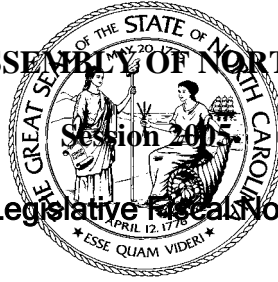


GENERAL ASSEMBLY OF NORTH CAROLINA



Legislative Fiscal Note

BILL NUMBER: Senate Bill 1126 (Sixth Edition)

SHORT TITLE: Implement CRFL/Amend Fisheries Laws.

SPONSOR(S):

FISCAL IMPACT

	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>

Note: Below estimates represent the change between current law and this PCS. See Table 10 for an estimate of total revenues generated by CRFL sales.

REVENUES

Marine Resources Fund	(\$5.7 m)	(\$10.0) m	\$1.63 m	\$1.64 m	\$1.65 m
Marine Res. Endowment	\$760,000	\$1.19 m	\$1.99 m	\$1.99 m	\$1.99 m
Wildlife Fund	\$12,338	(\$90,552)	(\$478,033)	(\$478,033)	(\$478,033)
Wildlife Endowment	(\$760,000)	(\$760,000)	(\$760,000)	(\$760,000)	(\$760,000)
Discounted Unified Lic.*	\$0	\$33,399	\$95,466	\$95,524	\$95,600
Total Net Revenues	(\$5.68 m)	(\$9.64 m)	\$2.47 m	\$2.49 m	\$2.50 m

EXPENDITURES

Wildlife Resources Comm.	\$500,000	\$923,209	\$2.72 m	\$2.72 m	\$2.72 m
Division of Marine Fisheries	\$16,800	\$16,800	\$16,800	\$16,800	\$16,800
County Depts. of Soc. Services	No estimate available, impact expected				
Dept. of Correction	Exact amount cannot be determined; no substantial impact anticipated				
Judicial Branch	Exact amount cannot be determined; no substantial impact anticipated				

POSITIONS (cumulative):

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: NC Wildlife Resources Commission, Dept. of Environment and Natural Resources-Division of Marine Fisheries, County Depts. of Social Services

EFFECTIVE DATE: License requirements effective January 1, 2007.

*Bill does not state into which fund these revenues are deposited.

BILL SUMMARY:

Amends Article 14B of G.S. Chapter 113 relating to Coastal Recreational Fishing Licenses (for coastal and joint waters) to provide that annual licenses are \$15 for residents and \$30 for nonresidents, and 10-day licenses are \$5 for residents and \$10 for nonresidents. Lifetime licenses, for-hire blanket licenses, and ocean fishing pier blanket licenses are available as well. Exempt from license requirements are children under 16 years old, certain holders of WRC lifetime licenses, and certain disabled individuals.

Enacts Article 25A of G.S. Chapter 113 to establish unified fishing licenses for hunting and for fishing in coastal, joint, and inland waters. The bill includes the creation of a \$1 resident subsistence unified inland/coastal recreational fishing license for residents currently enrolled in certain social services programs. Prohibits WRC from disclosing applicants' personal information and allows disclosure of information about commercial license applicants.

Amends Article 14C of G.S. Chapter 113 (NC Saltwater Fishing Fund) to abolish board of trustees and converts the Fund into a Marine Resources Fund and Marine Resources Endowment Fund, to which the license fees will be credited. The bill designates that the Marine Fisheries Commission is authorized to direct the disbursement of CRFL funds to manage marine resources.

Repeals Part 5D of Article 7 of Chapter 143B, thus repealing the current Marine Fisheries Commission statutes, and creates a new Marine Fisheries Commission that includes an additional four voting members. It also authorizes Marine Patrol Officers to accept delegation of law enforcement powers from the National Marine Fisheries Service.

This PCS includes several fiscally significant changes from SB 1126 version 5: 1) removes language that would repeal the current natural bait exemption; 2) changes the date before which people who acquire a WRC lifetime license are exempt from CRFL requirements from January 1, 2005 to January 1, 2007; 3) changes the age criteria for inland, saltwater, and unified elderly licenses; and 4) increases the transfer from the Wildlife Endowment Fund to the Marine Resources Endowment Fund by \$800,000.

ASSUMPTIONS AND METHODOLOGY:

Revenues:

Coastal Recreational Fishing License Revenues: This PCS includes several changes to existing law that impact the amount of revenue generated from the sale of CRFLs. To determine the net impact of this bill on coastal recreational fishing license (CRFL) revenues, it is necessary to 1) calculate the amount of revenue generated under current law, 2) calculate the amount of revenue generated under this bill, and 3) calculate the difference.

The amount of revenue generated by the sale of CRFLs depends on the license fees, the number of licenses sold, and the type of licenses sold. Table 1 summarizes the CRFL fees in current law and those proposed by this PCS. The bill also creates unified hunting and fishing licenses, which are summarized in Table 2.

