purposes and make the accounting of revenue from licences easier to manage. Under the bill, there would be one 12-month period for all licenses. In the first year, the licenses will be good for a longer period of time. However, extending the expiration date to March 31 would probably not generate a significant number of additional sales given that March is poor fishing weather for many.

Equipment for Local Vendors. Under the proposal, the DNR may furnish the clerks and agents with all necessary equipment needed to issue a license. This change is proposed in order to accommodate the new DNR Point-of-Sale Automated License Purchasing System, which is a web-based, point-of-sale purchasing system for DNR licenses. The DNR has already provided existing vendors equipment free of charge; new vendors must provide a damage deposit. Local equipment costs were \$870 per installation. All vendors who wanted the system were operational in December 2004. The only paper licenses that will be issued will be those offered by charter boat captains who can sell one-day fishing licenses on paper if they do not have phone lines able to connect with the automated system. All stamps will still be available printed; however, electronic stamps will also be available at the point of sale. These provisions should have no additional impact on the DNR.

Duplicate Licenses. Under existing law, the DNR may issue a duplicate license to replace a lost license issued to an Indiana resident. An application for a duplicate license must meet the following conditions:

- (1) Be in writing on a form prescribed by the DNR
- (2) State that the applicant had been issued a license.
- (3) State that the license was lost.
- (4) Be signed by the applicant.
- (5) Be accompanied by a fee equal to $\frac{1}{2}$ the cost of the lost license.
- (6) Be submitted to the division office in Indianapolis.
- (7) State that the applicant is an Indiana resident.

Under the bill, the DNR may issue a duplicate license to replace a lost license issued to an Indiana resident if the application is signed by the applicant and accompanied by a fee established by the Natural Resources Commission. This provision will reduce administrative expenses associated with providing a duplicate license to the extent that less documentation is involved which could reduce the time and correspondence involved in completing the application. Additionally, duplicate licenses could be purchased through the point-of-sale automated system at a reduced cost to the DNR.

Explanation of State Revenues: Off-road Vehicles: Under current law, the penalty for violation of sections concerning off-road vehicles is a Class C infraction. However, there are four exceptions to this general penalty that result in a Class B misdemeanor. The bill would change three of the exceptions by:

- (1) Increasing the penalty for possessing an off-road vehicle or snowmobile with an altered or defaced vehicle number from a Class C infraction to a Class B misdemeanor.
- (2) Reducing the penalty for a dealer failing to maintain rented vehicles in a safe operating condition or maintain liability insurance from a Class B misdemeanor to a Class C infraction.
- (3) Increasing the penalty for operating an off-road vehicle at a rate of speed greater than is reasonable and having due regard for existing conditions or in a manner that unnecessarily endangers the person or property of another.

There are no data available to indicate whether these changes would increase or decrease the number of Class

B misdemeanors or Class C infraction judgements occurring each year.

Currently, the maximum judgment for a Class B misdemeanor is \$1,000, and a Class C infraction judgement is \$500. Fines from misdemeanors are deposited in the Common School Fund, while infraction judgments are deposited in the state General Fund.

Also, court fees may be affected by the changes. A misdemeanor court fee is \$120, while the court fee for an infraction is \$70. The state receives 70% of the court fee that is assessed when a guilty verdict is entered and the fee is collected in a court of record and 55% if a case is filed in a city or town court.

Hunting and Fishing Stamps: The bill allows the DNR to create and sell commemorative migratory waterfowl stamps and commemorative game bird habitat restoration stamps. The additional revenue that will be generated by these provisions is unknown.

The bill also allows the DNR to offer an electronically generated version of the existing migratory or game bird stamp. These provisions will allow the stamps to be offered by all vendors using the automated web-based point-of-sale license system. The provision could result in additional stamp sales. The impact is indeterminable.

