

PREPARED BY:
 DATE PREPARED:
 PHONE:

Mike Lovelace
 January 31, 2012
 471-0050

LB 1163

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	32,177			
CASH FUNDS	Net of zero	Net of zero	Net of zero	Net of zero
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	32,177			

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 1163 establishes a deer donation program to be administered by the Game and Parks Commission. Under the program, deer hunters may designate that a portion of their license fee be placed in the newly created Hunters Helping the Hungry Cash Fund. The Commission will annually set the portion of the license fee that will be placed in the new cash fund by participating hunters. The Commission is to develop a contractual relationship with meat processors to process the donated deer and will pay for their services with funds placed in the Hunters Helping the Hungry Cash Fund. Program costs are limited to the amount of money contained in the fund.

Revenue Impact

There will be no fiscal impact on the amount of deer license revenue received by the Game and Parks Commission. There will be a shift in where this license revenue is deposited. Currently, deer license revenue is deposited into the Game Cash Fund. Under the provisions of LB 1163 a portion of this revenue will now be deposited into the Hunters Helping the Hungry Cash Fund.

The Commission has indicated that the amount of revenue that will be diverted to the Hunters Helping the Hungry Cash Fund is hard to predict, but they give the following example for illustrative purposes. Assuming the Commission designates \$1 as the portion of the deer permit fee to be credited to the fund, and 75% of the deer hunters choose to participate, about \$105,000 would be generated to fund the donation program.

It is important to note that statutes control what each of these funds may be utilized for, and for this reason less money will be available for activities that are currently funded by the Game Cash Fund.

Expenditure Impact

The Game and Parks Commission has estimated implementation costs to be as follows:

	<u>FY12-13</u>	<u>FY13-14</u>
Administrative Asst. to administer program	\$49,307	\$49,307
Office equipment for the new position (one time cost)	3,700	
Office supplies	150	300
Promotional material and forms	8,000	3,000
Permit system programming (one time cost)	8,000	
<i>Total administrative costs</i>	\$69,157	\$52,607

General Fund Impact – Some of the first year costs will need to be incurred by the Commission before the Hunters Helping the Hungry Cash Fund begins receiving revenue. General Funds would need to be appropriated to fund these start-up costs. The Commission has requested \$69,578 General Funds to cover these costs. However, assuming the new Administrative Asst. is hired July 1, and the bulk of deer permit revenue is received by November, it may be possible to reduce the General Fund share of the new position to three months or \$12,327. It would seem that the other administrative costs would be incurred immediately (equipment, programming, etc.) and would also need to be General Funded; these total \$19,850. Therefore the total General Fund impact for start-up costs is conservatively estimated to be \$32,177. They may be higher if cash fund revenue does not materialize as expected starting in November. Permit sales revenue should be available in time to fund the processing and delivery costs.

Processing/delivery costs - Based on the administrative costs outlined by the Commission, their illustrative revenue estimate of \$105,000, and my conservative General Fund cost of \$32,177 the first year, there would be \$68,020 in FY12-13 and \$52,393 in FY13-14 available to pay meat processors for their services. Assuming a per-deer processing and delivery cost of \$85 (estimate provided by the Commission) the number of deer that could be donated equals 800 in FY12-13 and 616 in FY13-14.

The Commission's fiscal note indicates expenditures of \$297,500 for the processing and delivery costs of 3,500 deer. However, the drafting of the bill makes it very clear that the cost of the program is intended to be limited to the amount of revenue deposited into the Hunters Helping the Hungry Cash Fund. For this reason I cannot agree with the Commission's \$297,500 expenditure estimate for processing/delivery costs.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Cindy Miserez	DATE	1/27/12	PHONE	471-2526
COMMENTS					
NEBRASKA GAME AND PARKS COMMISSION: I have no basis to disagree with NGPC's estimates.					

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LEGISLATIVE FISCAL

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State Agency OR Political Subdivision Name: (2) Nebraska Game and Parks Commission

Prepared by: (3) Patrick H. Cole Date Prepared: (4) January 23, 2012 Phone: (5) (402)471-5523

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2012-2013		FY 2013-2014	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	69,578			
CASH FUNDS	297,079*	(105,000)*	350,107*	(105,000)*
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	366,657*	(105,000)*	350,107*	(105,000)*

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

The proposed legislation would establish procedures for the administration of a deer donation program and to encourage hunters to harvest deer to donate to a program to feed inmates in Nebraska and residents of Nebraska who are in need. The Nebraska Game and Parks Commission (Commission) would need to provide each deer permit applicant an ability to identify whether or not they would like a portion of their permit fee(s) to be credited to the Hunters Helping the Hungry Cash Fund (newly created as part of this legislation). The portion of deer permit fees to be credited to the fund would be determined annually by the Commission. The fund is to be used to carry out the deer donation program.

The legislation calls for the Commission to adopt and promulgate rules and regulations establishing standards for participating meat processors related to deer processing. It's unclear as to whether or not this relates to how the deer meat is to be processed, i.e. types of products produced, or conditions under which the meat is to be processed, or how processors are selected for program participation.

