



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** [H.B. 47 of the 130th G.A.](#)

**Date:** April 25, 2013

**Status:** As Introduced

**Sponsor:** Rep. Milkovich

**Local Impact Statement Procedure Required:** No

**Contents:** Provides free hunting, fishing, and trapping licenses and permits to military veterans

### State Fiscal Highlights

- The Department of Natural Resources (DNR) would likely lose in excess of \$3.5 million in annual license and permit fee revenue from free hunting and fishing licenses and permits offered to honorably discharged veterans under the bill, depending on the number of licenses issued. Most of this loss would be borne by the Wildlife Fund (Fund 7015), with the Wetlands Habitat Fund (Fund 8160) also losing a small amount.
- DNR could also receive less federal funding under two federal grant programs if it provides free licenses to hunters and anglers who are veterans. Depending on the number of licenses issued and the federal formulas, the total loss in federal aid to Fund 7015 could be between approximately \$850,000 and \$1.0 million.

### Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

## Detailed Fiscal Analysis

Under current law, only certain disabled veterans and former prisoners of war (POWs) living in Ohio are eligible to receive free hunting, trapping, and fishing licenses and permits from the Department of Natural Resources (DNR). The bill expands those eligible to receive free licenses and permits to encompass all honorably discharged Ohio resident military veterans. This would result in a loss of license revenue deposited into the Wildlife Fund (Fund 7015), which receives most income to the state from hunting, fishing, and trapping license and permit fees, and the Wetlands Habitat Fund (Fund 8160), which receives revenues from the sale of wetlands habitat stamps. Additionally, providing free hunting and fishing licenses would likely result in some loss of revenue to the state from two federal grant programs. The fiscal effects of the proposed changes are described in more detail below.

Ohio's current fee structure for hunting, trapping, and fishing licenses and permits includes regular prices for the general public (including veterans who are not seniors and who do not qualify for a free veteran license under current law) and discounts for seniors (defined as those over the age of 65, including senior veterans). Table 1 below shows the regular and reduced cost senior license fee schedule under current law.

<b>Table 1. Hunting and Fishing License and Permit Fee Schedule Under Current Law</b>		
<b>License Type</b>	<b>Regular Fee</b>	<b>Reduced Cost Senior Fee</b>
Resident Annual Hunting License	\$19	\$10
Deer Permit	\$24	\$12
Antlerless Deer Permit*	\$15	\$15
Spring Turkey Permit	\$24	\$12
Fall Turkey Permit	\$24	\$12
Wetlands Habitat Stamp*	\$15	\$15
Fur Taker Permit	\$15	\$8
Resident Annual Fishing License	\$19	\$10

\*Not eligible for reduced senior pricing

### Impact on license revenue

According to preliminary figures provided by DNR for license year (LY) 2012, which ran from March 1, 2012 through February 28, 2013, the Division of Wildlife sold approximately 1.85 million of the licenses and permits most commonly purchased by Ohio residents (fishing licenses, hunting licenses, and deer permits). Note that these are preliminary sales figures and do not include sales of turkey permits, fur taker permits, wetlands habitat stamps, or other types of hunting and fishing licenses and permits, which make up a relatively small portion of all license and permit sales. As shown in Table 2 below, LSC estimates that these sales brought in a total of approximately

\$35.4 million for the Wildlife Fund (Fund 7015), based on the average sale price in LY 2011 (taking into account sales of full-price and reduced-price licenses and permits in that year).

<b>Table 2. Preliminary LY 2012 Fishing License, Hunting License, and Deer Permit Sales</b>			
<b>Type Sold</b>	<b>Preliminary LY 2012 Sales</b>	<b>Average Price in LY 2011</b>	<b>Estimated Revenue</b>
Fishing License	850,642	\$18.35	\$15,609,281
Hunting License	425,227	\$18.47	\$7,853,943
Deer Permit (Antlerless or Either Sex)	578,818*	\$20.54	\$11,888,922
<b>Total</b>	<b>1,854,687</b>	<b>-</b>	<b>\$35,352,146</b>

\* DNR estimates that 83% (352,938) of all hunting license holders purchased at least one deer permit, with an average of 1.64 deer permits purchased per hunter, for a total of 578,818 deer permits.

The 2011 American Community Survey conducted by the U.S. Census Bureau estimated that there are 876,163 veterans living in Ohio out of about 8.8 million total residents aged 18 or over. This represents about 9.9% of the state's adult population. Because a single individual may purchase more than one type of license or permit (e.g., one person may purchase a hunting license, a fishing license, and multiple deer permits), it is difficult to determine the exact number of individual veterans who purchased a license or permit during LY 2012. For simplicity, this analysis assumes that veterans comprise roughly the same proportion of purchases of hunting and fishing licenses and permits as they do of the general population. That is, assuming that 9.9% of the purchases of hunting and fishing licenses in LY 2012 were made by veterans, then they comprised an estimated 183,613 total license and permit sales in that year.

