

# Money Matters

A Publication of the House Fiscal Analysis Department

## The Game and Fish Fund: History and Current Status

*Minnesota is known for a strong heritage of fishing and hunting. Early in Minnesota's history there was a need for hunting and fishing regulations. There have been Governor's task forces and grass roots efforts to restore habitat of game and fish. The need for enforcement and habitat led to fines and fees which in turn led to the Game and Fish fund. This report explains the history of game and fish license fees and the Game and Fish fund, and provides a description of the current management of game and fish funds.*

Introduction .....	<a href="#">Page 1</a>
Hunting and Fishing Fee History .....	<a href="#">Page 1</a>
The Creation of the Game and Fish Fund .....	<a href="#">Page 1</a>
Game and Fish Revenues .....	<a href="#">Page 1</a>
How Minnesota Fees Fare vs. Neighboring States .....	<a href="#">Page 2</a>
Past Fee Increases .....	<a href="#">Page 3</a>
Game and Fish Fund Expenditures .....	<a href="#">Page 5</a>
Tribal Payments and Payment In-Lieu-Of Taxes .....	<a href="#">Page 5</a>
The Current Status of the Game and Fish Fund (1999) .....	<a href="#">Page 6</a>
Impact to DNR Budget Without the 1999 Proposed Fee Increase .....	<a href="#">Page 8</a>

## Introduction

Minnesota, the “Land of 10,000 Lakes,” was first settled by fur traders because of the abundance of animals, fisheries and the accessibility by way of the Mississippi River and Great Lakes. Hunting and fishing has become part of the State’s heritage and has since become a large part of the State’s tourism. This strong outdoor heritage has led to a strong interest in game and fish, therefore creating a need for hunting and fishing regulations and its financing. This report explains the history of game and fish license fees, the Game and Fish fund, and provides a description of the current management of our game and fish funds.

## Hunting and Fishing Fee History

In MN Statutes 1894 there is no fishing or hunting license fee which residents were required to pay. There were, however, a number of game and fish regulations in which fines were collected for noncompliance. At that time, the collected fines were credited directly to the General Fund. Appropriations of \$15,000 for FY 1893 and \$15,000 for FY 1894 were made for the enforcement of the regulations in law. These appropriations were made from the General Fund. Department of Natural Resources (DNR) records show that the first license on record was the deer license, which cost \$0.25 in 1899.

## The Creation of the Game and Fish Fund

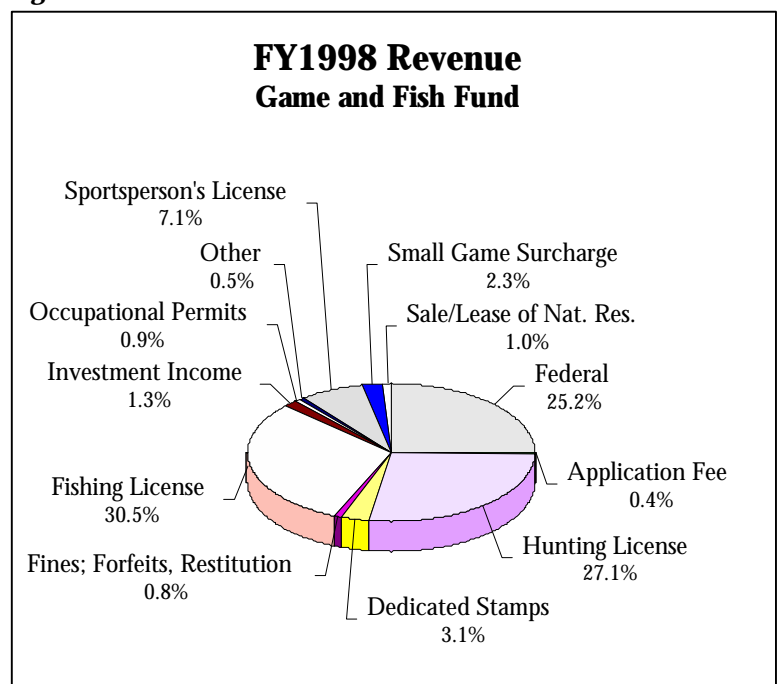
According to the Minnesota Department of Administration’s report, *An Analysis of the Game and Fish Fund*, the Game and Fish fund was created in 1927. Originally, all proceeds from fees and fines were available for the commissioner of the DNR (without Legislative oversight) for expenses related to enforcement and management of fish and wildlife resources, with unexpended amounts being deposited into the Game and Fish fund. Original language from Minnesota Statute read, “all unexpended balances and moneys hereafter received from licenses of any kind issued by the commissioner on behalf of the division, together with all receipts from fines, sale of contraband or property...shall be credited by the state treasurer to a special fund known as the game and fish fund...” (Minn. Stat. § 97.49 Subd. 1 (1984.))

