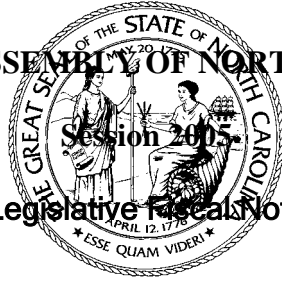


GENERAL ASSEMBLY OF NORTH CAROLINA



Legislative Fiscal Note

**BILL NUMBER:** Senate Bill 1126 (Ratified 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 SB 1126. See Table 10 for an estimate of total revenues generated by CRFL sales.**

**REVENUES**

Marine Resources Fund	(\$5.7 m)	(\$10.0) m	\$1.61 m	\$1.62 m	\$1.63 m
Marine Res. Endowment	\$680,000	\$1.12 m	\$1.94 m	\$1.94 m	\$1.94 m
Wildlife Fund	\$12,338	\$232,532	\$368,140	\$368,140	\$368,140
Wildlife Endowment	(\$680,000)	(\$680,000)	(\$680,000)	(\$680,000)	(\$680,000)
Discounted Unified Lic.*	\$0	\$33,557	\$95,920	\$95,981	\$96,056
<b>Total Net Revenues</b>	<b>(\$5.68 m)</b>	<b>(\$9.31 m)</b>	<b>\$3.34 m</b>	<b>\$3.35 m</b>	<b>\$3.36 m</b>

**EXPENDITURES**

Wildlife Resources Comm.	\$500,000	\$923,817	\$2.64 m	\$2.64 m	\$2.64 m
Division of Marine Fisheries	No significant additional expenditure expected				
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 free 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 and the Wildlife Resources Commission will jointly direct the disbursement of CRFL funds to manage marine resources.

The ratified version of this bill includes several fiscally significant changes from SB 1126 version 6: 1) changes the fee for lifetime elderly saltwater, inland, and unified fishing licenses; 2) changes For Hire Blanket CRFL fees, 3) changes the date before which people who acquire a WRC lifetime license are exempt from CRFL requirements from January 1, 2007 to January 1, 2006; 4) eliminates the \$1 fee for a unified subsistence license; 5) includes language that would repeal the current natural bait exemption; 6) changes the transfer from the Wildlife Endowment Fund to the Marine Resources Endowment Fund to \$3.4 million; and 7) removes language that would reconstitute the Marine Fisheries Commission.

**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
<b>Lifetime Licenses</b>					
< 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)	\$15	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
<b>Annual Licenses</b>		
Resident Unified Sportsman/Coastal Recreational Fishing	\$55	N/A
Resident Unified Inland/Coastal Recreational Fishing	\$35	N/A
Subsistence Unified Inland/Coastal Recreational Fishing Waiver	\$0	N/A
<b>Lifetime Licenses</b>		
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	\$30	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	(162,208)
Anglers requiring an individual CRFL	1,746,118
<b>Nonresident Sales</b>	<b>1,117,516</b>
Residents	628,603
less those eligible for subsistence license	(78,575)
<b>Resident Sales</b>	<b>550,027</b>
<b>Total Sales</b>	<b>1,667,543</b>

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%. The distribution of nonresident license sales is assumed to be the following: 7-day licenses: 89%, annual licenses: 10%, lifetime licenses: 1%.
4. The distribution of lifetime license sales is based on experience gained from WRC lifetime license sales.

<b>Age Distribution</b>	<b>Percent of Total Lifetime Sales</b>
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
<b>Short-term and Annual License Sales</b>						
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
<b>Subtotal</b>		<b>3,524,055</b>	<b>10,068,729</b>	<b>10,068,729</b>	<b>10,068,729</b>	<b>10,068,729</b>
<b>Lifetime License Sales</b>						
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
<b>Subtotal</b>		<b>\$2,171,141</b>	<b>\$6,203,260</b>	<b>\$6,203,260</b>	<b>\$6,203,260</b>	<b>\$6,203,260</b>
<b>Total</b>		<b>\$5,695,196</b>	<b>\$16,271,989</b>	<b>\$16,271,989</b>	<b>\$16,271,989</b>	<b>\$16,271,989</b>

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, 2006 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, 2006. Based on the assumption that WRC lifetime license sales rates will increase 25% during this period, this fiscal note projects that there will be 241,362 WRC lifetime license holders on December 31, 2005: 49,246 under 16 and 192,116 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 3,078 (49,246 youth license holders divided by 16 years) will be added to the 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**