Table 1: Proposed Changes to Short-Term and Annual CRFL Fees

Current			Proposed		
	Resident	Nonresident		Resident	Nonresident
Seven-day license	\$1	\$1	Ten-day license	\$5	\$10
Annual license	\$15	\$15	Annual license	\$15	\$30
Lifetime Licenses					
< 6 years old	\$100	\$100	Infant (<1 year)	\$100	\$100
6 - 11 years old	\$150	\$150	Youth (1-11 years old)	\$150	\$150
11 - 18 years old	\$200	\$200	Adult (12-69 years old)	\$250	\$500
> 18 years old	\$500	\$500	Elderly (65+ years old)	\$10	N/A
			Disabled Vet	\$10	N/A
			Total Disabled	\$10	N/A
Replacement License	N/A	N/A	Replacement License	\$5	\$5

Table 2: Proposed Unified Licenses

	Resident	Nonresident
Annual Licenses		
Resident Unified Sportsman/Coastal Recreational Fishing	\$55	N/A
Resident Unified Inland/Coastal Recreational Fishing	\$35	N/A
Subsistence Unified Inland/Coastal Recreational Fishing	\$1	N/A
Lifetime Licenses		
Infant Unified Sportsman/Coastal Recreational Fishing	\$275	\$275
Youth Unified Sportsman/Coastal Recreational Fishing	\$450	\$450
Adult Unified Sportsman/Coastal Recreational Fishing	\$675	\$1,350
Elderly Unified Sportsman/Coastal Recreational Fishing	\$20	N/A
Disabled Vet Unified Sportsman/Coastal Recreational Fishing	\$110	N/A
Totally Disabled Unified Sportsman/Coastal Recreational Fishing	\$110	N/A
Legally Blind Unified Sportsman/Coastal Recreational Fishing	\$0	N/A
Resident Adult Care Home Unified Sportsman/Coastal Recreational Fishing	\$0	N/A
Unified Inland/Coastal Recreational Fishing	\$450	N/A

To determine the number of persons subject to CRFL fees, it is necessary to first estimate the number of coastal recreational anglers in North Carolina. Although there is no precise data at this time, the best estimate available is based on an annual Marine Recreational Fishery Statistics survey compiled by the Division of Marine Fisheries (DMF). Table 3 summarizes the results of this annual survey over the last four years.

Table 3: Estimated Number of Marine Recreational Anglers in NC, 2000-2003

	State Residents	Nonresidents	Total Anglers
2000	607,946	1,203,779	1,811,725
2001	696,583	1,281,925	1,978,508
2002	634,345	1,120,938	1,755,283
2003	808,984	1,278,804	2,087,788
4 Year Average	686,965	1,221,362	1,908,326
Percentage	36%	64%	

Based on the four-year average number of estimated marine anglers, there are 1,908,326 recreational coastal anglers in North Carolina. However, there are a number of provisions in the bill that reduce the number of anglers subject to the CRFL fees. Current law exempts anglers age 18 and younger that are currently enrolled in school and are making progress towards obtaining a high school diploma or its equivalent from saltwater fishing license requirements. Since there is no way to verify a person's enrollment in school for enforcement purposes, this fiscal note assumes that all anglers age 18 and younger are exempt. Based on the Marine Recreational Fishery Statistics survey, approximately 8.5% of coastal anglers are age 18 or under, reducing the number of potential licensees by 162,208.

Current law also provides for a free subsistence license for residents that fall below the federal poverty level. According to 2000 census data, 12.5% of North Carolinians fall beneath this threshold. Table 4 summarizes the adjustments necessary to determine the number of license sales in each year. This table assumes that 64% of licenses are sold to nonresidents and 36% of licenses are sold to residents, based on the Marine Recreational Fishery Statistics survey data in Table 3.

Table 4: Estimated Number of CRFLs Sold Under Current Law

Total # of anglers	1,908,326
less exempted youth (8.5%)	(162,208)
Anglers requiring an individual CRFL	1,746,118
Nonresident Sales	1,117,516
Residents	628,603
less those eligible for subsistence license (12.5%)	(78,575)
Resident Sales	550,027
Total Sales	1,667,543

Table 5 summarizes the estimated revenue generated by the sale of CRFLs under the current law. This revenue estimate assumes the following:

1. Even though the total number of anglers varies from year to year, the average has remained relatively stable at approximately 1.9 million anglers since 2000. Consequently, no growth is assumed in projecting future license sales.
2. License sales are to begin January 1, 2006. Consequently, license revenue for the last six months of FY 2005-2006 is estimated to be 35% of the annual amount to align with current marine license sales.
3. The distribution of resident license sales is assumed to be the following: 7-day licenses: 10%, annual licenses: 89%, lifetime licenses: 1%.
4. The distribution of nonresident license sales is assumed to be the following: 7-day licenses: 89%, annual licenses: 10%, lifetime licenses: 1%.
5. The distribution of lifetime license sales is based on experience gained from WRC lifetime license sales.