In 1986 the legislature changed the composition of the fund to its current status (MN Laws of 1986, Chapter 386, Section 10.) The change resulted in all receipts being deposited directly into the Game and Fish fund. Under current law, appropriations by the Legislature from the Game and Fish fund are made to the DNR primarily through the Environment and Natural Resource Omnibus Appropriation Bill.

## Game and Fish Revenues

FY 1998 Game and Fish Fund revenues totaled over \$56 million. Of this, 30.5 percent came from fishing license fees, 27.1 percent from hunting fees, 7.1 percent from sportsman fees and 25.2 percent came from federal funds (Figure 1). The federal funds come in the form of a reimbursement to the state based on the number of individuals who purchase angling or hunting licenses, and the size of the state in acres (1937 Pitman-Robertson.) A history of revenues back to 1993 can be seen in Figure 9 (page 7). A 1991 report by the State Auditor’s office shows that the demand for licenses is does not change significantly with changes in license fees. The increases in license fees over the years has had little effect on the number of licenses sold.

Figure 1



## How Minnesota Fees Fare vs. Neighboring States:

Minnesota has relatively lower license fees than those of neighboring states (see Figure 2). Minnesota resident and non-resident hunting license fees are among the lowest in the five state region. Minnesota's resident small game and small game senior, non-resident small game, deer and bear license fees are the lowest in the five state comparison. Fishing license fees tend to fall in the middle of the five-state range.

Figure 2

	Minnesota	Iowa	S. Dakota	N. Dakota	Wisconsin
<b>Resident Hunting</b>					
Small Game	\$10.00	\$12.50	\$22.00	\$14.00	\$14.00
Small Game, Sr.	\$5.00	Lifetime*	\$22.00	\$14.00	\$7.00
Turkey	\$16.00	\$22.50	\$15.00	a*	\$11.00
Deer	\$22.00	\$25.50	\$25.00	\$20.00	\$20.00
Bear	\$33.00	n/a	n/a	n/a	\$41.00
Elk	\$220.00	n/a	\$100.00	a*	n/a
Moose	\$275.00	n/a	n/a	a*	n/a
<b>Resident Fishing</b>					
Individual	\$15.00	\$10.50	\$21.00	\$10.00	\$14.00
Senior	\$5.50	Lifetime*	\$5.00	\$3.00	\$7.00
Married	\$20.50	n/a	n/a	\$14.00	\$24.00
<b>Non-Resident Hunting</b>					
Small Game	\$56.00	\$60.50	\$95.00	\$93.00	\$75.00
Deer	\$110.00	\$150.50	\$150.00	\$155-160	\$135.00
Bear	\$165.00	n/a	n/a	n/a	\$201.00
Turkey	\$56.00	\$75.50	\$80.00	n/a	\$55.00
<b>Non-Resident Fishing</b>					
Individual	\$31.00	\$22.50	\$59.00	\$25.00	\$34.00
7-DAY	\$21.50	\$8.50	n/a	\$15.00	n/a
3-DAY	\$18.00	n/a	\$30.00	\$10.00	\$15.00

Information from the states' wildlife web pages. (July 1999)

n/a = not available

a\* = available; price not provided

\* The lifetime senior licenses in Iowa cost \$50.50 each.

