



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # SB0275

Title: Generally revise the board of outfitters and outfitting laws and enforcement

Primary Sponsor: Welborn, Jeffrey W

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue - DoLI	(\$4,506)	(\$4,506)	(\$4,506)	(\$4,506)
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue - FWP	\$18,714	\$18,714	\$18,714	\$18,714
State Special Revenue - DoLI	(\$2,882)	(\$2,882)	(\$2,882)	(\$2,882)
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 275 amends several laws regarding outfitting laws, license transfers, and enforcement. SB 275 will create additional revenue in the Department of Fish, Wildlife, and Parks. This bill will cause a slight decrease in expenditures and revenues in the Department of Labor and Industry.

FISCAL ANALYSIS

Assumptions:

Department of Fish, Wildlife, and Parks (FWP)

- SB 275 removes the option for the Board of Outfitters to reimburse other agencies for costs incurred in the enforcement of Title 37. FWP does not currently receive this type of reimbursement from the Board of Outfitters, so FWP assumes no fiscal impact for this part of the bill.
- The bill repeals 87-6-105, MCA, removing the option for Title 87 to impose additional penalties for violations of Title 37 chapter 47. FWP does not currently collect these additional penalties, so FWP assumes no fiscal impact for this part of the bill.

3. The bill removes language regarding the State Parks and Recreation Board's oversight of the transfer of Smith River river-use days. The department assumes the removal of this language regarding Smith River river-use days would now allow outfitters who partially sell or temporarily transfer their business to also transfer their river-use days to another outfitter if the changes are reflected in the outfitter's operations plan.
4. The department does not know how many of the current outfitters who guide on the Smith River would utilize the option to transfer their river-use days to another outfitter through a partial sale or temporary business transfer. For the purposes of this fiscal note, the department assumes that outfitters will transfer all unused river-days, knowing this estimate is most likely higher than the actual number of transfers that will occur.
5. Current Smith River State Park rules adopted by the Montana State Parks and Recreation Board limits the total number of outfitted float trips to 73 per year.
6. From 2016 through 2020, the average number of outfitted float trips was 56. That leaves a potential for an increase of 17 float trips per year, assuming the current outfitters were to transfer all 17 of these available river-use days as part of a partial sale or temporary business transfer.
7. The current fees for an outfitted trip are as follows: \$200 launch fee per outfitted trip plus \$25 per outfitter staff and \$100 per outfitted client. There is also an additional fee per trip of \$200 when an outfitter transfers a trip.
8. The increase in revenue from the outfitted trip fee is \$3,400 (17 additional trips X \$200 fee per trip).
9. The increase in revenue from the transfer fee is \$3,400 (17 trips X \$200 transfer fee per trip).
10. The department records the annual average group size of an outfitted trip but does not track the number of people in the group who are outfitter staff and who are clients.
11. Of the seven outfitters who currently offer guided float trips on the Smith River, the average guide to client ratio is 1:2. The outfitters do offer a 1:1 guide ratio at an additional charge. For the purposes of this fiscal note, the department assumes that all of the additional 17 float trips per year will have a 1:2 guide ratio.
12. The 5-year average group size of an outfitted trip is 12.83 people. Assuming a 1:2 guide to client ratio, that equals approximately 4.28 guides per trip, and 8.55 clients per trip.
13. The department assumes the additional annual revenue received from the staff fee to be \$1,819 (\$25 fee per outfitter staff X 4.28 staff per trip X 17 additional trips per year).
14. The department assumes the additional annual revenue received from the clients to be \$14,535 (\$100 fee per client X 8.55 clients per trip X 17 additional trips per year).
15. The total annual revenue increase from the potential 17 additional outfitted Smith River float trips equals \$23,154 (\$3,400 in outfitter trip fees, plus \$3,400 in transfer fees, plus \$1,819 in outfitter staff fees, and \$14,535 in client float fees).
16. Currently, any unused outfitter trips are reissued in the private permit lottery. Because this fiscal note assumes that there will be no unused outfitter trips to be reissued in the private permit lottery, the private permit lottery will see a reduction in revenue for the 17 trips.
17. The fees for a private Smith River float trip are as follows: \$15 per youth (both residents and non-residents age 6-12), \$25 per resident (13 and older), \$60 per non-resident (age 13 and above), and \$0 per child under 6 years old (resident and non-resident).
18. The 5-year average group size of a private float group is 7.63. Applying that same group size to that of the 17 trips, there would be 130 people (or 17 trips X 7.63 people per trip, rounded).
19. In 2020, there were 6,332 people total who floated the Smith River (in both outfitted and private groups), 4,685 were residents (74%), and 1,647 were non-residents (26%).
20. Applying this same distribution to the 130 floaters, there would be 96 residents and 34 non-residents.
21. The department does not have data for the percentage of resident and non-resident floaters who are youth or children under the age of 6. The department assumes all the 130 floaters to be 13 years old and above.
22. The total annual revenue loss for private resident float trips fees is estimated to be \$2,400 (96 residents X \$25 resident float trip fee).
23. The total annual revenue loss for private non-resident float trip fees is estimated to be \$2,040 (34 non-residents X \$60 non-resident float trip fee).