Age Distribution	Percent of Total Lifetime Sales
0-6 years of age	27%
6-11 years of age	4%
11-17 years of age	2%
18 years and older	67%

Table 5: Estimated Revenues Generated by Sale of CRFLs Under Current Law

	Fee	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Short-term and Annual License Sales						
Resident						
7-day license	\$1	\$19,251	\$55,003	\$55,003	\$55,003	\$55,003
Annual	\$15	\$2,570,002	\$7,342,864	\$7,342,864	\$7,342,864	\$7,342,864
Non Resident						
10-day license	\$1	\$348,106	\$994,589	\$994,589	\$994,589	\$994,589
Annual	\$15	\$586,696	\$1,676,274	\$1,676,274	\$1,676,274	\$1,676,274
Subtotal		3,524,055	10,068,729	10,068,729	10,068,729	10,068,729
Lifetime License Sales						
0-6 years of age	\$100	\$157,583	\$450,237	\$450,237	\$450,237	\$450,237
6-11 years of age	\$150	\$35,018	\$100,053	\$100,053	\$100,053	\$100,053
11-17 years of age	\$200	\$23,346	\$66,702	\$66,702	\$66,702	\$66,702
18 years and older	\$500	\$1,955,194	\$5,586,269	\$5,586,269	\$5,586,269	\$5,586,269
Subtotal		\$2,171,141	\$6,203,260	\$6,203,260	\$6,203,260	\$6,203,260
Total		\$5,695,196	\$16,271,989	\$16,271,989	\$16,271,989	\$16,271,989

In contrast, this PCS would change the CRFL youth exemption to anglers under 16 years of age. Based on data from the Marine Recreational Fishery Statistics survey, 7.3% of coastal anglers would fall under this youth exemption. Note that the 1.2% of anglers between the ages of 16 and 18 would no longer be exempt from CRFL requirements.

The bill also exempts holders of a Wildlife Resources Commission (WRC) Lifetime Resident Comprehensive Fishing License or a Lifetime Sportsman License ("WRC lifetime license holders") purchased prior to January 1, 2007 from CRFL requirements. As of June 30, 2005, 230,798 persons held WRC lifetime licenses: 46,421 under 16 and 184,377 age 16 and older. If this provision is indeed enacted, it is likely that WRC lifetime license sales rates will increase during the period between the passage of this bill and January 1, 2007. Based on the assumption that WRC lifetime license sales rates will increase 25% during this period, this fiscal note projects that there will be 259,623 WRC lifetime license holders on December 31, 2006: 55,096 under 16 and 204,527 age 16 and older.

The number of WRC lifetime license holders age 16 and older constitutes the potential pool of exemptions, since youth under 16 are already exempt. This pool of WRC lifetime license holders that would otherwise have been subject to CRFL fees, however, will not remain static over time. WRC lifetime license holders who are currently under 16 will be added to the pool as they age out of the CRFL youth exemption. Assuming an even age distribution, this fiscal note assumes that

3,444 (55,096 youth license holders divided by 16 years) will added to pool each year for the next 16 years. Furthermore, a number of persons will be removed from the pool each year due to attrition (i.e. death, etc.). This fiscal note assumes that attrition will be 2% in FY 2006-07 and will increase 0.25% each year thereafter. Note that, due to attrition, the impact of this exemption will diminish over time and eventually be eliminated. Finally the pool must be adjusted for those WRC lifetime license holders that do not saltwater fish. A WRC survey of these license holders suggests that 38% do not saltwater fish, and therefore, would not be subject to CRFL requirements. Table 6 summarizes the number of WRC lifetime license holders in the exempt pool in each year.

Table 6: Estimated Number of WRC Lifetime License Holders Exempt from CRFL Fees

	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Previous # of WRC lifetime license holders over 16	204,527	203,880	202,736	201,111
Less attrition	(4,091)	(4,587)	(5,068)	(5,531)
Plus those who have aged out of youth exemption	3,444	3,444	3,444	3,444
Current # of adult WRC lifetime license holders	203,880	202,736	201,111	199,024
Less those not coastal anglers (38%)	(77,474)	(77,040)	(76,422)	(75,629)
# exempt from CRFL fees	126,406	125,696	124,689	123,395

SB 1126 establishes a For Hire Blanket license that would cover anglers fishing from any for hire boat (i.e. charter/head/dive boat). While additional revenue will be generated from the sale of these new licenses, coastal anglers that do not fish using a means other than a for hire boat would no longer have to purchase an individual CRFL. Data from the Marine Recreational Fishery Statistics survey indicates that 3% of fishing trips are on charter/head/dive boats (see Table 7). This fiscal note assumes that 3% of anglers fish use a for hire boat, 80% of which do not fish using another means.