	<b>FY 06-07</b>	<b>FY 07-08</b>	<b>FY 08-09</b>	<b>FY 09-10</b>
Previous # of WRC lifetime license holders over 16	192,116	191,351	190,124	188,449
Less attrition	(3,842)	(4,305)	(4,753)	(5,182)
Plus those who have aged out of youth exemption	3,078	3,078	3,078	3,078
Current # of adult WRC lifetime license holders	191,351	190,124	188,449	186,344
Less those not coastal anglers (38%)	(72,713)	(72,247)	(71,610)	(70,811)
<b># exempt from CRFL fees</b>	<b>118,638</b>	<b>117,877</b>	<b>116,838</b>	<b>115,533</b>

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**

	<b>Beach/Bank</b>	<b>Charter Boats</b>	<b>Man-Made</b>	<b>Private Boats</b>	<b>Total</b>
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**

	<b>Proposed Fee # of For Hire Boats</b>	
Vessel certified to carry 6 or fewer passengers	\$250	699
Vessel certified to carry greater than 6 passengers	\$350	40
<b>Total</b>		<b>739</b>

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, it is assumed that 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 free 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**

	<b>FY 06-07</b>	<b>FY 07-08</b>	<b>FY 08-09</b>	<b>FY 09-10</b>
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	(118,638)	(117,877)	(116,838)	(115,533)
<i>Subtotal</i>	<i>1,650,380</i>	<i>1,651,141</i>	<i>1,652,180</i>	<i>1,653,485</i>
less # of exclusive charterboat anglers	(39,609)	(39,627)	(39,652)	(39,684)
less # of anglers that only fish from a pier w/ blanket license	(50,733)	(50,756)	(50,788)	(50,828)
<i>Anglers requiring an individual CRFL</i>	<i>1,560,039</i>	<i>1,560,758</i>	<i>1,561,740</i>	<i>1,562,973</i>
<b>Nonresident Sales</b>	<b>998,425</b>	<b>998,885</b>	<b>999,513</b>	<b>1,000,303</b>
Residents	561,614	561,873	562,226	562,670
less those eligible for subsistence license	(70,202)	(70,234)	(70,278)	(70,334)
<b>Resident Sales</b>	<b>491,412</b>	<b>491,639</b>	<b>491,948</b>	<b>492,337</b>
<b>Total Sales</b>	<b>1,489,837</b>	<b>1,490,524</b>	<b>1,491,461</b>	<b>1,492,639</b>

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%. The distribution of nonresident license sales is assumed to be the following: 10-day licenses: 89%, annual licenses: 10%, lifetime licenses: 1%.
4. The distribution of lifetime license sales is based on experience gained from WRC lifetime license sales.

<b>Lifetime License</b>	<b>% of Total Lifetime Sales</b>
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%

