

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Fiscal Note

BILL NUMBER: Senate Bill 1126 (First Edition)

SHORT TITLE: Amend Fishing License Requirements-2.

SPONSOR(S): Senator Albertson

FISCAL IMPACT

Yes () No () No Estimate Available ()

FY 2005-06 FY 2006-07 FY 2007-08 FY 2008-09 FY 2009-10

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	\$748,001	\$2.15 m	\$2.16 m	\$2.17 m	\$2.19 m
Marine Res. Endowment	\$1.04 m	\$1.84 m	\$1.85 m	\$1.85 m	\$1.85 m
Wildlife Fund	\$744,442	\$744,442	\$744,442	\$744,442	\$744,442
Wildlife Endowment	(\$600,000)	(\$600,000)	(\$600,000)	(\$600,000)	(\$600,000)
<u>Discounted Unified Lic.*</u>	<u>\$208,800</u>	<u>\$208,800</u>	<u>\$203,032</u>	<u>\$209,264</u>	<u>\$209,496</u>
Total Net Revenues	\$2.14 m	\$4.34 m	\$4.36 m	\$4.37 m	\$4.39 m

EXPENDITURES

Wildlife Resources Comm.	\$1.60 m	\$2.86 m	\$2.86 m	\$2.86 m	\$2.86
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 March 1, 2006.

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

BILL SUMMARY:

Amends Article 14B of GS 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 and for-hire blanket licenses are available as well. Exempt from license requirement are children under 16 years old, holders of certain lifetime licenses acquired before 2005, and certain disabled individuals.

Amends Article 14C of GS Chapter 113 (NC Saltwater Fishing Fund) to abolish board of trustees, convert the Fund into a Marine Resources Fund and Marine Resources Endowment Fund, to which the license fees will be credited, and provide for disbursement of funds by Wildlife Resources Commission (WRC) to manage marine resources. Amends Article 21 of GS Chapter 113 and GS 113-196(b) regarding inland fishing licenses, to repeal home county/natural bait exemption, prohibit disclosure of license applicants’ personal information, and make clarifying and technical changes.

Enacts Article 25A of GS Chapter 113 to establish unified fishing licenses for hunting and for fishing in coastal, joint, and inland waters. Prohibits WRC from disclosing applicants’ personal information and allows disclosure of information about commercial license applicants. Provides for five annual transfers of \$600,000 each from the Wildlife Endowment Fund to the Marine Resources Endowment Fund. Licensing changes effective March 1, 2006.

ASSUMPTIONS AND METHODOLOGY:

Revenues:

Coastal Recreational Fishing License Revenues: SB 1126 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 SB 1126. 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 (70 + years old)	\$5	N/A
			Disabled Vet	\$10	N/A
			Total Disabled	\$10	N/A
			Blind	\$0	N/A
			Resident Adult Care Home	\$0	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
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	\$20
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 Rec. 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, SB 1126 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, 2005 from CRFL requirements. As of January 1, 2005, 222,347 persons held WRC lifetime licenses: 44,161 under 16 and 178,186 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 2,760 (44,161 youth license holders divided by 16 years) will be 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 2005-06 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 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Previous # of WRC lifetime license holders over 16	178,186	177,382	176,151	174,507	172,468
Less attrition	(3,564)	(3,991)	(4,404)	(4,799)	(5,174)
Plus those who have aged out of youth exemption	2,760	2,760	2,760	2,760	2,760
Current # of adult WRC lifetime license holders	177,382	176,151	174,507	172,468	170,054
Less those not coastal anglers (38%)	(67,405)	(66,937)	(66,313)	(65,538)	(64,621)
# exempt from CRFL fees	109,977	109,214	108,195	106,930	105,434

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%	

Based on DMF For Hire Boat registration information, there are 711 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 18 ft or <	\$150	67
Vessel 18 ft - 38 ft	\$250	409
Vessel 38 ft - 50 ft	\$350	117
Vessel 50 ft or >	\$450	118
Total		711

Finally, the bill also 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 CRFL fees.

Table 9 summarizes the adjustments necessary to determine the number of anglers subject to 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 10 summarizes the estimated revenue generated by the sale of CRFLs under SB 1126. 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, 2006, two months prior to the CRFL effective date of March 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 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%.

- 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 (70+ years)	40%
Resident Disabled Vet/Totally Disabled	7%
Legally Blind/Adult Care Home Resident	0.2%

- 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.
- SB 1126 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 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.
- 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% will of this group will purchase a Unified Sportsman/CRFL. In accordance with the above assumption, it is unclear only 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.
- This bill directs Wildlife Resources Commission to sell all CRFL licenses—except For Hire 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.
- 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.