Table 7: Estimated Marine Recreational Fishing Trips in NC, 2000-2003

	Beach/Bank	Charter Boats	Man-Made	Private Boats	Total
2000	2,136,284	183,219	1,665,748	2,105,734	6,090,985
2001	2,409,723	197,710	1,809,738	2,142,621	6,559,792
2002	1,973,242	181,073	1,396,937	2,011,633	5,562,885
2003	2,056,347	170,235	2,228,386	2,134,535	6,589,503
4 Year Average	2,143,899	183,059	1,775,202	2,098,631	6,200,791
Percentage	35%	3%	29%	34%	

Even though the For Hire Blanket license is optional, a survey of for hire boat captains conducted by the DMF indicated strong support for a blanket licenses. Consequently, this fiscal note assumes that all for hire boats will purchase a blanket license. Based on DMF For Hire Boat registration information, there are 739 for hire boats in North Carolina. Table 8 summarizes the blanket license fee schedule and the distribution of vessels among these fee categories.

Table 8: Number of For Hire Boats by Vessel Length

	Proposed Fee	# of For Hire Boats
Vessel certified to carry 6 or fewer passengers	\$300	699
Vessel certified to carry greater than 6 passengers	\$400	40
Total		739

The bill also provides that a person who owns or operates an ocean fishing pier and charges a fee to allow persons to engage in recreational fishing from pier may purchase an Ocean Fishing Pier Blanket CRFL issued by Division of Marine Fisheries. This CRFL would permit all individuals who do not hold an individual license to engage in recreational fishing in coastal fishing waters while on a pier that owns a blanket license. In fiscal year 2004, Division of Marine Fisheries (DMF) issued 26 Ocean Fishing Pier licenses. Under this bill, piers participating in the blanket license program would be required to comply with DMF reporting requirements. A 2004 DMF survey of pier owners indicated that 53% of pier owners would favor a blanket license if they were required to keep a list. Consequently, this fiscal note assumes that 14 piers will purchase a blanket license. The bill includes a fee of \$4 per linear foot, to the nearest foot, that the pier extends into coastal fishing waters beyond the mean high waterline. The average pier is 714 feet long.

While additional revenue will be generated from the sale of these pier blanket licenses, coastal anglers that only fish from a pier with a blanket license would no longer have to purchase an individual CRFL. Data from the Marine Recreational Fishery Statistics survey indicates that 29% of fishing trips are from piers and other man-made structures (see Table 7). This fiscal note assumes that 29% of anglers fish from a pier, 53% of which will fish from a pier with a blanket license. Of those anglers that fish from a pier with a blanket license, 20% will not fish using another means, and, therefore, will be not be required to purchase a individual CRFL.

Finally, the bill also provides for a \$1 Subsistence Unified Inland/Coastal Recreational Fishing License for individuals who receive benefits from Medicaid, Food Stamps, or Work First through the County Department of Social Services. Based on census poverty rates, this fiscal note will assume that 12.5% of residents will qualify for this free voucher, and therefore, not be subject to CRFL fees.

Table 9 summarizes the adjustments necessary to determine the number of anglers subject to regular CRFL fees after accounting for these various provisions. Based on data from the Marine Recreational Fishery Statistics survey presented in Table 3, this table assumes that 36% of coastal anglers are state residents and 64% are nonresidents.

Table 9: Estimated Number of Marine Recreational Anglers Subject to CRFL Fees

	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Total # of anglers	1,908,326	1,908,326	1,908,326	1,908,326
less exempted youth	(139,308)	(139,308)	(139,308)	(139,308)
less exempt WRC lifetime license holders	(126,406)	(125,696)	(124,689)	(123,395)
<i>Subtotal</i>	<i>1,642,613</i>	<i>1,643,322</i>	<i>1,644,329</i>	<i>1,645,623</i>
less # of exclusive charterboat anglers	(39,423)	(39,440)	(39,464)	(39,495)
less # of anglers that only fish from a pier w/ blanket license	(50,494)	(50,516)	(50,547)	(50,586)
<i>Anglers requiring an individual CRFL</i>	<i>1,552,696</i>	<i>1,553,366</i>	<i>1,554,319</i>	<i>1,555,542</i>
Nonresident Sales	993,725	994,154	994,764	995,547
Residents	558,971	559,212	559,555	559,995
less those eligible for subsistence license	(69,871)	(69,901)	(69,944)	(69,999)
Resident Sales	489,099	489,310	489,610	489,996
Total Sales	1,482,825	1,483,465	1,484,374	1,485,542

Table 10 summarizes the estimated revenue generated by the sale of CRFLs under this PCS. This revenue estimate assumes the following:

1. Even though the total number of anglers varies from year to year, the average has remained relatively stable at approximately 1.9 million anglers since 2000. Consequently, no growth is assumed in projecting future license sales.
2. License sales are assumed to begin January 1, 2007, the licensing requirement effective date. Consequently, there is no license revenue generated in FY 2005-06, and license revenue for the last six months of FY 2006-07 is estimated to be 35% of the annual amount to align with current marine license sales.
3. The distribution of resident license sales is assumed to be following: 10-day licenses: 10%, annual licenses: 89%, lifetime licenses: 1%.
4. The distribution of nonresident license sales is assumed to be the following: 10-day licenses: 89%, annual licenses: 10%, lifetime licenses: 1%.
5. The distribution of lifetime license sales is based on experience gained from WRC lifetime license sales.

