

FISCAL NOTE
Requested by Legislative Council
01/18/2017

Amendment to: SB 2284

- 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.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$0		\$0
Expenditures				\$10,000		\$0
Appropriations				\$10,000		\$0

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

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties			
Cities			
School Districts			
Townships			

- 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 amends NDCC relating to service fees allowed by an agent (vendor) to charge for sale of game and fish licenses.

- 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.*

This section of law only affects the service fee that agents (vendor) may charge a purchaser. The service fee is retained by the agent (vendor).

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.*

None

- 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.*

IT programming costs for the department is estimated at \$10,000 to update the formula which calculates the agent (vendor) service fee and the sales report.

- 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 of operating costs of \$10,000.

Name: Kim Kary

Agency: ND Game and Fish Dept

Telephone: 328-6605

Date Prepared: 01/23/2017

FISCAL NOTE
Requested by Legislative Council
01/18/2017

Bill/Resolution No.: SB 2284

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Increase of operating costs of \$10,000.

Name: Kim Kary

Agency: ND Game and Fish Dept

Telephone: 328-6605

Date Prepared: 01/23/2017

2017 SENATE ENERGY AND NATURAL RESOURCES

SB 2284

2017 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Fort Lincoln Room, State Capitol

SB 2284
1/27/2017
Job #27523

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution: Relating to agent fees for distribution of hunting licenses.

Minutes:

Attch#1=Kim Kary

Chairwoman Unruh: Open hearing on SB 2284 and take attendance. All committee members present. Chairwoman Unruh: Let's take testimony in support.

Senator Robinson: (3.32) Game and Fish asked me to come forward with this SB2284. To provide an avenue for our vendors who participate in sale and promotion of licenses. To adjust the fees so they do not lose money. Unfortunately, with the charges involved in credit cards, etc., over the years more and more vendors have elected to get out of the business. We know you can access the process on line. There are still lots of people out there that are not comfortable with technology. We want to provide a means recoup some of the credit cards cost and other fees. We also request an emergency clause to move with away.

Chairwoman Unruh: You mentioned an emergency clause? I do not see one.

Senator Robinson: We would have to add that.

Kim Kary, ND Game and Fish:(see Attch#1) Here in support of SB 2284. At the time we revised this bill, we weren't thinking about the effects of a credit card. We learned that not all credit cards charge the same fee. Your Visa may not be the same as your friend's Visa. With discussing with the Bank of ND, those fees range from 2% to 4%. That is where we came up with the 3%. Some large vendors, do not charge a service fee. They are making enough money by them coming in and buying other hunting and fishing stuff. Some of the smaller vendors need a fee to recoup that fee they are charged. About 95% of the sale of these merchants is by credit card. Only about 5% is cash sales. These small vendors make up 50% of our revenue for selling hunting and fishing licenses. With the emergency clause, we sort of forgot about it. We caught Senator Robinson and told him about clause. I would like to get back to committee on the date of the ER clause. I would need to talk to our IT to see how long it would take ITD to get this program in place. Our hunting/fishing season

opens April 1. Have to get the programming change done first. May or June would be ok also. Please Do Pass on SB 2284. Any questions?

Chairwoman Unruh: As you were looking at different way to solve this problem of small businesses from losing money, was it considered at all to take part of the portion of the license fee instead of taking the 3% and putting it on the person buying the license.

Kim: Those fees are set in law. We would have to adjust the whole fee structure of all the licenses fee that are already established in law. Last session, that fee increase was established in order to support the agency's fund balance to operate. Our department does not receive any general fund or outside revenues service. We depend on the license fees to keep afloat, keep the fishing ramps and the boats and game managed and surveyed. That piece could get messy.

Sen. Cook: There would be no problem if we put the emergency clause on it and the House can suggest a date change. Correct?

Kim: Great. That would work for us.

Sen. Oban: Would someone who is not paying with a credit card still pay the 3% fee?

Kim: Yes, because there are only 5% people that pay with cash. They vendor is still providing a service. Taking time, using their paper and printer, their internet costs, etc. It takes time to key in a sale. We think it is fair.

Chairwoman Unruh: Further testimony in support.

Bill Helphrey, ND Bowhunters Assoc: (15.50) Here in support the Game and Fish in this effort. These people need to at least break even when they perform a service to the public.

Chairwoman Unruh: Close the hearing on SB 2284. Committee wishes?