Table 10: Estimated Revenues Generated by Sale of CRFLs Under SB 1126

	Fee	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Short-Term and Annual Licenses						
Resident						
10-day license	\$5	\$89,114	\$254,732	\$254,893	\$255,092	\$255,328
Annual	\$15	\$2,379,350	\$6,801,353	\$6,805,639	\$6,810,955	\$6,817,249
Non Resident						
10-day license	\$10	\$3,222,823	\$9,212,414	\$9,218,219	\$9,225,420	\$9,233,945
Annual	\$30	\$1,086,345	\$3,105,308	\$3,107,265	\$3,109,692	\$3,112,566
<i>Subtotal</i>		\$6,777,633	\$19,373,808	\$19,386,016	\$19,401,159	\$19,419,088
Less 6% WRC Agent Commission		(\$406,658)	(\$1,162,428)	(\$1,163,161)	(\$1,164,070)	(\$1,165,145)
<i>Subtotal</i>		\$6,370,975	\$18,211,379	\$18,222,855	\$18,237,089	\$18,253,942
Blanket Sales						
Vessel 18 ft or <	\$150	\$3,518	\$10,050	\$10,050	\$10,050	\$10,050
Vessel 18 ft - 38 ft	\$250	\$35,788	\$102,250	\$102,250	\$102,250	\$102,250
Vessel 38 ft - 50 ft	\$350	\$14,333	\$40,950	\$40,950	\$40,950	\$40,950
Vessel 50 ft or >	\$450	\$18,585	\$53,100	\$53,100	\$53,100	\$53,100
<i>Subtotal</i>		\$72,223	\$206,350	\$206,350	\$206,350	\$206,350
Short-Term and Annual Licenses Subtotal		\$6,443,197	\$18,417,729	\$18,429,205	\$18,443,439	\$18,460,292
Lifetime Licenses (less Discounted Unified License Sales)						
Infant	\$100	\$115,417	\$329,920	\$330,127	\$330,385	\$330,691
Youth	\$150	\$36,068	\$103,100	\$103,165	\$103,245	\$103,341
Adult						
Resident	\$250	\$279,887	\$800,055	\$800,559	\$801,184	\$801,925
Nonresident	\$500	\$17,313	\$49,488	\$49,519	\$49,558	\$49,604
Elderly	\$5	\$10,807	\$30,891	\$30,911	\$30,935	\$30,964
Blind/Resident Adult Care Home	\$0	\$0	\$0	\$0	\$0	\$0
Disabled Vet/Total Disabled	\$10	\$3,674	\$10,503	\$10,510	\$10,518	\$10,528
<i>Subtotal</i>		\$463,166	\$1,323,957	\$1,324,791	\$1,325,826	\$1,327,051
Less 6% WRC Agent Commission		(\$27,790)	(\$79,437)	(\$79,487)	(\$79,550)	(\$79,623)
Lifetime License Subtotal		\$435,376	\$1,244,519	\$1,245,304	\$1,246,276	\$1,247,428
Discounted Unified License Sales						
	Net fee*					
Lifetime Inland/Saltwater	\$100	\$28,800	\$28,800	\$28,832	\$28,864	\$28,896
Infant Unified Sportsman/CRFL	\$250	\$72,000	\$72,000	\$72,080	\$72,160	\$72,240
Youth Unified Sportsman/CRFL	\$75	\$21,600	\$21,600	\$21,624	\$21,648	\$21,672
Adult Unified Sportsman/CRFL						
Resident	\$100	\$28,800	\$28,800	\$28,832	\$28,864	\$28,896
Nonresident	\$200	\$57,600	\$57,600	\$57,664	\$57,728	\$57,792
Discounted Unified License Subtotal		\$208,800	\$208,800	\$209,032	\$209,264	\$209,496
Total		7,087,373	19,871,049	19,883,540	19,898,980	19,917,216

*This 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: SB 1126 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 SB 1126. 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.

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)
Additional Inland Fishing License Sales	88,638

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.

Table 12 estimates the revenue generated by these additional licenses 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. WRC will sell replacement licenses and 10-day inland fishing licenses in lieu of the abolished three-day license at the same level as recent years.
3. This fiscal note assumes that 93% of license sales will be through WRC license agents, which retain a 6% sales commission.

Summary of Impact on Individual Funds: Current law states that all saltwater fishing license revenue shall be deposited into the Saltwater Fishing Fund. SB 1126 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 SB 1126 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 (previously the Saltwater Fishing Fund)					
Short-term and Annual Revenues Generated Under SB 1126	\$6,443,197	\$18,417,729	\$18,429,205	\$18,443,439	\$18,460,292
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	\$748,001	\$2,145,740	\$2,157,216	\$2,171,450	\$2,188,303
Marine Resources Endowment Fund					
Lifetime License Revenues Generated Under SB 1126	\$435,376	\$1,244,519	\$1,245,304	\$1,246,276	\$1,247,428
Transfer from Wildlife Endowment Fund	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
Net Impact	\$1,035,376	\$1,844,519	\$1,845,304	\$1,846,276	\$1,847,428
Wildlife Fund					
Change in Inland Fishing License Revenues	\$744,442	\$744,442	\$744,442	\$744,442	\$744,442
Wildlife Endowment Fund					
Transfer to Marine Resources Endowment	(\$600,000)	(\$600,000)	(\$600,000)	(\$600,000)	(\$600,000)
Discounted Unified License Revenues					
Destination of revenues to be determined	\$208,800	\$208,800	\$209,032	\$209,264	\$209,496
Total Net Impact	\$2,136,619	\$4,343,502	\$4,355,993	\$4,371,433	\$4,389,669

Expenditures:

Wildlife Resources Commission: The bill calls for WRC to sale 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) CRFL sales in the initial year will only be 35% of expected annual sales due to the March 1, 2006 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)	\$1,100,717	\$2,858,109	\$2,859,812	\$2,861,924	\$2,864,426
Total WRC Costs	\$1,600,717	\$2,858,109	\$2,859,812	\$2,861,924	\$2,864,426

Division of Marine Fisheries: The Division of Marine Fisheries will sale the For Hire Blanket CRFLs. They do not anticipate any additional significant expenditures to sale these licenses.

County Departments of Social Services: The bill also states that County Departments of Social Services shall issue a Resident Subsistence Unified Inland/Coastal Recreational Fishing Voucher to individuals who receive benefits from Medicaid, Food Stamps, or Work First. Furthermore, County Departments of Social Services shall supply WRC with the name, mailing address, and telephone number of each individual who receives a voucher. At this time, there is no estimate available 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