## Past Fee Increases

Figures 3-6 on the next page show a sample of hunting and fishing license fee increases since 1981. Fees for hunting licenses have not increased since 1991. The latest increases in fishing license fees came in 1991 and 1997. The 1999 Proposal (represented by the last dot, after 1999 in Figures 3-6) is the one contained in the House Environment and Natural Resource Omnibus Appropriation bill before it was removed on the House floor.

Figure 3

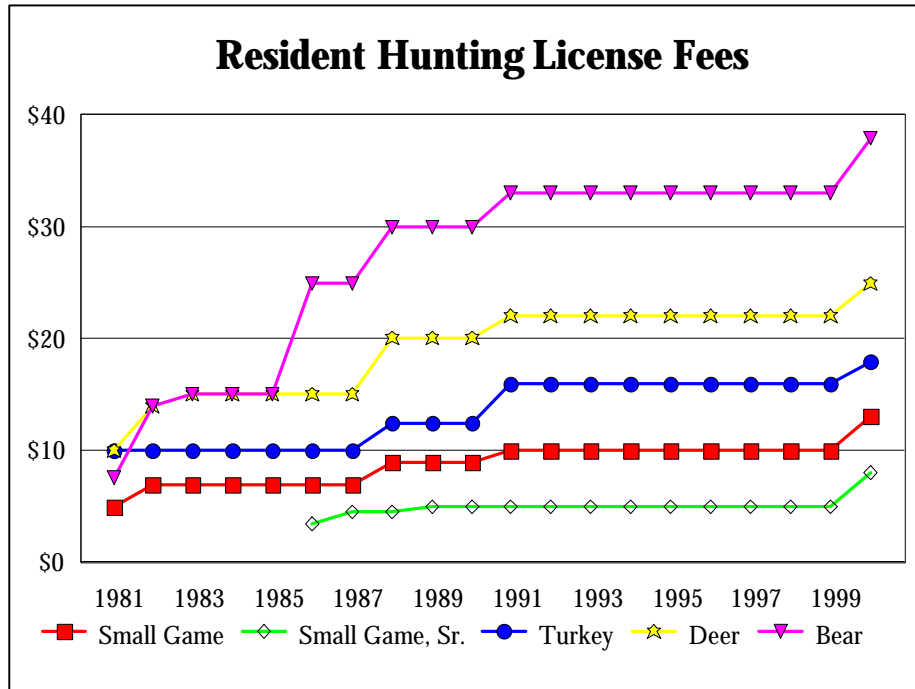


Figure 4

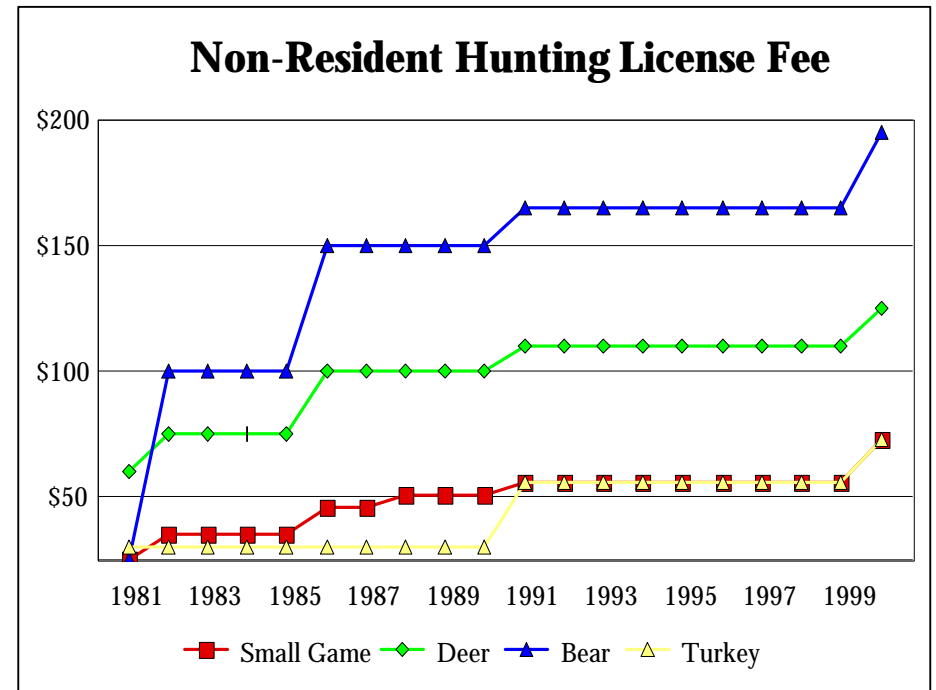


Figure 5

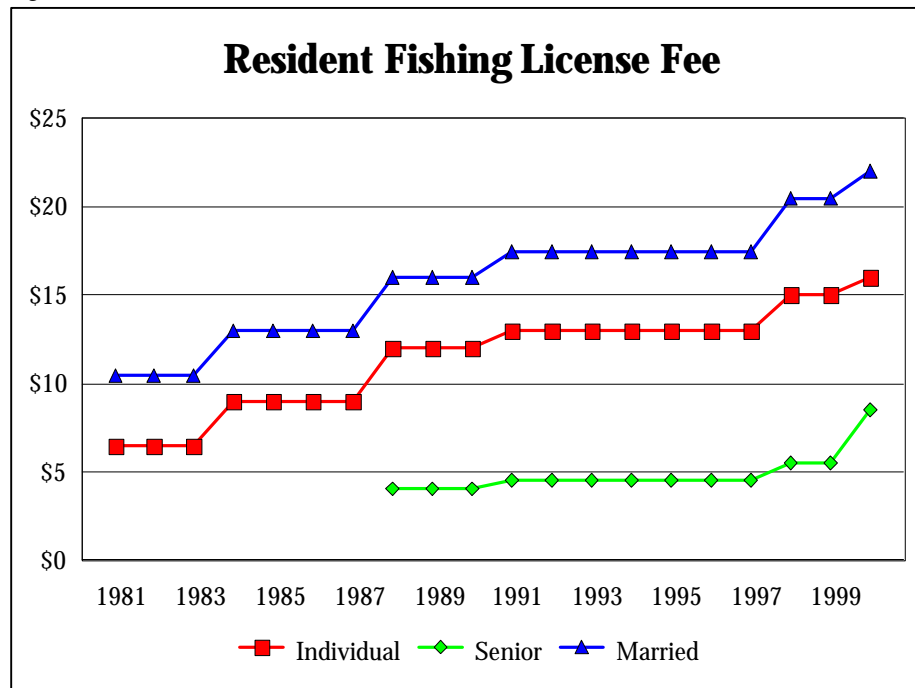
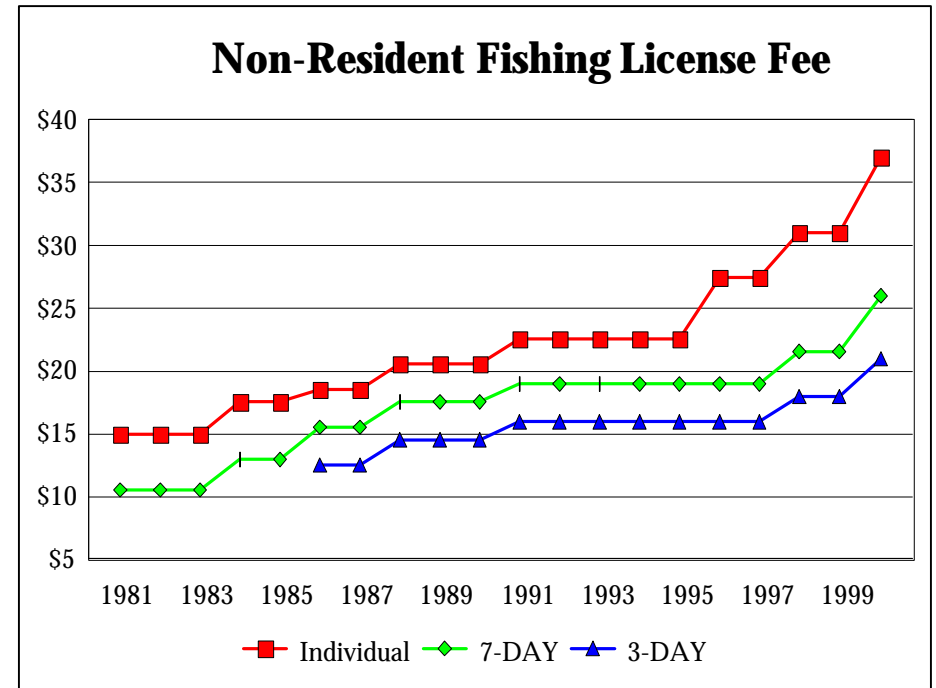