Sen. Cook: I have no problem with the bill, but I feel this is bigger issue than just Game and Fish. We once talked about state agencies taking credit cards. I think you can pay your property taxes by credit card. You have to pay service fees. Could we ask Pam Sharp, OMB.

Sen. Oban: I was wondering if it is easy enough to get an amendment for the ER clause if we act now.

Sen. Cook: I move we amend with emergency clause. **Sen. Armstrong:** I second.
VOICE VOTE TAKEN: PASSED

Chairwoman Unruh: We have amended SB2284 before us. **Sen. Armstrong:** Move a DO PASS as amended. **Sen. Oban:** I second. Roll taken. YES 5, NO -0-, -2-AB.
Sen. Oban is carrier.

January 27, 2017

OK
1/27/17

PROPOSED AMENDMENTS TO SENATE BILL NO. 2284

Page 1, line 2, after "licenses" insert "; and to declare an emergency"

Page 2, after line 5, insert:

"SECTION 2. EMERGENCY. This Act is declared to be an emergency
measure."

Renumber accordingly

Roll Call Vote #:

BILL/RESOLUTION NO. *SB 2284*

Senate Energy and Natural Resources☐ Subcommittee

Amendment LC# or Description: 12.0897.01001

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐

Motion Made By Sen Cook Seconded By Sen Armstrong

[illegible]

Total (Yes) _____ No _____

Absent _____

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

Voice vote
on amend passed.

Date: 1/27/17
Roll Call Vote #: 2

2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2284

Senate Energy and Natural Resources Committee

☐ Subcommittee

Amendment LC# or Description: 17.0897.01001

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐

Motion Made By Sen. Armstrong Seconded By Sen. Oban

Senators	Yes	No	Senators	Yes	No
Chair Jessica Unruh	X		Sen. Erin Oban	X	
Vice Chair Curt Kreun	AB				
Sen. Kelly Armstrong	X				
Sen. Dwight Cook	X				
Sen. Jim Roers	X				
Sen. Don Schaible	AB				

Total (Yes) 5 No -0-

Absent -2-

Floor Assignment Sen. Oban

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2284: Energy and Natural Resources Committee (Sen. Unruh, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS (5 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2284 was placed
on the Sixth order on the calendar.

Page 1, line 2, after "licenses" insert "; and to declare an emergency"

Page 2, after line 5, insert:

"SECTION 2. EMERGENCY. This Act is declared to be an emergency
measure."

Renumber accordingly

2017 HOUSE ENERGY AND NATURAL RESOURCES

SB 2284

2017 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee

Coteau –A Room, State Capitol

SB 2284

3/2/2017

28627

☐ Subcommittee

☐ Conference Committee

Committee Clerk Signature

Kathleen Davis

Explanation or reason for introduction of bill/resolution:

relating to agent fees for distribution of hunting licenses

Minutes:

Attachment #1

Chairman Porter: Opened the hearing on SB 2284 and the clerk read the title.

Rep. Anderson: This bill is pretty simple. It allows a license agency that is selling a license, instead of getting that 50c fee, they can charge up to 3% of the total license, excluding a certificate fee. The way it is now I don't see there's much incentive for the hardware store or someone to sell the license for 50c. Hopefully this will increase license sales.

Chairman Porter: questions? Testimony in support

Kim Kary, Chief Administrative Service Division, ND Game and Fish Dept.: presented Attachment #1 requesting a Do Pass on SB 2284.

Rep. Lefor: You're going to allow them to charge 3% and their credit card fee could be equal or higher than that? Is that going to solve the problem?

Kary: Credit card fees anywhere from 2-4%. It depends per customer on what credit card they have. All those different credit cards have different fees. Some are going to be 2.2% to 3.8%. We took an average of 3%. We felt that would be sufficient. When those customers come in, they're going to buy other things too. We thought that would be an equitable percentage to use. For a \$50 combo license they're going to pay \$51.50 and the merchant would get to keep that \$1.50.

Rep. Lefor: What would 5% do? Would it motivate them to sell more licenses and the Game and Fish would be more successful? To me you're not solving a problem.

Kary: I don't believe upping it would cause them to sell more licenses. Some have said give us more than 50c. We've shopped around and if their merchant fees on average are anywhere from 2%-4%, and some people still pay cash, but they'll still charge that cash person, I think it will come to a reasonable balance, they will accept it.