Background on Hunting and Fishing Licenses and Stamps: Over 957,000 DNR licenses and stamps were sold in 2004, generating over \$14.6M. Hunting and fishing license revenue is generally deposited in the Fish and Wildlife Fund which is used to finance the operations of the Divisions of Fish and Wildlife and Law Enforcement. A portion of deer hunting license fee is deposited into the Deer Research Fund. Proceeds from the migratory waterfowl stamp are used for development of waterfowl propagation areas; for the acquisition or development of wetlands in Indiana, or to participate in the joint funding of North American waterfowl management plans. The game bird habitat restoration stamp fee is deposited in the Game Bird Habitat Restoration Fund.

Agents independent of the DNR who sell licenses can retain \$0.75 for each license sold. If the agent is a DNR state park, the state park can retain the \$0.75. Currently, six clerks of the circuit court sell licenses.

Duplicate Licenses. Under existing law, the DNR may issue a duplicate license at a fee equal to ½ the cost of the lost license. The bill provides that the application for a duplicate license must be accompanied by a fee established by the Natural Resources Commission. The DNR sells about 50 duplicate licenses each year. The provision should not have a significant impact on revenue generated by duplicate fees. It is possible that the Commission could reduce costs because less administrative expense is involved in offering the duplicate through the automated system.

(Revised) *Fishing Licenses.* This bill discontinues the fishing license exemption for residents who are at least 65 and assesses a \$3 license fee. Given the projected 87,462 anglers aged 65 or over, a \$3 senior fishing license would generate an estimated \$262,386. However, the selling agent retains \$0.75, or \$65,596, leaving a net increase in state revenue of \$196,790. (The number of anglers was estimated using Census figures and percentages of the population that obtain a license in Indiana.) In addition, for each new fishing license sold, the federal government would provide approximately \$6.60 in reimbursement for fishing equipment excise tax, which would generate an additional \$577,249. New state and federal revenue would equal \$774,039.

However, the proposal also allows the DNR to decrease the cost of a license to fish by \$10.50 per license to \$3 per license for anglers 60 to 64 years. The number of anglers within this age bracket is estimated at 2,734.

Given this figure, the decrease in revenue would equal \$28,707. The bill would also eliminate the need for this age bracket to purchase a trout and salmon stamp, which would reduce revenue by \$1,624. Total decrease in revenue would equal \$30,331.

The net fiscal impact of changing the license fees is an increase of approximately \$743,700.

Revenue from the sale of fishing licenses goes into the dedicated Fish and Wildlife Fund that is used to pay the operating expenses of the DNR Divisions of Law Enforcement and Fish and Wildlife.

Background: Four surrounding states have senior fishing licenses: Michigan (\$10.80); Illinois (\$10); Kentucky (\$5); and Ohio (\$10).

Explanation of Local Expenditures: *Off-road Vehicles:* A Class B misdemeanor is punishable by up to 180 days in jail, while a Class C infraction results in a fine with no jail time. The average daily cost of housing a prisoner in jail is roughly \$44.

Hunting Stamps: Providing that the DNR may furnish the clerks of the circuit court with an electronically generated form of existing migratory fowl or game bird stamps could decrease administrative costs for the clerks by an indeterminable amount.

Explanation of Local Revenues: *Off-road Vehicles:* The county general fund would receive 27% of the Class B misdemeanor court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund.

Hunting Stamps: The bill provides that the DNR may create and sell commemorative game bird habitat restoration stamps. Clerks of the circuit court may be able to sell commemorative stamps, which could increase the \$0.75 per stamp that the clerks can retain. The proposal also provides that the DNR may furnish the clerks with an electronically generated form of existing stamps, which could also increase sales. The specific impact is indeterminable.

State Agencies Affected: Department of Correction.

Local Agencies Affected: Trial courts, local law enforcement agencies, clerks of the circuit court.

Information Sources: Matt Hopper, DNR Director of Legislative and Community Relations; John Ryan, DNR Director of Internal Audit; Marti Mitchell, Access Indiana; Scott Manos, DNR Project Manager; Indiana Sheriffs' Association; Greg McCollam, Division of Fish and Wildlife, DNR, 317-232-4091.

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