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FISCAL IMPACT REPORT

LAST UPDATED _____
ORIGINAL DATE 2/24/23

SPONSOR McQueen/Small

BILL

SHORT TITLE Game & Fish Dept. Mission & Fees **NUMBER** House Bill 486

ANALYST Gaussoin

REVENUE* (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
		\$10,000.0	Recurring	Game Protection Fund

Parentheses () indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
			\$9,000.0-	\$9,000.0-	Recurring	Game Protection Fund
			\$24,000.0	\$24,000.0		
			\$1,500.0	\$1,500.0	Nonrecurring	Game Protection Fund
Total			\$10,500.0- \$25,500.0	\$10,500.0- \$25,500.0		

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Duplicates Senate Bill 254 in part

Relates to House Bills 184, 197 and 261 and Senate Bills 392 and 462

Relates to appropriation in the General Appropriation Act

Sources of Information

LFC Files

Responses Received From

Department of Game and Fish (DGF)

University of New Mexico (UNM)

SUMMARY

Synopsis of House Bill 486

House Bill 486 (HB486) would change the stated purpose of the Department of Game and Fish

from one focused on management of game animals and fish to a focus on the conservation of all wildlife as a public trust, recognizing its intrinsic and ecological value, as well as its benefit as a food supply. It would change the name of the State Game Commission to the State Wildlife Commission and the name of the department to the Wildlife Department and would broaden its responsibilities from the hunting, taking, capturing, killing, and possession of “game animals, birds and fish” to include release and barter and import and export of animals and all wildlife.

The commission and department would be required to take into consideration species' population trends, migration patterns, habitat, changes in climate conditions, and “any other factors, natural or human-driven, that are judged to affect the health of a species or a species' ecosystems” and would create new law specifically addressing wildlife protections.

HB486 would also create new law outlining the conditions for identifying a “species of greatest conservation need” that focuses the term on species experiencing substantial long-term declines in populations or habitat; disproportionately susceptible to decline because of habitat loss, wildfire, overexploitation, or other factors; limited to New Mexico; isolated from other populations of the same species; or crucial to their ecosystems. The department would be required to report annually to the Legislature and publish data on its website on species of greatest conservation need.

The bill would raise the cost of 36 of 53 resident and nonresident hunting, fishing, trapping, and fur dealer licenses and create a 25 percent discount on license fees for residents who participate in the Supplemental Nutrition Assistance (food stamp) Program.

On July 1, 2024, all functions, personnel, money, appropriations, records, equipment, property, and contractual obligations of the Department of Game and Fish would transfer to the new Wildlife Department. The effective date of the bill is July 1, 2024.

FISCAL IMPLICATIONS

Revenue from Licenses

DGF estimates the hunting, fishing, trapping, and fur dealer fee increases, the first since 2006, would generate \$10 million a year for the game protection fund, the primary source of revenue for the department. The estimate assumes the discount for recipients of the Supplemental Nutrition Assistance Program would reduce potential revenues by \$1 million a year. Any revenue generated would be subject to appropriation by the Legislature. The department contends it needs the money to stay solvent.

Cost of Increased Conservation Activities and Name Change

DGF reports analysis related to the proposed federal Recovering America's Wildlife Act (RAWA) estimated the annual cost to undertake all conservation actions for New Mexico's species of greatest conservation need would be \$36 million, with \$9 million in state funds needed to match \$27 million in federal funds. The department's FY23 budget is \$48.2 million, with \$33.2 million in state funds—primarily revenue from hunting and fishing licenses paid into the game protection fund—and about \$15 million in federal funds, for a 2:1 match. While federal match varies by program, the state share of the \$36 million in need, as identified in the RAWA analysis, is likely to fall between the \$9 million identified in that analysis and \$24 million if 2:1.

The department contends the cost of changing signs, uniforms, educational materials, and other items because of the name change would cost \$3 million. While some of these materials would need to be changed, many, particularly consumables like uniforms and brochures, could be changed as current supplies run out. This analysis assumes half the department’s estimate.

SIGNIFICANT ISSUES

Wildlife Management

Although the Department of Game and Fish was created to manage hunted and fished animals, subsequent state and federal laws have required the department take on the maintenance of all wildlife species. Nevertheless, a key recommendation of an October 2020 LFC evaluation on the Department of Game and Fish¹ concerned weaknesses in DGF reporting on its effectiveness with conserving threatened and endangered species. The report, which included a chart showing the minimum civil penalty for killing an endangered species was less than that for killing some game species, noted state laws protecting endangered and threatened species do not include habitat protection, making them weaker than those on the federal level.