Rep. Marschall: Have you talked to them about the credit card processing fees, charging the consumer? You can do that now. Instead of the person selling the license, instead of him eating the cost, have you talked to them about having the customer can pay the fees?

Kary: I'm not sure I understand. That's kind of what this will do. The customer will pay the 3% and the merchant/vendor will keep the 3% so they are kind of paying that fee.

Rep. Marschall: That was changed a few years back. Even though in my business, I can charge back a credit card processing fee to my customer, I just choose not to, but I could still do that. I don't need to have a special law telling me that I can charge my customers the credit card processing fee. That's already in law.

Kary: I'm not sure. It might depend on each merchant's credit card contract. I guess by law there's a fee that each vendor gets to keep and it's 50c and we felt that fee, we're trying to mix two things together here. By law currently, each vendor gets to charge 50c for selling a license. We just want to increase that fee to 3% of the license sale.

Rep. Roers Jones: To clarify what I believe Rep. Marschall is trying to say is, we'd still be charging that potential 3% fee to people who would be buying with cash. Correct?

Kary: correct

Rep. Roers Jones: So I think the question is this a fee that should associated only with purchasing with a credit card to cover that cost? Although I think it's fairly insignificant. We're looking at. Even if it was 5% on a \$50 license, you're still only looking at \$2.50. I don't have a problem with the fee but was there any consideration to charging only the credit card users for the additional costs versus the cash purchasers?

Kary: yes there was. The merchant is still performing a service. He's still having to train his staff to sell a license, educate them, time to fill it out, punch it in, key it in, and another customer is standing behind just wanting to pay for gas, he's waiting and taking up that time for my customer whether he's paying cash or credit card. It's more of a service whether you do it by cash or credit card. We felt it should be across the board to sell that license.

Rep. Devlin: Rep. Anderson pointed that it may increase the license sales. I'm wondering if the unintended consequences might be that if someone didn't get drawn for lottery at 8 years could all of a sudden go to 10 or 12 years before they got drawn if we have more licenses being sold. (laughing)

Chairman Porter: further testimony in support of SB 2284

Foster Ray Hager: Rep. Roers Jones, in my hometown, when you go down to the guy at the vendor, he doesn't take cash, can't take cash if he's running it through the computer. That's what he told me. So I go down and I throw down my credit card and driver's license and go do my shopping. Before he was only getting 50c, and \$1.50, he's not getting rich on that either. But it's a convenience to me to go down to the vendor. I'm not very computer

sharp. I have so much trouble with my computer that I put the password to HELP. I stand in support. Excuse me, this is two in a row, I think it's a record!

Chairman Porter: So noted! It almost reminds me of the commercial on tv where the guy's standing in a room full of people and says, "We need your log in password" He says, "I-H-A-T-M-Y-J-O-B-1". The guy looks at him and says, "I hate my job?!"

Mr. Helfrey, ND Bow Hunters Association: We support of this bill. We believe the vendor that goes through the work of setting up their business so they can provide licenses to the population, they're doing the people in our community a favor. They shouldn't lose money over this situation. So we'd like to see this bill pass.

Chairman Porter: Testimony in support? Opposition?

Rep. Roers Jones: Move a Do Pass.

Rep. Seibel: second

Chairman Porter: Discussion?

Rep. Devlin: Rep. Marschall's point, like he said in his business, if someone wants to use a credit card, he can actually add that 3% or whatever right on to their bill essentially. If that's true in this instance, they already have a way to do that.

Chairman Porter: If I recall with the state and how they handle that, the things we set as the fees, cannot be added to, so they could not by law automatically add on that credit card fee, is my understanding. Even if you go to DOT and you charge it by credit card, they can't add on that credit card fee. Your license fee is set by the legislature and that's all you can charge for. So they lose a little bit. Further discussion? Seeing none the clerk will take the roll on SB 2284.

Yes 12 No 0 Absent 2 Motion carried. Rep. Seibel is carrier.

Chairman Porter: Hearing closed until 2:15 this afternoon.

