

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/08/2019**

Bill/Resolution No.: HB 1331

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>				\$405,600		\$405,600
<b>Expenditures</b>				\$240,000		\$190,000
<b>Appropriations</b>				\$240,000		\$190,000

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The bill creates a lifetime fishing license and authorizes the Department to adopt rules necessary to determine eligibility and license fee.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Lifetime licenses are a long term commitment that leaves the department vulnerable to unanticipated future changes affecting revenue and possible loss of federal funds. Lifetime licenses require additional administrative expenditures to track this license for the life of the license holder and adds complexity to an already complex licensing system.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Based on the assumptions listed below, we estimate total Lifetime Fishing License Revenue for 2019-2021 would be \$405,600. The collection of this upfront revenue amount reflects 100% recovery of the regular annual fees over the lifetime of the angler.

This upfront revenue would need to earn enough interest over the lifetime of the anglers to allow us to withdraw the normal annual fishing license fee every year for each angler over the lifetime of the angler in order to return what a normal license fee would have. Thus, leaving the account at zero at the end of the calculated life expectancy of the individual.

The Department currently has several types of resident fishing licenses. The Revenue estimates for this fiscal note are based on the following assumptions: 1) resident \$16 fishing license plus the \$1 certificate fee (total \$17); 2) to represent the varying age groups that might buy a lifetime fishing license, we used ages 16 & 45; 3) we estimate up to 300 new lifetime licenses would be purchased by ND resident anglers per year (150,000 annual Resident Certified Anglers X 0.2%), the 0.2% ratio is based on sales from another state; 4) we estimated the 300 new lifetime licenses would be split 150 for 16 yr olds & 150 for 45 yr olds; 5) we used 0.7% as our expected annual rate of interest on the lifetime license fees (this is the ave. interest rate earned on Bank of ND 1 year CD's since July 2018). In order to estimate the fees that we need to charge an angler and earn the revenue that an annual license sale

would return over the lifetime of that angler, we used an annuity calculator and federally approved Social Security Administration Actuarial Life Tables to determine annual return on upfront fees and life expectancies. We only estimated the fees needed to return 100% of the current license fee.

Lifetime Licenses are long-term commitments that could leave the department vulnerable to future losses.

Negative effects NOT included in the revenue calculation for this fiscal note: 1) Future license fee increases; 2) interest rate variations; 3) future Federal Rule changes that could result in not being able to count lifetime license holders as "Certified Anglers" in our annual License Certification resulting in less USFWS federal funds; 4) actual interest earned being less than projected would result in not being able to count the lifetime license holders as "Certified Anglers" in our annual License Certification resulting in less USFWS federal funds 5) estimated revenue calculations do not recover the estimated expenditures below.

With a Lifetime Fishing License, anglers are still required to annually login to our licensing system and "activate" this license so that we can count them as a "Certified Angler". This is a requirement for our federal funding.

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The proposed bill would require one-time IT programming changes to the Game and Fish online licensing system. It would take ITD a significant amount of time for these complex programming changes. We estimate the IT programming changes to cost the department approx. \$50,000 or more.

We would need additional staffing and need to hire a consultant to develop the methodology and set up an appropriate system that meets USFWS complex requirements, manage investment, manage the license, track each individual for their lifetime, and verify residency, all of which adds additional cost. One (1) New FTE \$165K/biennium and approx. \$25K for a Consultant.

2019-21 TOTAL: \$240,000 (50K+165K+25K). 2021-23 TOTAL: \$190K (165K+25K).

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Increase appropriation for Salaries line and Operating line. The salaries amount includes a request for one (1) New FTE.

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**Date Prepared:** 01/17/2019