Lifetime License	% of Total Lifetime Sales
Infant (< 1 year old)	24%
Youth (1-12 years old)	5%
Adult (12+ years old)	24%
Resident Elderly (65+ years)	40%
Resident Disabled Vet/Totally Disabled	7%
Legally Blind/Adult Care Home Resident	0.2%

6. Residents will purchase 97% of the Adult Lifetime Licenses, and nonresident will purchase 3%, based on WRC's experience with sales of resident and nonresident lifetime sportsman licenses.
7. The bill states that the apportionment of the net proceeds of unified license sales shall be jointly determined by the DMF and the WRC. The Unified Inland/CRFL and Unified Infant, Youth, and Adult Sportsman/CRFL offer around a 10% discount, while the other unified licenses do not. For the unified licenses that do not offer a discount, this fiscal note assumes that the allocation between the relevant marine resources fund and the wildlife fund will mirror the amount that would have been generated to each fund if the person had purchased each license separately. Consequently, the sale of non-discounted unified licenses will be treated as if each privilege granted by the unified license had been purchased separately.
8. A survey of coastal anglers by DMF revealed that 11% of coastal anglers also hold a WRC lifetime license, 68% of which hold a WRC Lifetime Sportsman license. Consequently, it is assumed that 11% of coastal anglers interested in obtaining a lifetime CRFL will purchase a unified license and that 68% of this group will purchase a Unified Sportsman/CRFL. In accordance with the above assumption, it is unclear where the revenue generated by the sale of discounted unified lifetime licenses will be deposited and how much will be used for marine resource purposes. Therefore, the additional revenue generated from the sale of discounted unified licenses will be calculated separately.
9. This bill directs Wildlife Resources Commission to sell all CRFL licenses—except For Hire and Pier Blanket licenses, which would be sold through the DMF—through its existing license sale system. This system allows for licenses to be sold through WRC license agents or directly from WRC via phone or internet. License agents are allowed to retain a 6% commission on all licenses they sell. Based on WRC license sales experience, this fiscal note assumes that 93% of license sales will be through WRC license agents.

Table 10: Estimated Revenues Generated by Sale of CRFLs Under PCS

	Fee	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Short-Term and Annual Licenses					
Resident					
10-day license	\$5	\$85,592	\$244,655	\$244,805	\$244,998
Annual	\$15	\$2,285,316	\$6,532,294	\$6,536,298	\$6,541,442
Annual Subsistence	\$1	\$24,455	\$69,901	\$69,944	\$69,999
Non Resident					
10-day license	\$10	\$3,095,455	\$8,847,975	\$8,853,399	\$8,860,366
Annual	\$30	\$1,043,412	\$2,982,463	\$2,984,292	\$2,986,640
Subtotal		\$6,534,230	\$18,677,289	\$18,688,739	\$18,703,446
Less License Agent Commission		(\$364,610)	(\$1,042,193)	(\$1,042,832)	(\$1,043,652)
<i>Subtotal</i>		\$6,169,620	\$17,635,096	\$17,645,907	\$17,659,793
For Hire Blanket License Sales					
Vessel certified for 6 or fewer passengers	\$300	\$73,395	\$209,700	\$209,700	\$209,700
Vessel certified for greater than 6 passengers	\$400	\$5,600	\$16,000	\$16,000	\$16,000
<i>Subtotal</i>		\$78,995	\$225,700	\$225,700	\$225,700
Pier Blanket License Sales					
14 piers w/ avg. length of 714 feet	\$4/ft	\$13,994	\$39,984	\$39,984	\$39,984
Short-Term and Annual Licenses Subtotal		\$6,262,609	\$17,900,780	\$17,911,591	\$17,925,477
Lifetime Licenses (less Discounted Unified License Sales)					
Infant	\$100	\$110,856	\$316,868	\$317,062	\$317,312
Youth	\$150	\$34,642	\$99,021	\$99,082	\$99,160
Adult					
Resident	\$250	\$268,826	\$768,405	\$768,876	\$769,481
Nonresident	\$500	\$16,628	\$47,530	\$47,559	\$47,597
Elderly	\$10	\$20,760	\$59,339	\$59,375	\$59,422
Disabled Vet/Total Disabled	\$10	\$3,529	\$10,088	\$10,094	\$10,102
Subtotal		\$455,241	\$1,301,251	\$1,302,049	\$1,303,073
Less License Agent Commission		(\$25,402)	(\$72,610)	(\$72,654)	(\$72,711)
Lifetime License Subtotal		\$429,839	\$1,228,641	\$1,229,394	\$1,230,362
Discounted Unified License Sales					
	Net fee*				
Lifetime Inland/Saltwater	\$100	\$9,682	\$27,676	\$27,692	\$27,714
Infant Unified Sportsman/CRFL	\$75	\$6,944	\$19,849	\$19,861	\$19,876
Youth Unified Sportsman/CRFL	\$100	\$2,057	\$5,881	\$5,885	\$5,889
Adult Unified Sportsman/CRFL					
Resident	\$175	\$15,717	\$44,924	\$44,951	\$44,987
Nonresident	\$350	\$972	\$2,779	\$2,780	\$2,783
Subtotal		\$35,372	\$101,108	\$101,170	\$101,249
Less License Agent Commission		(\$1,974)	(\$5,642)	(\$5,645)	(\$5,650)
Discounted Unified License Subtotal		\$33,399	\$95,466	\$95,524	\$95,600
Total		6,725,847	19,224,887	19,236,510	19,251,439