5. 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.
6. 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.
7. 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.
8. 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
<b>Short-Term and Annual Licenses</b>					
Resident					
10-day license	\$5	\$85,997	\$245,819	\$245,974	\$246,168
Annual	\$15	\$2,296,123	\$6,563,377	\$6,567,506	\$6,572,693
Non Resident					
10-day license	\$10	\$3,110,093	\$8,890,077	\$8,895,670	\$8,902,695
Annual	\$30	\$1,048,346	\$2,996,655	\$2,998,540	\$3,000,908
Subtotal		\$6,540,559	\$18,695,930	\$18,707,690	\$18,722,464
Less License Agent Commission		(\$364,963)	(\$1,043,233)	(\$1,043,889)	(\$1,044,713)
Subtotal		\$6,175,596	\$17,652,697	\$17,663,801	\$17,677,751
For Hire Blanket License Sales					
Vessel certified for 6 or fewer passengers	\$250	\$61,163	\$174,750	\$174,750	\$174,750
Vessel certified for greater than 6 passengers	\$350	\$4,900	\$14,000	\$14,000	\$14,000
Subtotal		\$66,063	\$188,750	\$188,750	\$188,750
Pier Blanket License Sales					
14 piers w/ avg. length of 714 feet	\$4/ft	\$13,994	\$39,984	\$39,984	\$39,984
<b>Short-Term and Annual Licenses Subtotal</b>		<b>\$6,255,653</b>	<b>\$17,881,431</b>	<b>\$17,892,535</b>	<b>\$17,906,485</b>
<b>Lifetime Licenses (less Discounted Unified License Sales)</b>					
Infant	\$100	\$111,380	\$318,376	\$318,576	\$318,828
Youth	\$150	\$34,806	\$99,492	\$99,555	\$99,634
Adult					
Resident	\$250	\$270,097	\$772,062	\$772,547	\$773,157
Nonresident	\$500	\$16,707	\$47,756	\$47,786	\$47,824
Elderly	\$15	\$31,287	\$89,431	\$89,488	\$89,558
Disabled Vet/Total Disabled	\$10	\$3,546	\$10,136	\$10,142	\$10,150
Subtotal		\$467,823	\$1,337,253	\$1,338,094	\$1,339,151
Less License Agent Commission		(\$26,105)	(\$74,619)	(\$74,666)	(\$74,725)
<b>Lifetime License Subtotal</b>		<b>\$441,718</b>	<b>\$1,262,635</b>	<b>\$1,263,429</b>	<b>\$1,264,427</b>
<b>Discounted Unified License Sales</b>					
	<b>Net fee*</b>				
Lifetime Inland/Saltwater	\$100	\$9,728	\$27,807	\$27,825	\$27,847
Infant Unified Sportsman/CRFL	\$75	\$6,977	\$19,943	\$19,956	\$19,971
Youth Unified Sportsman/CRFL	\$100	\$2,067	\$5,909	\$5,913	\$5,917
Adult Unified Sportsman/CRFL					
Resident	\$175	\$15,791	\$45,138	\$45,166	\$45,202
Nonresident	\$350	\$977	\$2,792	\$2,794	\$2,796
Subtotal		\$35,540	\$101,589	\$101,653	\$101,733
Less License Agent Commission		(\$1,983)	(\$5,669)	(\$5,672)	(\$5,677)
<b>Discounted Unified License Subtotal</b>		<b>\$33,557</b>	<b>\$95,920</b>	<b>\$95,981</b>	<b>\$96,056</b>
<b>Total</b>		<b>6,730,928</b>	<b>19,239,985</b>	<b>19,251,944</b>	<b>19,266,967</b>

\*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 nonresident 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.

The bill repeals the statutes that exempt persons fishing in their home county using natural bait from WRC inland fishing license requirements. There is no precise data on the number of North Carolina residents fishing under this exemption. However, a 2001 national survey estimated that 675,000 NC residents age 16 years and older fished in North Carolina during 2001. In 2001, 553,708 persons held inland fishing licenses. After accounting for these licensed anglers and the 20,000 people that WRC estimates fish in private ponds, the remaining 101,300 inland fishermen would now be required to have an inland fishing license. However, SB 1126 provides for a free Subsistence Unified Inland/Coastal Recreational Fishing Voucher for individuals who received 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 WRC inland fishing license fees. Table 11 summarizes the adjustments necessary to estimate the additional number of inland fishing licenses that would be sold as a result of this bill.

**Table 11: Estimated Number of Additional Inland Fishing Licenses Sold Under SB 1126**

Estimated total # of inland fishermen	675,000
less licensed inland fishermen	(553,700)
less anglers fishing in private ponds	(20,000)
Estimated # of inland fishermen requiring license	101,300
less those eligible for subsistence voucher	(12,663)
<b>Additional Inland Fishing License Sales</b>	<b>88,638</b>

WRC receives federal Wallop-Breaux monies based on the number of licensed inland fishermen. The Commission expects to receive an additional \$0.50 per additional license sold as a result of the repealed natural bait exemption.

This PCS also drops the age requirement for the Elderly Lifetime Sportsman License from 70 to 65 years old and increases the fee to \$15. WRC will receive an additional \$5 in revenue for each license sold to a sportsman age 70 or over; however, the agency 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 12 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 12: 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	(\$25)	(\$40)
Basic Hunting and Fishing	\$20	2,783	(\$5)	(\$20)
Inland Fishing	\$15	7,807	\$0	(\$15)
Comprehensive Fishing	\$20	2,583	(\$5)	(\$20)

Table 13 estimates the revenue impact of these changes based on the following assumptions:

1. Based on WRC assumptions, the additional inland fishing licenses purchased will be distributed per the following percentages: 50% purchase a county inland fishing license, 35% purchase the 10-day fishing license, and 15% purchase an annual inland fishing license.
2. This fiscal note assumes that 93% of license sales will be through WRC license agents, which retain a 6% sales commission.
3. 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+ will also remain steady.
4. There is an even age distribution among sportsman/anglers between 65 and 69 years of age.
5. The provision that abolishes the one- and three-day licenses, the provision the repeals the natural bait exemption, and the provision that changes the elderly license age criteria and fee are effective January 1, 2007. The change in the replacement license fee is 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 13: 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
County Inland Fishing	\$10	44,319	\$0	\$155,116	\$443,188	\$443,188	\$443,188
10-day Inland Fishing	\$5	31,023	\$0	\$54,290	\$155,116	\$155,116	\$155,116
Annual Inland Fishing	\$15	13,296	\$0	\$69,802	\$199,434	\$199,434	\$199,434
<b>Add'l Sales Subtotal</b>			<b>\$0</b>	<b>\$279,208</b>	<b>\$797,738</b>	<b>\$797,738</b>	<b>\$797,738</b>
WRC agent commission			\$0	(\$15,580)	(\$44,514)	(\$44,514)	(\$44,514)
Add'l. Wallop-Breaux funds	\$0.50	88,638	\$0	\$15,512	\$44,319	\$44,319	\$44,319
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)
Add'l. rev. for elderly licenses sold to those ages 70+	\$5	5,880	\$0	\$10,290	\$29,400	\$29,400	\$29,400
Net rev. loss for elderly licenses sold to those ages 65-69	varies	19,231	\$0	(\$62,398)	(\$409,052)	(\$409,052)	(\$409,052)
<b>Total Revenue Impact</b>			<b>\$12,338</b>	<b>\$232,532</b>	<b>\$368,140</b>	<b>\$368,140</b>	<b>\$368,140</b>

**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 \$680,000 per year for five years shall be transferred from the Wildlife Endowment Fund to the Marine Resources Endowment Fund. Table 14 summarizes the net impact of this PCS on each fund.

**Table 14: Estimated Revenue Impact of SB 1126**

	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10
<b>Marine Resources Fund (aka Saltwater Fishing Fund)</b>					
Short-term and Annual CRFL Revenues Generated Under SB 1126	\$0	\$6,255,653	\$17,881,431	\$17,892,535	\$17,906,485
Less CRFL Revenues Generated Under Current Law	(\$5,695,196)	(\$16,271,989)	(\$16,271,989)	(\$16,271,989)	(\$16,271,989)
<b>Net Impact</b>	<b>(\$5,695,196)</b>	<b>(\$10,016,336)</b>	<b>\$1,609,442</b>	<b>\$1,620,546</b>	<b>\$1,634,495</b>
<b>Marine Resources Endowment Fund</b>					
Lifetime CRFL and Non-Discounted Unified Lic. Revenues Generated Under SB 1126	\$0	\$441,718	\$1,262,635	\$1,263,429	\$1,264,427
Transfer from Wildlife Endowment Fund	\$680,000	\$680,000	\$680,000	\$680,000	\$680,000
<b>Net Impact</b>	<b>\$680,000</b>	<b>\$1,121,718</b>	<b>\$1,942,635</b>	<b>\$1,943,429</b>	<b>\$1,944,427</b>
<b>Wildlife Fund</b>					
Change in Inland Fishing License Revenues	\$12,338	\$232,532	\$368,140	\$368,140	\$368,140
<b>Wildlife Endowment Fund</b>					
Transfer to Marine Resources Endowment	(\$680,000)	(\$680,000)	(\$680,000)	(\$680,000)	(\$680,000)
<b>Discounted Unified License Revenues</b>					
Destination of revenues to be determined	\$0	\$33,557	\$95,920	\$95,981	\$96,056
<b>Total Net Impact</b>	<b>(\$5,682,859)</b>	<b>(\$9,308,529)</b>	<b>\$3,336,137</b>	<b>\$3,348,096</b>	<b>\$3,363,119</b>

**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 15 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 15: Estimated WRC Expenditures**

	<b>FY 05-06</b>	<b>FY 06-07</b>	<b>FY 07-08</b>	<b>FY 08-09</b>	<b>FY 09-10</b>
Start-Up Costs	\$500,000				
Transaction Costs (\$1.75/per license)	\$0	\$923,817	\$2,640,623	\$2,642,186	\$2,644,150
<b>Total WRC Costs</b>	\$500,000	\$923,817	\$2,640,623	\$2,642,186	\$2,644,150

**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.

**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 crease 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**

<b>Method of Settlement:</b>	<b>Trial</b>			<b>Guilty Plea</b>
	Court/Attorney Costs	Indigent Defense	Total	
<b>Class 1</b>	\$1,891	\$1,333	\$3,224	\$284
<b>Class 2</b>	\$1,373	\$949	\$2,322	\$268
<b>Class 3</b>	\$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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**DATE:** September 30, 2005

**Signed Copy Located in the NCGA Principal Clerk's Offices**