



## Fiscal Estimate Narratives

DNR 2/7/2018

LRB Number	17-5318/1	Introduction Number	SB-754	Estimate Type	Original
<b>Description</b> a resident lifetime fishing license					

### Assumptions Used in Arriving at Fiscal Estimate

This bill requires the department to issue lifetime fishing licenses to residents, which confers the privilege of an annual fishing license. A stamp is required by the holder of a lifetime fishing license, if the type of fishing requires a stamp. The bill establishes the fee for a resident lifetime fishing license at 30 times the fee for a resident annual fishing license, which under current law is \$19.25 plus a 75 cent issuing fee. Thus, at the current rate, a resident lifetime fishing license fee under the bill is \$577.50, plus a 75 cent issuing fee. The bill provides that the fee for a resident lifetime fishing license issued to a resident age 62 or older is reduced to five times the annual fishing license fee, which under the current rate is \$96.25, plus a 75 cent issuing fee.

#### Assumptions:

- license fees remain constant
- number of anglers remains constant
- angler who purchased lifetime fishing license would have otherwise continued to purchase an annual fishing license until their death
- the average life expectancy of Wisconsin residents is 80 years
- no angler age 15 or younger would purchase a lifetime fishing license, since a fishing license is not required for those under age 16.

#### A. Revenue

##### 1. Revenue Decrease

The impact to revenue is dependent upon the age at which a resident angler purchases a lifetime fishing license and whether that angler would have continued to annually purchase a fishing license had they not had the opportunity to purchase the lifetime license. The department would lose annual license fee revenue for each resident angler that would have otherwise purchased an annual fishing license but instead purchased the lifetime fishing license and fished for more than 30 years on the "long-term" lifetime license or more than 5 years for the "short-term" lifetime license. Similarly, this bill would increase license fee revenue for each resident angler that would have otherwise purchased an annual fishing license but instead purchased the lifetime fishing license and who did not fish more than 30 years for the "long-term" lifetime or more than 5 years for the "short-term" lifetime license.

Break even analysis for purchaser to identify those likely to purchase lifetime license:

- a 16-year-old who purchased the "long-term" lifetime license would begin to realize savings at age 46.
- a 40-year-old who purchased the "long-term" lifetime license would begin to realize savings at age 76.
- a 42-year-old (average age of Wisconsin resident angler) who purchased the "long-term" lifetime license would begin to realize savings at age 81.
- a 62-year-old who purchased the lifetime license would begin to realize savings at age 70.
- a 67-year-old who purchased the lifetime license would begin to realize savings at age 80.

According to the Wisconsin Department of Health Services most recent data, the life expectancy at birth is currently 80.3 years for Wisconsin's total male and female population. Given the above break even analysis, it is not likely anglers age 42 and older would purchase the "long-term" lifetime license, nor would anglers age 68 or older purchase the "short-term" lifetime license. Therefore, the impact to license revenue would likely be limited to those age 16 through 41 and 62 through 67. The license revenue reduction per angler can be determined for each angler age 16 - 41 and 62 - 67 by calculating the number of years the angler would be fishing beyond the number paid for in the lifetime fee (assuming life expectancy of 80 years) and multiplying by the license fee that would have been paid had the angler been required to purchase an annual resident fishing license.

The greatest revenue reduction would apply to an angler who purchased a lifetime license at age 16, the age at which Wisconsin requires a fishing license. In this example, a lifetime license purchased by a 16-year-old would provide on average 64 years of fishing opportunity assuming an 80 year life expectancy. Since the lifetime fishing license fee is based on 30 times the annual fishing license fee, the department would lose 34 years of annual license fee revenue over the average lifetime of each 16-year-old angler who purchased a lifetime license. This angler with a lifetime fishing license would have otherwise been required to purchase an annual fishing license at the \$19.25 license fee until they reached 65, when they would be eligible for the senior license fee of \$6.25. Given these assumptions, the estimated total loss of 34 years of annual resident fishing license fee revenue for this angler would be \$459.50 [(\$19.25 current resident annual resident fishing license fee \* 19 years of license purchases until angler turns 65) + (\$6.25 current resident annual 65 yr and older fishing license fee \* 15 years until death at ave. age 80) = \$459.50].