The University of New Mexico notes in its analysis of HB486 that passage of the bill would help prevent the slide of species of greatest conservation need into threatened and endangered status, helping the state avoid those costs. Notably, DGF recently used money appropriated for “the conservation of species of greatest need” to buy land primarily known for its elk hunting.

Fee Increases and Agency Budget Needs

Fee Increases. A review of adult resident freshwater fishing licenses in surrounding states shows the current New Mexico fee of \$25 is the lowest in the region, and the proposed increase would make it comparable with the other regional states. A resident deer hunting license, now \$31 and second lowest in the region, would be on the high end in the region if raised to \$50 as proposed. It is not known if surrounding states offer discounts for residents receiving public assistance.

Resident License Fees		
	Fishing	Deer
Arizona	\$37.00	\$58.00
Colorado	\$35.17	\$42.01
NM-Current	\$25.00	\$31.00
NM-Proposed	\$35.00	\$50.00
Texas	\$30.00	\$25.00
Utah	\$34.00	\$34.00

Fund Balance and Agency Budget. The department says in analysis of Senate Bill 254, which duplicates all but four of the fee increases (see “Conflict, Duplication, Companionship, Relationship” below), the game protection fund is being depleted and revenue needs to increase to support agency activity. It contends it would not have to raise fees again for 10 years should

¹ https://www.nmlegis.gov/Entity/LFC/Documents/Program_Evaluation_Reports/Program%20Evaluation%20-%20Performance%20of%20the%20Department%20of%20Game%20and%20Fish.pdf

the fee increases become law.

The department, which receives no general fund revenue, has spent down the balance in the fund over the last two years, largely through capital outlay projects, and estimates the balance will be \$12 million in FY24, compared with \$22 million in FY21. The department has nine funds, but the uses of all but the game protection fund are restricted. The department calls its financial positions “precarious.” From the department’s analysis of SB254:

The Department has made a number of prudent financial management decisions to lengthen the life of this fund. These decisions have included a flat budget request, moving funds from the Contractual Services and Other categories to the Personnel Services category to support pay increases and retention efforts, and delaying the implementation of approved capital projects.

While the department points to its flat budget request for FY24 as illustrative of its efforts to control spending, it should be noted the agency’s FY23 budget is a 15 percent increase over FY22.

The department contends it needs \$10 million in the fund at the start of each fiscal year to manage cash flow. The current balance is \$18.4 million, but it includes \$13.2 million of approved capital projects, projects it says are necessary to maintain hatcheries and restore habitat. According to the department:

Proceeding with these capital projects would leave \$5.2 million in the game protection fund, which would be insufficient to support the Department operations. Our projections indicate that the Department must have a fee increase to ensure solvency and continue to deliver services and programs.

Other Sources of Financial Support. Conservation groups have argued the department’s dependence on hunting and fishing fees leads to DGF emphasizing hunting and fishing activities over other recreational uses and efforts to manage nongame species. It is possible a separate source of income for the department might address this issue.

PERFORMANCE IMPLICATIONS

While DGF reports in its analysis of SB254 that the increase in fees would help it make progress on habitat restoration and other species management, for HB486, it says the additional responsibilities created under the proposal would be difficult to fulfill.

Putting greater statutory emphasis on protection of endangered or threatened species should aid department efforts to meet its performance target on the study and conservation of endangered or threatened species.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB486 duplicates most of the hunting and fishing fee increases included in Senate Bill 254. Notably, HB486 differs from SB254 by increasing fur dealer and trapper fees. While SB254 leaves three of those four fees unchanged, HB486 raises all four by as much as \$85.

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HB486 relates to House Bill 183, which would transfer the department to the Energy, Minerals and Natural Resources Department; House Bill 184, which changes the make up of the State Game Commission, House Bill 197, which increases free fishing days; House Bill 261, which adds species to the list that cannot be killed and the carcasses left behind; and Senate Bill 392, which mandates outdoor youth programs at the department.

House Bill 184 conflicts with House Bill 183, which anticipates converting the existing policy-making board to one that is advisory only.

HG/rl/ne/mg