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FISCAL IMPACT REPORT

ORIGINAL DATE 1/18/2006
LAST UPDATED 1/24/2006 **HB** 6/aHGUAC

SPONSOR Stewart

SHORT TITLE Department of Game and Fish Appropriation Act **SB** _____

ANALYST Woods

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$181.9	Recurring	General Fund
	\$11,175.3	Recurring	Federal Funds
	\$22,442.9	Recurring	Game Protection Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act, Section 4 for the Department of Game and Fish

SOURCES OF INFORMATION

Report of the Legislative Finance Committee to the Forty-Seventh Legislature, Second Session, January 2006 for Fiscal Year 2006-2007, Volume II, pp. 189 – 195.

Responses Received From

Department of Game and Fish (DGF)

SUMMARY

Synopsis of GUAC Amendment

House Government and Urban Affairs Committee amendment to HB6 amends the legislation to reflect adoption of the executive budget recommendation as follows:

- General Fund FY07 appropriation: \$181.9, with no additional general fund impact.
- Federal Funds FY07 appropriation: \$11,175.3, an increase of \$109.6.
- Gaming Protection Fund FY07 appropriation: \$22,442.9, and increase of \$823.1.

Additionally, the amendment adds 1 FTE to the sport hunting and fishing program, bringing the

agency's total authorized compliment to 300.5 FTE.

Synopsis of Original Bill

House Bill 6 appropriates \$32,867.4 from the general fund, game protection fund and federal funds to the Department of Game and Fish (DGF) for its FY07 operating budget. The bill reflects the Legislative Finance Committee (LFC) budget recommendation for the agency and includes performance measures and targets.

FISCAL IMPLICATIONS

The LFC recommendation includes \$181.9 in general fund, \$11,065.7 in federal funds, and \$21,619.8 from the game protection fund.

SIGNIFICANT ISSUES

The LFC recommends an overall reduction of approximately 2 percent with no increase in general fund, and assumes an overall vacancy rate of 3 percent.

PERFORMANCE IMPLICATIONS

The LFC recommendation recognizes agency performance and performance exceptions, Accordingly, the LFC budget recommendation funds agency operations at levels which support performance goals and objectives

TECHNICAL ISSUES

The LFC recommendation reflects \$288.3 in the federal funds in the program support (administration) program, rather than the \$228.3 as contained in the bill. All subtotals and totals should be corrected accordingly.

OTHER SUBSTANTIVE ISSUES

As detailed in the FY07 LFC budget recommendation, with the exception of a minimal portion of general fund support, the agency is fully funded from fees, penalties, income from department-owned property, and federal revenues.

Revenue to the game protection fund is generated from the sale of hunting and fishing licenses, special hunt fees, income from property owned by the department, and interest on balances in the fund. One dollar of each hunting and fishing license fee is reserved for capital projects approved by the State Game Commission. Other revenues are received from the purchase of a habitat stamp required to hunt and fish on federal property, the annual auction of one permit to hunt Rocky Mountain or desert bighorn sheep, federal funds from federal excise taxes, and depredation fees assessed with each license to capitalize the big game depredation fund. These revenues are administered through six dedicated special revenue funds: the Sikes Act (habitat improvement stamp); share with wildlife; bighorn sheep enhancement; deer enhancement; elk enhancement; and big game depredation damage. Most recently, the Legislature in 2005 authorized the establishment of two additional special revenue funds: habitat management and Gould's turkey enhancement. General fund appropriations, while small, have augmented game protection fund

revenue in carrying out the Conservation Services Division's responsibilities for public education and the conservation of nongame wildlife species.

All funds received are deposited into the game protection fund, which serves as the agency's bank account. Income to the fund is nonexistent between the months of October and April, requiring the department to maintain a minimum of \$6 million in the fund at all times to make certain the agency is able to operate over this period of time. Since FY01, the game protection fund has provided over \$21.5 million to complete several capital projects, including \$5.38 million in new projects appropriated during the 2005 session. Projects recently financed by game protection fund appropriations include the construction of the warm water hatchery at Santa Rosa, purchase of Eagle Nest Lake, construction at Red River hatchery, Eagle Nest dam repair, clean up at the Terrero Mine site, and engineering and construction costs associated with work on dams and spillways owned by the State Game Commission.

In 2004 the agency projected the fund would be depleted by FY07, without requiring a license fee increase, which was approved by the Legislature in 2005. At current sales levels, the changes proposed in this bill are projected to generate an additional \$4.5 million in annual license sales revenue for the department and will allow the agency to continue operating at current levels. However, even with increased revenue from license fees, the game protection fund cannot continue to finance nonrecurring costs and sustain services at current levels over the long term.

Additionally, the department is positioned to begin budgeting some \$250 thousand of habitat management fund revenue that should begin accruing with the 2006-2007 license year. This revenue will be generated through an annual \$3 habitat management stamp that each hunter, angler or Gaining Access Into Nature (GAIN) project permit holder will be required to purchase and is anticipated to generate between \$750 thousand and \$900 thousand annually.

The department received a 2005 capital appropriation of \$4 million from the general fund for the acquisition of property and habitat improvement and is presently coordinating this initiative with the state departments of Agriculture and Energy, Minerals and Natural Resources. Initial planning efforts are being directed to four general areas: natural land protection, wildlife protection, working farm and ranch conservation, and local government related activities. Additionally, a 2005 capital appropriation of \$4.3 million from the game protection fund was made for dam repairs at Lake Roberts, the warm water hatchery at Santa Rosa, and archery ranges. However, the 2005 capital appropriation required the appropriation to be generated from fee increases, thus decreasing the level of funds available to sustain operations. It may not be prudent to utilize the fund for additional capital outlay projects. The department continues to work to address staffing issues, and the agency has made substantial progress in addressing vacancies among conservation officers. The agency's expansion request of eight conservation officers was approved during the last session.

Depredation complaints remain a concern, as both complaints and resources dedicated to resolving them continually increase. The department recently received State Game Commission approval to make significant changes to the process used to allocate elk hunting opportunity on private land. Defining a clear objective of the previous landowner signup system (LOSS) proved troublesome in recent years, as landowners chose to reject offers of physical measures to resolve depredation issues and instead demanded additional tags while at the same time demanding financial compensation for damage to property. The new private land use system (PLUS) makes a clear distinction between allocation of hunting opportunity and actions taken to resolve damage

complaints. The PLUS system requires landowners to select one option, either to participate and benefit from elk management or to work with the agency to resolve damage problems, but not both. The commission also changed the requirements regarding distribution of hunting opportunities on private land to make the process more equitable and to develop a system centered on private lands' contribution to the continued well-being of the state's wildlife resources.

BW/mt