Figure 6

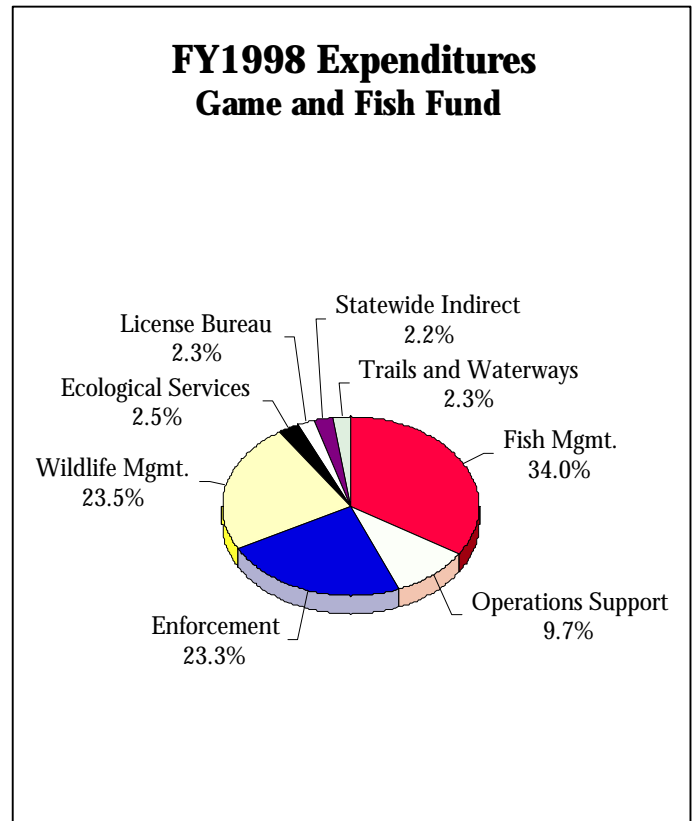


## Game and Fish Fund Expenditures

The DNR Sections, Divisions, and/or Bureaus in which appropriations from the Game and Fish fund are expended (Figure 7) are:

- *Fish Management:* Manages aquatic populations. Activities include: lake and stream surveys, fish culture and stocking, MinnAqua Education program.
- *Wildlife Management:* Protects and manages the states wildlife resources. Activities include: managing over 1.2 million acres of wildlife management areas, improving farmland and forest land for habitat, managing wildlife populations.
- *Ecological Services:* Protects, maintains and enhances the health and integrity of Minnesota's ecosystems. Activities include: fish and wildlife planning, lake mapping, aquatic plant management, stream and river protection and restoration, environmental review for impact of project on fish and wildlife.
- *Enforcement:* Provides law enforcement services for the department. Activities include: hunting and fishing regulation and safety training.
- *Trails and Waterways:* The state is required to use 15 percent of the Wallop-Breaux federal funds in the Game and Fish fund on increasing public water access.
- *License Bureau:* Handles the production, distribution and sale of various licenses and permits which are required to participate in the outdoor recreation opportunities that the state provides.

