

FISCAL NOTE

Bill #: HB0487

Title: Lottery drawing for certain big game licenses

Primary Sponsor: Dick Haines

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
-------------------	------	---------------------------------	------

Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
Federal Special Revenue	(11,308,842)	(11,308,842)
Revenue:		
Federal Special Revenue	(11,308,842)	(11,308,842)
Net Impact on General Fund Balance:	\$0	\$0

<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. A preliminary review of HB 487 by the US Fish and Wildlife Service indicates the bill would create a diversion of state license funds. If Montana were declared in diversion, over \$11 million annual federal funds would be withheld that is currently used to fund Montana's fish and wildlife programs.
2. This bill allows the commission to annually set aside a limited number and kind of resident and nonresident big game hunting licenses to be made available for purchase by successful lottery applicants. The Department of Fish, Wildlife and Parks (FWP) is unable to estimate which licenses and how many would be set aside.

3. Because the number of lottery participants is directly related to the number and types of licenses in the lottery, FWP is unable to estimate the revenue impact of this bill.
4. The impact based on FY 2000 federal Pittman Robertson (PR) and Wallop-Breaux (WB) revenues.

Expenditures/Revenues

a. PR	<u>Wildlife</u>	<u>Hunter Ed</u>	<u>Total</u>
	\$5,257,769	\$292,014	\$5,549,783
b. WB	<u>Fisheries</u>	<u>Motorboat</u>	<u>Total</u>
	\$4,742,200	\$836,859	\$5,759,059

Total federal funds in jeopardy of diversion = \$5,549,783 + \$5,759,059 = \$11,308,842

FISCAL IMPACT:

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
<u>Expenditures:</u>		
Operating Expenses	(\$11,308,842)	(\$11,308,842)
<u>Funding:</u>		
Federal Special Revenue (03)	(\$11,308,842)	(\$11,308,842)
<u>Revenues:</u>		
Federal Special Revenue (03)	(\$11,308,842)	(\$11,308,842)
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
Federal Special Revenue (03)	\$0	\$0

TECHNICAL NOTES:

1. The administrative cost to handle and promote the raffle and administer a grant program will be greater than the 10 percent limitation fee in the bill. The difference would have to be subsidized by other funds.

DEDICATION OF REVENUE:

- a) Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain).
Secondary non-consumptive users, such as photographers, wildlife viewers, bird watchers, hikers, etc. benefit from the country road grant program but are not required to pay unless they have purchased lottery chances.
- b) What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund? Big game lottery revenue has been earmarked in statute by the legislature for specific purposes. In order to provide appropriate accountability to FWP users, separate special revenue funds are needed.
- c) Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? ___Yes XNo (if no, explain) A preliminary review of HB 487 by the US Fish and Wildlife Service indicates the bill would create a diversion of state license funds. If Montana were declared in diversion, over \$11 million annually of federal funds would be withheld that is currently used to fund Montana's fish and wildlife programs.
- d) Does the need for this state special revenue provision still exist? XYes ___No (Explain)
- e) Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain) No, currently all other license revenue is recorded in state special revenue accounts and the legislature has been able to successfully scrutinize their budgets, control their expenditures and establish priorities for the department.
- f) Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain) Country road maintenance has long been an issue with both sportsmen and non-sportsmen. This program would provide additional support to road maintenance.
- g) How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?) Auditing efficiencies include a clear audit trail to support the non-diversion clause of state and federal statutes. It also provides appropriate and efficient accountability to FWP users.