*Fiscal note assumes that the 10% discount offered on some unified licenses is not significant enough to induce additional persons to purchase an inland fishing or sportsman privilege. Rather, the unified licenses would be purchased only by those that would have intended to buy a lifetime CRFL and WRC license separately if a unified license was not offered. Consequently, the revenue generated by the WRC privilege included in the unified license would not represent additional revenue to the State. The net fee represents the total unified license fee less the cost of the Wildlife privilege had it been purchased separately.

Inland Fishing License Revenues: The bill also includes changes that impact the amount of inland fishing license revenue generated. Currently, WRC offers a resident one-day inland fishing license for \$5, a nonresident one-day inland fishing license for \$10, and a nonresident three-day inland fishing license for \$15. The bill eliminates these three licenses and replaces them with a resident 10-day license for \$5 and nonresident 10-day license for \$10. This fiscal note assumes that all persons currently purchasing a one- or three-day license would purchase a 10-day license under this bill. Since the fee structures for one-day and 10-day licenses are identical, there is no revenue impact from those no longer purchasing the one-day licenses. However, WRC will lose \$5 in revenue for each three-day license no longer sold. Last fiscal year, WRC sold 17,154 of these three-day licenses. The bill also increases the license replacement fee from \$2 to \$5. For the past two years, WRC has replaced an average of 11,750 licenses per year.

This PCS also drops the age requirement for the Elderly Lifetime Sportsman License from 70 to 65 years old. WRC will experience a net revenue loss for each elderly license sold to a sportsman or inland angler age 65-69 that will no longer have to purchase the more expensive adult license. This fiscal note assumes that all sportsmen/anglers age 65-69 that would have otherwise purchased an annual license will now purchase an Elderly Sportsman Lifetime License instead. The amount of revenue loss depends on the age of the license holder and the type of license that would have otherwise been purchased. Table 11 summarizes the number of annual licenses sold to sportsmen/anglers age 65-69 in FY 04-05 and the per unit revenue loss associate with each type of license. Note that the amount of revenue lost per person will vary between the first year the person is eligible for the less expensive Elderly Lifetime Sportsman License and the remaining years before that person turns 70. In the first year, the revenue loss equals the difference between the price of the license that would have been otherwise purchased and the Elderly Lifetime Sportsman License; in the out years, the revenue loss equals the full price of the annual license.

Table 11: Number of Annual Sportsman/Inland Fishing Licenses Sold to People Age 65-69

	Price	# Sold	Revenue Loss	
			First Year	Out Years
Sportsman	\$40	6,058	(\$30)	(\$40)
Basic Hunting and Fishing	\$20	2,783	(\$10)	(\$20)
Inland Fishing	\$15	7,807	(\$5)	(\$15)
Comprehensive Fishing	\$20	2,583	(\$10)	(\$20)

Table 12 estimates the revenue impact of these changes based on the following assumptions:

1. WRC will sell replacement licenses at the same level as recent years. The number of ten-day licenses sold in lieu of the abolished three-day license will be at the same level as three-day license sales in recent years. License sales among those ages 65-69 will also remain steady.
2. There is an even age distribution among sportsman/anglers between 65 and 69 years of age.
3. The provision that abolishes the three-day license is effective January 1, 2007. The change in the replacement license fee and elderly license age criteria are effective January 1, 2006. The projected impact of these provisions on license sale revenues for the last six months of the fiscal year is estimated to be 35% of the annual amount.