Figure 7



## Tribal Payments and Payment In-Lieu-Of Taxes

Payments to American Indian tribes required by treaties over ceded territories and payment in-lieu-of taxes were once an expenditure from the Game and Fish fund. The move of this expenditure to the General Fund was based on the argument that because the expenditure was not primarily a game and fish management related activity, the entire cost of the payments should be borne by the General Fund. Opponents argued that hunters and fishers are the primary beneficiaries of the treaties and should therefore pay a portion of their cost. In FY1991 the cost of tribal treaties to the Game and Fish fund was about \$1 million. Tribal payments were transferred to the General Fund in FY1995. Payment in-lieu-of taxes for forfeited land to the state was transferred in FY1994. In FY1991, the Game and Fish fund portion of the in-lieu-of-tax payments were \$740,000 out of a total in-lieu-of-tax expenditure of \$5.3 million. About twenty percent of the forfeited land is put into wildlife management areas (WMAs) which, again, primarily benefit hunters and fishers.

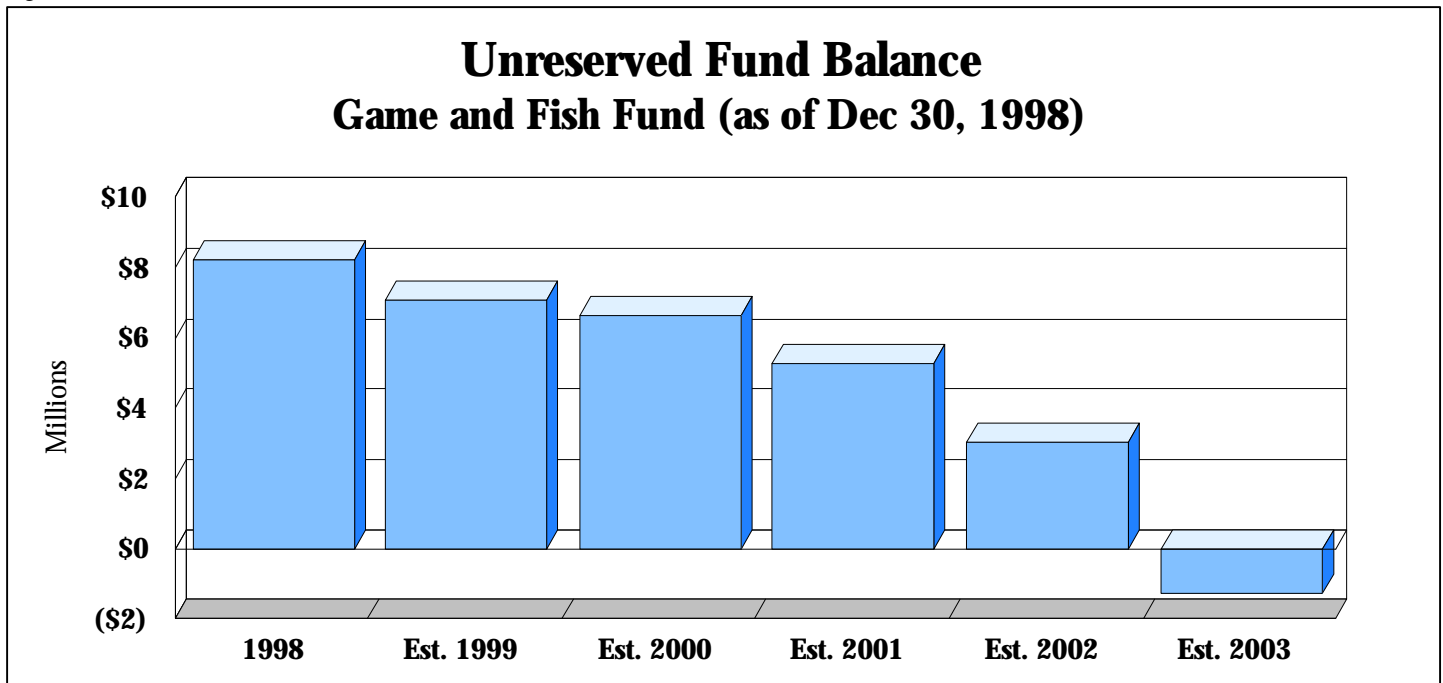
Another expenditure which has created significant discussion is the funding of the Ecological Services section within the DNR. The activities within this section involve assessing the condition of the ecosystem, however these activities benefit both sports people and non-game enthusiasts. The hunting and fishing interest groups, who pay fees, get the benefit of increased and improved habitat, research and information. At the same time, other recreationalists involved in non-game activities such as birdwatching also benefit without paying the hunting or fishing fee. Hunting and fishing groups argue that fees support non-hunting and non-fishing activities. This is one of the reasons that a General Fund match

of the fee increase, as proposed in the 1999 Omnibus Environment and Natural Resource bill, was requested. The Game and Fish fund was created in 1927 based on the argument that the fees should go toward activities which benefit populations and habitat of game and fish and not toward non-game activities which arguably should be paid out of the General Fund.