Based on this estimate, Table 3 below displays the estimated revenue that would have been lost if these 183,613 veterans had been able to obtain free licenses, permits, and stamps during the most recent license year. Overall, the Wildlife Fund (Fund 7015) could lose approximately \$3.5 million annually from the most commonly purchased licenses and permits if veterans obtain free licenses. The actual loss is likely to be slightly greater as a result of sales of turkey permits, fur taker permits, wetlands habitat stamps, and other permits not included here. Most of this loss would be borne by Fund 7015, except for the loss in wetlands habitat stamp revenue, which would be borne by the Wetlands Habitat Fund (Fund 8160).

**Table 3. Estimated Revenue Loss from Free Veteran Hunting and Fishing Licenses and Deer Permits, LY 2012**

Type Sold	Estimated LY 2012 Sales	Average Price in LY 2011	Estimated Revenue Loss
Fishing License	84,214	\$18.35	\$1,545,327
Hunting License	42,097	\$18.47	\$777,532
Deer Permit (Antlerless or Either Sex)	57,302*	\$20.54	\$1,176,983
<b>Total</b>	<b>183,613</b>	-	<b>\$3,499,842</b>

\* DNR estimates that 83% of all hunting license holders purchased at least one deer permit, with an average of 1.64 deer permits purchased per hunter (estimated 42,097 veteran hunting license purchases x 0.83 x 1.64 = 57,302).

### Impact on federal grants

In addition to a likely reduction in license and permit fees collected by the Division of Wildlife, the bill's allowance for free licenses for veterans could also affect the state's ability to draw down federal grants under the Aid in Wildlife Restoration Act of 1937 (Pittman-Robertson Act) and the Federal Aid in Sport Fish Restoration Act of 1950 (Dingell-Johnson Act). Under these grants, a portion of the funding is provided based on the number of *paid* hunting and fishing licenses issued. To be considered paid licenses, the state must receive revenue that exceeds the cost of producing a license by at least one dollar. Providing free hunting and fishing licenses for Ohio veterans would reduce the total number of paid hunting and fishing licenses issued by the state, resulting in a loss in the amount awarded to Ohio under these federal grants.

The Pittman-Robertson Act provides formula grant funding to state wildlife agencies. Wildlife restoration grant awards are determined by a formula that provides 50% of the funding based on the land area of the state, and 50% by the number of paid hunting licenses issued. Pittman-Robertson funding based on paid hunting licenses issued was \$9.94 per license in FFY 2012, or \$4.0 million total. If the estimate of 42,097 veterans who purchased a hunting license in LY 2012 instead received one for free, this would have resulted in a loss of \$418,444 in federal Pittman-Robertson funding. For FFY 2013, Ohio could receive up to \$14.20 in Pittman-Robertson aid per license. At that rate, if the same number of licenses were to be sold in LY 2013, the state could forgo up to \$597,777 in funding under this program in FFY 2013.

Similarly, under the Dingell-Johnson Act, 60% of the funding is based on the number of paid fishing licenses issued, while 40% is based on the land area of the state. During FFY 2012, the portion of Dingell-Johnson funding based on the number of paid fishing licenses issued totaled approximately \$4.3 million, or \$5.32 per license issued. If the estimate of 84,214 veterans who purchased a fishing license in LY 2012 instead received one for free, this would have resulted in a loss of \$448,018 in Dingell-Johnson aid in that year. Under the expected formula for FFY 2013, Ohio could receive up to \$5.15 per fishing license, which would result in a loss of \$433,702 at estimated LY 2012 license sales levels.

Table 4 below shows the estimated amount of federal funds from each of these programs that could be lost under the bill. Note that these amounts do not represent the full amount of federal aid the state could receive under these programs, and that funding also depends on other factors such as the eligibility of the wildlife restoration projects the state engages in using the federal money, as well as the availability of matching funds.

<b>Table 4. Potential Loss in Federal Funding from Free Licenses for Veterans</b>					
<b>Program</b>	<b>Estimated Free Veteran Licenses</b>	<b>FFY 2012 Rate Per License</b>	<b>FFY 2012 Potential Loss</b>	<b>FFY 2013 Rate Per License</b>	<b>FFY 2013 Potential Loss</b>
Pittman-Robertson Wildlife Restoration Act	42,097	\$9.94	\$418,444	\$14.20	\$597,777
Dingell-Johnson Sport Fish Restoration Act	84,214	\$5.32	\$448,018	\$5.15	\$433,702
<b>Total</b>	<b>126,311</b>	<b>-</b>	<b>\$866,462</b>	<b>-</b>	<b>\$1,031,479</b>

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