Table 12: Estimated Change in Sportsman/Inland Fishing License Revenues

	Per Unit Amount	# of Units	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Add'l. replacement license rev.	\$3	11,750	\$12,338	\$35,250	\$35,250	\$35,250	\$35,250
Abolished 3-day license	(\$5)	17,000	\$0	(\$29,750)	(\$85,000)	(\$85,000)	(\$85,000)
Net rev. loss for elderly licenses sold to those ages 65-69	varies	19,231	\$0	(\$96,052)	(\$428,283)	(\$428,283)	(\$428,283)
Total Revenue Impact			\$12,338	(\$90,552)	(\$478,033)	(\$478,033)	(\$478,033)

Summary of Impact on Individual Funds: Current law states that all saltwater fishing license revenue shall be deposited into the Saltwater Fishing Fund. The bill renames this fund the Marine Resources Fund and establishes a new Marine Resources Endowment Fund. Instead of all CRFL revenue being deposited into one fund, the bill directs short-term and annual CRFL license revenue be deposited into the Marine Resources Fund and lifetime CRFL license revenue be deposited into the Marine Resources Endowment Fund. The bill also states that \$600,000 per year for five years shall be transferred from the Wildlife Endowment Fund to the Marine Resources Endowment Fund. Table 13 summarizes the net impact of this PCS on each fund.

Table 13: Estimated Revenue Impact of SB 1126

	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Marine Resources Fund (aka Saltwater Fishing Fund)					
Short-term and Annual Revenues Generated Under PCS	\$0	\$6,262,609	\$17,900,780	\$17,911,591	\$17,925,477
Less Short-term and Annual Revenues Generated Under Current Law	(\$3,524,055)	(\$10,068,729)	(\$10,068,729)	(\$10,068,729)	(\$10,068,729)
Less Lifetime Revenues Generated Under Current Law	(\$2,171,141)	(\$6,203,260)	(\$6,203,260)	(\$6,203,260)	(\$6,203,260)
Net Impact	(\$5,695,196)	(\$10,009,380)	\$1,628,791	\$1,639,602	\$1,653,488
Marine Resources Endowment Fund					
Lifetime License Revenues Generated Under SB 1126	\$0	\$429,839	\$1,228,641	\$1,229,394	\$1,230,362
Transfer from Wildlife Endowment Fund	\$760,000	\$760,000	\$760,000	\$760,000	\$760,000
Net Impact	\$760,000	\$1,189,839	\$1,988,641	\$1,989,394	\$1,990,362
Wildlife Fund					
Change in Inland Fishing License Revenues	\$12,338	(\$90,552)	(\$478,033)	(\$478,033)	(\$478,033)
Wildlife Endowment Fund					
Transfer to Marine Resources Endowment	(\$760,000)	(\$760,000)	(\$760,000)	(\$760,000)	(\$760,000)
Discounted Unified License Revenues					
Destination of revenues to be determined	\$0	\$33,399	\$95,466	\$95,524	\$95,600
Total Net Impact	(\$5,682,859)	(\$9,636,694)	\$2,474,865	\$2,486,488	\$2,501,417

Other Potential Revenues: Currently, NC Marine Patrol officers have enforcement authority out 200 miles in most fisheries under state and federal law. Their enforcement authority beyond three miles, however, is limited to North Carolina registered vessels. This PCS allows Marine Patrol officers to accept delegation of law enforcement powers from the Natural Marine Fisheries Service (NMFS) over matters within the jurisdiction of the Service. This change would allow the State to enter into a Joint Enforcement Agreement (JEA) with the NFMS and allow NC Marine Patrol officers to take enforcement actions against out-of-state vessels in areas beyond three miles.

If the State enters into a JEA with the NFMS, it will be eligible to receive federal funds to implement the agreement. In the past, approximately \$15 million dollars of federal funding has been divided among those states that have entered into agreements. At present, North Carolina is the only coastal state that does not have a JEA with the NMFS. The amount of federal funding that the State would receive would depend on the details of the JEA; however, the NC Division of Marine Fisheries estimates that the State would have received around \$750,000 this year, if it had been able to enter into an agreement.

Expenditures:

Wildlife Resources Commission: The bill calls for WRC to sell all individual CRFLs through its existing license sale system. To modify this system, WRC estimates that it would require approximately \$500,000 for start-up costs, including \$250,000 for new agent equipment and training, \$100,000 for application changes, \$50,000 for project management, and \$100,000 for upgraded servers and hardware. Additionally, WRC expects to incur a per license transaction cost of approximately \$1.50 - \$2.00, depending on the volume of license sales. This per license transaction cost would apply both to the new CRFLs sold through the system and the additional inland fishing license sales expected as a result of the repeal of the natural bait exemption. Table 14 summarizes WRC's expected expenditures assuming: 1) a transaction cost of \$1.75 per license and 2) license sales in FY 06-07 will only be 35% of expected annual sales due to the January 1, 2007 effective date.