**The Current Status of the Game and Fish Fund (1999)**

The fund statement for the Game and Fish fund (provided by DNR as of December 30, 1998) shows that the fund will be running a deficit as of FY2003 (Figure 8.) Comparing revenue and expenditures on an annual basis since 1993 shows that expenditures are below revenues with the exceptions of 1993 and 1997 (Figure 9, next page.) Many of the personnel related expenses at the DNR are exerting pressure on the expenditures side of the fund. Inflationary costs, increased medical benefits, an aging workforce receiving salary increases above the rate of inflation, and an increasing number of employees leaving with retirement packages, will continue to drive up expenditures while revenues from the license fee remain constant. Figure 8 shows that in the year 2003, the Game and Fish fund will have a negative unreserved fund balance. The DNR is charged under MN Stat. 97A.055 Subd. 4(b) to provide a report which includes the commissioner’s recommendation for any statutory changes needed to adjust game and fish fees, charges and surcharges. There were no such recommendations in the 1998 Game and Fish Fund Report.

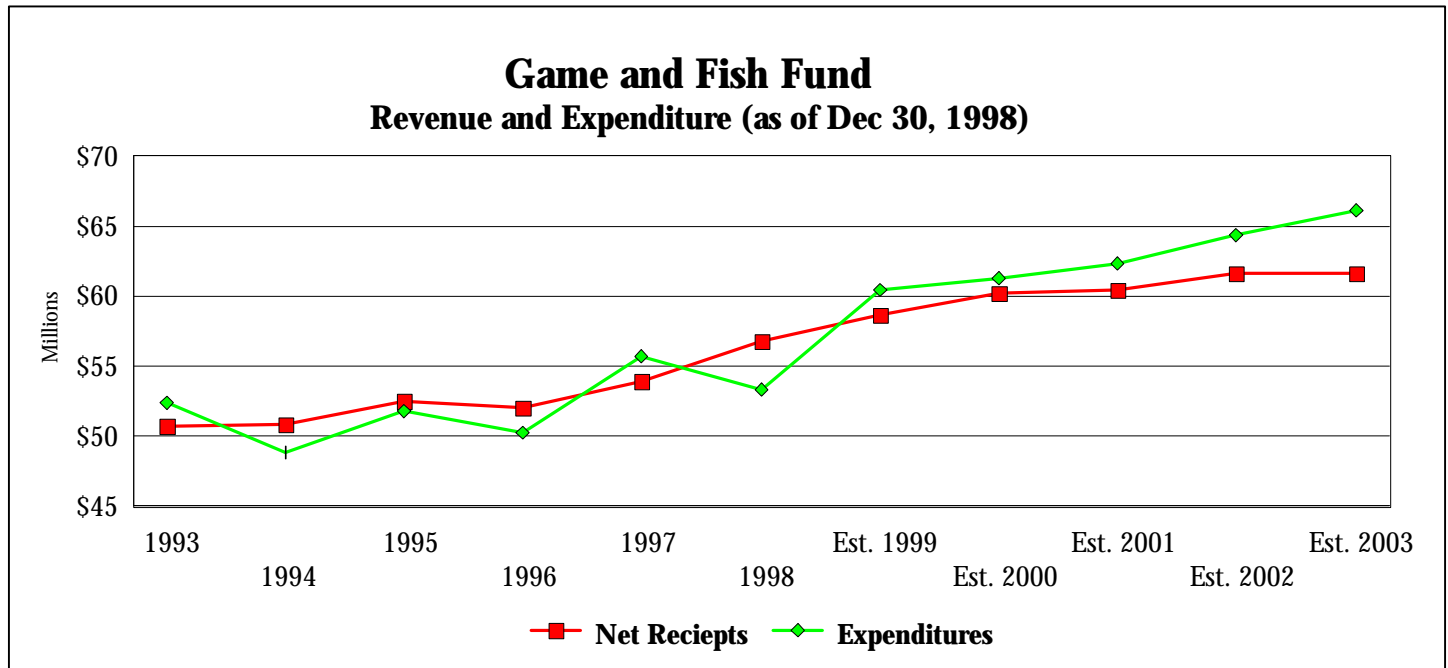
Figure 8



Because of the projected deficit in the fund an initiative to increase fishing and hunting licenses was introduced during the 1999 Legislative Session to revitalize the fund. This effort (\$4.5 million to the Game and Fish fund per year) was originally voted down in both the Senate and the House Omnibus Environment and Natural Resource Finance bills (passing out of the Senate in the “Game and Fish” Omnibus bill in the last few hours of the legislative session), and now there is discussion over the impact of the loss of the increases. The game and fish groups were in support of the increase only if there was General Fund support in a two-to-one (Game and Fish to General Fund) ratio. The Environment and Natural Resource Omnibus Appropriations bill was signed into law with one year of General Fund support with the Governor vetoing the second year funding. The Governor’s veto message stated, “...I vetoed the second year of funding of the Fish and Game Division, because I believe the legislature must come back in the 2000 session and adopt the fee increases which had been agreed to by the legislative leadership of both bodies and myself. My support for general fund increases in these activities was contingent upon passage of legislation increasing the fees.”