Date: 3-2-17Roll Call Vote #: 1

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2284

House Energy & Natural Resources Committee☐ SubcommitteeAmendment LC# or
Description: _____

Recommendation

- ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions

☐ Reconsider ☐ _____Motion Made By Rep Roers Jones Seconded By Rep Seibold

Representatives	Yes	No	Representatives	Yes	No
Chairman Porter	✓		Rep. Lefor	✓	
Vice Chairman Damschen	✓		Rep. Marschall	✓	
Rep. Anderson	✓		Rep. Roers Jones	✓	
Rep. Bosch	✓		Rep. Ruby	✓	
Rep. Devlin	✓		Rep. Seibel	✓	
Rep. Heinert	✓				
Rep. Keiser	AB		Rep. Mitskog	✓	
			Rep. Mock	AB	

Total (Yes) 12 No 0Absent 2Floor
Assignment Rep Seibel

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2284, as engrossed: Energy and Natural Resources Committee (Rep. Porter, Chairman) recommends **DO PASS** (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2284 was placed on the Fourteenth order on the calendar.

2017 TESTIMONY

SB 2284



SB 2284
1-27-17
Attach #1
pg 1

Senate Energy and Natural Resources Committee
Testimony on SB 2284

North Dakota Game and Fish Department
Kim Kary, Chief Administrative Services Division
January 27, 2017

Madam chair and members of the Senate Energy and Natural Resources committee, my name is Kim Kary, Chief of Administrative Services Division of the North Dakota Game and Fish Department and I am testifying in support of SB 2284.

Per N.D.C.C, the director, upon request, may appoint a person as an agent to distribute hunting and fishing licenses. By law, effective April 1, 2016, agents who sell game and fish licenses must do so electronically. Under current law, the agent may charge the purchaser a service fee of fifty cents for each license. The service fee may be retained by the agent.

The largest complaint we hear from vendors is that they are losing money every time they sell a license paid for by credit card. If a non-resident comes in and buys a waterfowl license, a small game license, and the other general licensing requirements the total would be approximately \$244. Most people do not carry this amount of cash so a credit card is most practical. Depending on the card, the agent could incur approximately \$4 - \$7 in credit card merchant fees for the above transaction. Credit card merchant fees vary depending on the type of card and can range anywhere from 2-4%. The current service fee of fifty cents is not sufficient to cover this expense.

The proposed bill increases the service fee by allowing the agent to charge purchasers up to three percent of the total license fee excluding the certificate fee. The proposed fee, of up to three percent, should reduce or eliminate the loss of revenue that agents incur with credit and debit card hunting and fishing license sales.

If we don't increase the current agent service fee, we most likely will see a reduction in agent participation. Madam chair and committee members, the North Dakota Game and Fish Department respectfully requests a **DO PASS** on SB 2284.

This concludes my testimony. I would be happy to answer any questions.



1
3-2-17
HB 2284
KARY

House Energy and Natural Resources Committee
Testimony on SB 2284

North Dakota Game and Fish Department
Kim Kary, Chief Administrative Services Division
March 2, 2017

Chairman Porter and members of the House Energy and Natural Resources committee, my name is Kim Kary, Chief of Administrative Services Division of the North Dakota Game and Fish Department and I am testifying in support of SB 2284.

Per N.D.C.C, the director, upon request, may appoint a person as an agent to distribute hunting and fishing licenses. By law, effective April 1, 2016, agents who sell game and fish licenses must do so electronically. Under current law, the agent may charge the purchaser a service fee of fifty cents for each license and the service fee may be retained by the agent. Not all agents charge a service fee.

The largest complaint we hear from agents (also known as vendors) is that they are losing money every time they sell a license paid for by credit card. If a non-resident comes in and buys a waterfowl license, a small game license, and the other general licensing requirements the total would be approximately \$244. Most people do not carry this amount of cash so a credit card is most practical. Depending on the card, the agent could incur approximately \$4 - \$7 in credit card merchant fees for the above transaction. Credit card merchant fees vary depending on the type of card and can range anywhere from 2-4%. The current agent service fee of fifty cents is not sufficient to cover this expense.

The proposed bill increases the current service fee by allowing the agent to charge purchasers three percent of the total license fee excluding the certificate fee. The proposed fee, of three percent, should reduce or eliminate the loss of revenue that agents incur with credit and debit card hunting and fishing license sales.

Agents account for approximately 50% of our total license sales. If we don't increase the current agent service fee, we most likely will see a reduction in agent participation. The bill has an emergency clause so it could go into effect with the new license year April 1. Mr. Chairman and committee members, the North Dakota Game and Fish Department respectfully requests a **DO PASS** on SB 2284.

This concludes my testimony. I would be happy to answer any questions.