

FISCAL NOTE

Bill #: HB0082

Title: Eliminate state land recreational use fees for residents

Primary Sponsor: Daniel Fuchs

Status: As Introduced

Sponsor signature Date

Chuck Swysgood, Budget Director Date

Fiscal Summary

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
Expenditures:		
State Special Revenue - Recreational Use Account	(15,272)	(46,280)
State Special Revenue - Trust Administration Account	14,427	43,780
Revenue:		
General Fund	(98,550)	(270,963)
State Special Revenue - Recreational Use Account	(15,272)	(46,280)
Net Impact on General Fund Balance:	(\$98,550)	(\$270,963)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
X		Included in the Executive Budget	X		Significant Long-Term Impacts
X		Dedicated Revenue Form Attached	X		Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. The proposed legislation does not go into effect until March 1, 2002. Therefore, the fiscal impact in FY 2002 is four months of license sales and program costs.
2. The proposed legislation only removes the fee provision for residents from the Recreational Use Program. Therefore, administration of the remainder of the Recreational Use Program still is necessary. The reduction to current expenditures would be the cost of printing licenses (\$845 in FY 2002 and \$2,500 in

FY 2003). Rather than funding the Recreational Use Program from license sales, program costs would be shifted to the state special revenue trust administration account. Continuing program costs are estimated to be \$14,427 for FY 2002 and \$43,780 for FY 2003.

3. A minimum of \$377,300 will be collected from the sale of recreational use licenses annually based upon previous years' sales. It is estimated that 90% of licenses are purchased by Montana residents. Therefore, revenue from recreational use license sales would be reduced by \$339,570.
4. The current distribution of the license fee is as follows: \$1.28/license to the recreational use account (for administration of the program), \$0.50/license to the local license agent selling the license, \$0.22/license to the DFWP for advertising and license distribution, and the remainder to the school trusts.
5. The \$339,570 collected in revenues is split among the four entities addressed in Assumption #4. These revenues would cease to be collected if the proposed legislation is passed. The loss of revenues would be incurred as follows: \$43,908 to the recreational use account, \$17,151 to the license agents, \$7,546 to the DFWP, and \$270,965 to the school trusts.
6. The recreational use program currently is funded from the recreational use account. Due to the decrease in revenues to the account, the shortfall in revenues would need to be made up by the state special revenue trust administration account.

FISCAL IMPACT:

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
<u>Expenditures:</u>		
Operating Expenses	(845)	(2,500)
<u>Funding:</u>		
State Special Revenue (02) Recreational Use	(15,272)	(46,280)
State Special Revenue (02) Trust Administration	<u>14,427</u>	<u>43,780</u>
TOTAL	(\$845)	(\$2,500)
<u>Revenues:</u>		
General Fund (01)	(98,550)	(270,963)
State Special Revenue (02) Recreational Use	(15,272)	(46,280)
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$98,550)	(\$270,963)
State Special Revenue (02)	(\$845)	(\$2,500)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Loss of this revenue source to local license agents is estimated at \$5,966 in FY 2002 and \$18,078 in FY 2003.

LONG-RANGE IMPACTS:

1. Loss of this source of revenue to the general fund for the school trusts.
2. Increased costs to the state special revenue trust administration account to administer the recreational use program on school trust lands.
3. Loss of revenue source for treating weed and property damage resulting from recreational use.

TECHNICAL NOTES:

1. Trust lands administered by the Department of Natural Resources and Conservation are subject to the Montana Enabling Act, which is federal law. Under Section 11 of that act, no interest in state trust land may be disposed of (sold, leased, or licensed) unless full market value is obtained. Court cases interpret this provision to require monetary compensation to the trust beneficiaries, which are the common school system, certain units of the university system, and certain other institutions. Section 6 of the proposed legislation repeals the resident license fee for recreational use of state trust land. To the extent that the grant of right to make recreational use of state trust land is a grant of an interest in state trust lands, the trusts must receive full market value for that use. The removal of the license fee may, therefore, violate the Enabling Act.
2. The Montana Constitution, Article X, Section 11, provides that state trust lands must be held and disposed of for the purposes for which they were granted and may not be disposed of (sold, leased, or licensed) at less than full market value. Thus, the defects discussed in Item #1 above also are constitutional defects.