Figure 10 shows a FY1998 comparison of Game and Fish expenditures versus General Fund expenditures on activities that *directly relate* to game and fish activities. Various accounting methods make it complex in some cases (such as in

Figure 9



Enforcement, where conservation officers enforce game and non-game regulations) to assess the General Fund spending on game and fish activities precisely, but they can be estimated using cost coding. Figure 10 shows that in FY1998 there was a Game and Fish-to-General Fund expenditure ratio of approximately 4:1.

Figure 10

Expenditure Detail	1998 G&F Fund Expenditures	1998 General Fund Expenditures	Ratio G&F:GF
Fish Management	\$18,167,648	\$6,092,000	2.98
Wildlife Management	\$12,570,041	\$2,174,000	5.78
Ecological Services	\$1,358,342	\$1,849,000	0.73
Enforcement			
Hunting/Fishing/Regulation/Training	\$12,452,000	\$190,000	65.54
Trails and Waterways			
Water Access and Fishing Piers	\$1,251,832	\$274,000	4.57
License Bureau	\$1,210,000	\$69,000	17.54
Statewide Indirect	\$1,167,406	\$0	NA
Operations Support	\$5,199,569	\$2,253,000	2.31
<b>Totals:</b>	<b>\$53,376,838</b>	<b>\$12,901,000</b>	<b>4.14</b>

### Impact to DNR Budget Without the 1999 Proposed Fee Increase

The 1999 proposal would have increased revenue to the Game and Fish fund by an estimated \$4.5 million each year. Without this revenue, the DNR needs to cut expenses to eliminate the estimated negative fund balance in 2003. Early

reports from the DNR indicate that without further action on game and fish license fees, funding will run out prior to the fall of 2000, affecting the 2000 moose season, DNR support for Take a Kid Fishing Day, clearing of hunter walking trails, and habitat improvement in State Forests. Activities which the DNR indicates it will reduce support for include fishing pier maintenance, statewide enforcement efforts, lake mapping, goose, deer and bear damage management, wildlife area boundary postings, efforts to promote catch and release fishing practices, noxious weed control, lake aeration systems, population surveys, restoration of native vegetation, improvement of trout stream habitat, a pheasant relocation project and 14 staff positions in Wildlife, 4 staff positions in Enforcement, 6 staff positions in Fisheries, and 2 staff positions in Ecological Services.

*For further information, please contact Peter Skwira of the House Fiscal Staff at (651) 296-4281 or [peter.skwira@house.leg.state.mn.us](mailto:peter.skwira@house.leg.state.mn.us)*