24. The total annual revenue loss for private float trips that would now be transferred as outfitter trips is estimated to be \$4,400.
25. Subtracting the lost private float trip fee revenue from the increased outfitter revenue, there is a net increase in annual revenue of \$18,714 (\$23,154 additional outfitter trip revenue minus \$4,400 in private float trip fee revenue).
26. Because this bill would not cause an overall increase to the number of park visitors, this would not cause an increase in Smith River park expenditures.

Department of Labor and Industry (DoLI)

27. SB 275 changes the makeup of the Board of Outfitters and will reduce the number of board members to five from seven. This change will result in a decrease of board per diem of \$1,200, (two members x four meetings per year, x three days per meeting (prep, travel, and meeting day), x \$50 per day).
28. Travel expenses will decrease by an estimated total of \$2,240 for mileage paid, (two members x four meetings x 500 miles roundtrip per meeting x \$.56 per mile).
29. Lodging expenses will decrease by an estimated total of \$821.76 annually, (two members x four meetings x one overnight per meeting x \$102.72 per meeting for state rate lodging and taxes).
30. Meal expenses will decrease by an estimated total of \$244, (two members x four meetings x \$30.50 meal expenses per meeting, (travel and meeting days)).
31. Total reduction of board member expenses is \$4,506, (\$1,200 from personal services and \$3,306 from operating).
32. This legislation removes the annual submission of client log reports. These logs are currently reviewed, data is recorded, and the information and logs are scanned and uploaded to the database for the board. It is estimated that it takes department personnel, assigned to the board, approximately 32 hours annually to process and scan the log information received from licensees and an additional 32 hours to manage the data included in the logs. While a reduction of 64 hours per year of workload would not justify a reduction in FTE for the department it would likely result in a reduction in direct charges of personal services to this particular board.
33. The legislation removes the power to investigate and make arrests for violation of the provisions of 37-47-345, MCA, from wardens and amends 37-47-345, MCA, to read that investigations and issuance of board generated complaints for violations of the chapter, may be made through department investigations and at the board's request by any peace officer, warden of the department of fish, wildlife and parks, or federal agency enforcement personnel. As a result of this change, it is assumed that some investigatory work currently performed by wardens will shift to investigators employed by the department and personal service costs could rise as a result. Because the quantity and scope of investigations of board generated complaints is unknown, costs cannot be assessed with accuracy at this time.
34. Over the past five years (2016-2020), the board has received revenue totaling \$14,410, or an average of \$2,882 per year, for 50% of misdemeanor fines collected, with the remaining 50% going to the county where conviction occurred. This legislation would remove the allowance of this split in fine revenue, along with the designation that the funds be deposited into the state special revenue account of the board.

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Personal Services - DoLI	(\$1,200)	(\$1,200)	(\$1,200)	(\$1,200)
Operating Expenses - DoLI	(\$3,306)	(\$3,306)	(\$3,306)	(\$3,306)
Equipment	\$0	\$0	\$0	\$0
Benefits	\$0	\$0	\$0	\$0
Transfers	\$0	\$0	\$0	\$0
TOTAL Expenditures	(\$4,506)	(\$4,506)	(\$4,506)	(\$4,506)

<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02) - DoLI	(\$4,506)	(\$4,506)	(\$4,506)	(\$4,506)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	(\$4,506)	(\$4,506)	(\$4,506)	(\$4,506)

<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02) - FWP	\$18,714	\$18,714	\$18,714	\$18,714
State Special Revenue (02) - DoLI	(\$2,882)	(\$2,882)	(\$2,882)	(\$2,882)
Other	\$0	\$0	\$0	\$0
TOTAL Revenues	\$15,832	\$15,832	\$15,832	\$15,832

<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02) - FWP	\$18,714	\$18,714	\$18,714	\$18,714
State Special Revenue (02) - DoLI	\$1,624	\$1,624	\$1,624	\$1,624
Other	\$0	\$0	\$0	\$0

Effect on County or Other Local Revenues or Expenditures:

1. Local governments would retain 100% rather than 50% of any fines imposed.

NO SPONSOR SIGNATURE _____ 2/24/21 _____ KA _____ 2/23/21
 Sponsor's Initials Date Budget Director's Initials Date