Table 14: Estimated WRC Expenditures

	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Start-Up Costs	\$500,000				
Transaction Costs (\$1.75/per license)	\$0	\$923,209	\$2,718,391	\$2,720,058	\$2,722,198
Total WRC Costs	\$500,000	\$923,209	\$2,718,391	\$2,720,058	\$2,722,198

Division of Marine Fisheries: The Division of Marine Fisheries will sell the For Hire and Ocean Fishing Pier Blanket CRFLs. They do not anticipate any additional significant expenditures to sell these licenses. The Division would face additional expenses related to the four additional Marine Fisheries Commission members included in this PCS. Based on a survey of current Marine Fisheries Commission member expenses for the past two years, it is estimated that each additional member added to the Commission will incur approximately \$4200 annually in additional per diem and travel expenses.

County Departments of Social Services: The bill states that County Departments of Social Services shall issue a certification to individuals eligible for the Resident Subsistence Unified Inland/CRFL that states that the individual is currently enrolled and receives benefits from at least one of the eligible social service programs listed on an application developed by the Division of Marine Fisheries and the Wildlife Resources Commission. At this time, there is no estimate on the cost of implementing this provision.

Department of Correction: The Sentencing and Policy Advisory Commission prepares inmate population projections annually. The projections used for incarceration fiscal notes are based on January 2005 projections. These projections are based on historical information on incarceration and release rates under Structured Sentencing, crime rate forecasts by a technical advisory group, probation and revocation rates, and the decline (parole and maxouts) of the stock prison population sentenced under previous sentencing acts. Based on the most recent population projections and estimated available prison bed capacity, *there are no surplus prison beds available for the five-year fiscal note horizon and beyond.*

During FY 2003-04 there were 220 convictions for fishing license violations under Chapter 113. Because this bill would create new Class 1, 2, and 3 misdemeanor offenses and amend offenses enacted in Session Law 2004-187, which is not effective until January 1, 2006, the Sentencing Commission has no historical data from which to estimate the impact that this bill might have on prison population.

For the offense classes impacted by this bill, only Class 1 misdemeanants falling in Prior Conviction Level III are eligible for sentences longer than ninety days, and many eligible offenders receive shorter sentences. Consequently, any convictions resulting from this legislation are not expected to significantly impact prison population.

In FY 2003-04, 19 percent of Class 1, 15 percent of Class 2, and 23 percent of Class 3 misdemeanants received active sentences. DOC reimburses the county for housing offenders sentenced to between thirty and ninety days at a rate of \$18 per offender per day. Sentences for Class 1 and Class 2 misdemeanors may exceed thirty days and in FY 2003-04 averaged 43 and 23 days respectively. Because Class 3 misdemeanors carry a maximum sentence of twenty days, local jails would incur the cost of housing all Class 3 misdemeanants.

In FY 2003-04, 81 percent of Class 1, 86 percent of Class 2, and 77 percent of Class 3 misdemeanants received non-active sentences. For those offenders sentenced to supervised probation, the Division of Community Corrections (DCC) would incur costs of \$1.87 per offender per day. Offenders sentenced to community service would cost \$0.67 per offender per day, and offenders given unsupervised probation would not impact DCC.

Judicial Branch: For most criminal penalty bills, the Administrative Office of the Courts provides Fiscal Research with an analysis of the fiscal impact of the specific bill. For these bills, fiscal impact is typically based on the assumption that court time will increase due to an expected increase in trials and a corresponding increase in the hours of work for judges, clerks and prosecutors. This increased court time is also expected to result in greater expenditures for jury fees and indigent defense.

Because this bill would create new criminal offenses and expand the scope of existing offenses, AOC cannot estimate the number of additional Class 1, 2, and 3 misdemeanor charges that might result from this legislation. AOC estimates the cost to dispose of one misdemeanor charge by class and settlement method as shown in the table below. Based on past rates of case disposal, the majority of any new charges resulting from this bill that are not dismissed are likely to be settled by plea.

Per Charge Misdemeanor Settlement Costs

Method of Settlement:	Trial			Guilty Plea
	Court/Attorney Costs	Indigent Defense	Total	
				-
Class 1	\$1,891	\$1,333	\$3,224	\$284
Class 2	\$1,373	\$949	\$2,322	\$268
Class 3	\$1,373	\$949	\$2,322	\$272

SOURCES OF DATA: Wildlife Resources Commission, Division of Marine Fisheries, US Census, Department of Correction; Judicial Branch; North Carolina Sentencing and Policy Advisory Commission

TECHNICAL CONSIDERATIONS: This bill does not apportion the net proceeds from the sale of unified licenses; it states that this apportionment shall be jointly determined by DMF and WRC. In the event that the DMF and WRC cannot agree, the Governor is authorized to determine the apportionment. Consequently, the specific destination of the unified license fees cannot be determined.

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Signed Copy Located in the NCGA Principal Clerk's Offices