The department is unable to determine the number of resident anglers that would purchase a lifetime fishing license, the age at which anglers would purchase a lifetime fishing license, nor the number of years an angler would have otherwise purchased an annual fishing license in Wisconsin. Based on these unknowns, the fiscal impact of this bill with regard to a reduction in license fee revenue is indeterminate.

## 2. Revenue Increase

The department would see a revenue increase in the first year the lifetime fishing license was offered when anglers in each age group opted to purchase the lifetime license. Those anglers would then not contribute to fishing license fee revenue for the remainder of their life and that initial increase of revenue would need to be spread across the years of the angler's life in order for funding to remain reliably consistent from year to year.

The net license revenue impact would be equal to the increase acquired through lifetime fishing license sales minus the fishing license revenue decrease that would occur due to the angler no longer purchasing annual fishing licenses in the future.

The department is unable to determine the number of resident anglers that would purchase a lifetime fishing license, the age at which anglers would purchase a lifetime fishing license, nor the number of years an angler would have otherwise purchased an annual fishing license in Wisconsin. Based on these unknowns, the fiscal impact of this bill with regard to an increase in license fee revenue is indeterminate.

## 3. Other Revenue Considerations

It is possible that offering a lifetime resident annual fishing license could impact Sports and Conservation Patron license sales. The annual Sports and Conservation Patron license are combination licenses that include annual fishing. If an angler already possessed a lifetime fishing license, they would not be able to purchase a Sports or Conservation Patron license. In fact, the department's licensing system would not offer a license that included the annual fishing privileges to a customer who already held a lifetime fishing license, consistent with the statutory prohibition of holding more than one of the same type of license. Given the assumption there would be no refunds authorized for any portion of a lifetime license, the interrelationships of differing license types could be confusing and possibly frustrating to customers.

Another revenue consideration resulting from this bill involves resident anglers who purchase a lifetime fishing license and subsequently move out of state. As long as acquired legally and the anglers' license privileges have not been suspended or revoked, the lifetime license would continue to be valid. Those former residents may have continued to purchase Wisconsin fishing licenses at the higher nonresident rate had it not been for the resident lifetime fishing license they purchased prior to relocating from Wisconsin. Or perhaps a former resident would not be inclined to purchase a nonresident fishing license due to the higher license fee and the lifetime license would provide the incentive to keep a former resident fishing in Wisconsin. Regardless, the department is unable to determine the number of residents who would purchase a lifetime fishing license prior to relocating from Wisconsin and the resultant impact to nonresident license revenue.

The department annually receives a federal Sport Fish Restoration (SFR) grant from the U.S. Fish and Wildlife Service (USFWS) based upon a count of unique license holders. Under current federal regulations, federal grant money would not be jeopardized under this bill, as the department would continue to be eligible to receive federal SFR funds for the duration of the lifetime fishing license holder's life. Given this option to continue to count multi-year license holders for their lifetime, the department would continue to receive annual SFR grants on these lifetime licenses. However, federal regulations could change in the future, which could affect the department's ability to obtain SFR grants for lifetime fishing licenses.

## B. Costs

Work would be required by department staff to modify the statewide license issuance system to accommodate lifetime fishing license products and to modify the report to USFWS, which is used for Sport Fish Restoration grant disbursement. This additional cost would be a one-time expenditure.

100 hours business analyst \* \$50/hr (average business analyst rate including applicable fringe) = \$5,000

## **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 17-5318/1	<b>Introduction Number</b> SB-754	
<b>Description</b> a resident lifetime fishing license		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  100 hours of staff time and \$5,000 to modify the statewide license issuance system to accommodate lifetime fishing license products and to modify the report to USFWS, which is used for Sport Fish Restoration grant disbursement.		
<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs      Decreased Costs	
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>
DNR/ Joe Polasek (608) 266-2794		Joe Polasek (608) 266-2794
		<b>Date</b>
		2/7/2018