The Commission would be responsible for contracting annually with meat processors that program participants would utilize to drop off donated deer carcasses. The Commission would set a fair market price for the processing cost of deer, which would be paid to participating processors based on an annual per-deer payment. All program costs appear to be limited to the amount of money available in the Hunters Helping the Hungry Cash Fund.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2012-2013	2013-2014
	12-13	13-14	EXPENDITURES	EXPENDITURES
Admin Assistant II	1	1	33,307	33,307
Benefits.....			16,000	16,000
Operating.....			313,650	300,800
Travel.....				
Capital outlay.....			3,700	
Aid.....				
Capital improvements.....				
TOTAL.....			366,657	350,107

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Expenses associated with the program include the processing fee per-deer; informational and promotional materials to be provided to meat processors; donation forms; programming expenses related to enabling the Commission’s electronic permitting system to be able to document and account for deer permit applicants wanting to donate a portion of their deer permit fee(s) to the program; and administrative costs associated with coordinating the program. The Commission’s electronic permitting system is maintained by the state’s Office of the Chief Information Officer (OCIO) on a time and materials reimbursement basis. The programming needs are estimated to cost \$8,000.00.

Based on experiences of other state’s with similar programs (e.g. Iowa and South Dakota) and for planning purposes, it is expected that at least one new position would be required to establish and administer the program in Nebraska. The position would necessitate program organization and accounting skills as well as communication skills. An Administrative Assistant II level position will be used for estimating costs (\$33,307 annual salary plus \$16,000 in benefits for health/life insurance, retirement, OASDI). In addition to staffing costs, additional expenses would be incurred related to equipment (basic desk, chair, file cabinet, computer, printer, phone...one-time cost of approximately \$3,700), office supplies/expense (phone charges, paper, pens, postage estimated as \$300/annually) plus the initial startup costs, printing and distribution of promotional items and donation forms.

The Nebraska Department of Agriculture had previously estimated that there were some 150 meat processors in the state that were licensed as “custom exempt plants” that may process deer. Assuming 100 meat processors would be willing to participate, promotional items, posters, flyers, donation forms, record keeping forms etc would need to be produced and delivered to those locations. An estimated \$8,000 would be needed the first year with annual replacement/replenishment of approximately \$3,000 annually to cover supplying all of the meat processors.

Assuming that the meat would be processed in the least expensive fashion (i.e. ground), based on known rates of \$65 to \$85 per deer currently being paid in the state, for illustrative purposes a cost of \$75/deer will be used to calculate costs of “fair market price”. Iowa currently pays \$70-75/deer. A recent survey of deer hunters indicated that some 23,000 currently share their deer meat. No breakdown was provided as to who it was given to or whether or not it was a whole deer or portion thereof. Iowa’s program gets approximately 7,000 deer donated annually. Assuming we would receive at least half of what Iowa experiences, some 3,500 deer could be donated annually. Using the \$75/deer processing fee, plus an additional \$10/deer for ‘delivery costs (legislative intent identifies inmates of Nebraska as well as residents of Nebraska who are in need as the beneficiaries of the donated meat, the deer would need to be distributed to the recipients, so a cost is provided) a cost of \$297,500 would be incurred annually. *With the available funds being the limiting factor, it would likely reduce the number of deer to about 616 (105,000 revenue – admin expenses yr 2 52,607 = 52,393/85/deer).

Expense Category	YEAR 1 (1/2)	YEAR 2
Admin Assist II (wages)	\$ 33,307.00	\$ 33,307.00
AAll (benefits	\$ 16,000.00	\$ 16,000.00
Office equipment	\$ 3,700.00	
Office supplies	\$ 150.00	\$ 300.00
Promo/record items	\$ 8,000.00	\$ 3,000.00
Permit system Programming	\$ 8,000.00	
Processing/delivery Fees	\$ 297,500.00	\$ 297,500.00
EST TOTAL	\$ 366,657.00	\$ 350,107.00

Revenues anticipated from the voluntary designation of a portion of the deer permit fee(s) from deer hunters is hard to predict. For illustrative purposes, it will be assumed that the Commission would designate \$1.00 per permit to be the portion to be credited to the program fund and that 75% of permit purchasers would agree to participate. Based on 2011 deer permit sales of approximately 140,000, some \$105,000 could be raised. The

money would be collected beginning in April (draw application period) and run into the next January (direct sales

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period June-January) for particular seasons. The timing of revenue collection and subsequent expenditures could be a challenge from both a cash flow perspective as well as entering/fulfilling contractual obligations for deer processing. It should be noted that these funds are NOT NEW revenues, but rather a shift from existing revenues since the fee will come off the top of the permit fees being collected rather than on top of. The net revenue would be neutral, but would be negative for the game fund and positive for the Hunters Helping the Hungry Cash Fund. It is shown as a negative amount to draw attention to this result, since it will have a negative impact on monies available for game funded activities.

It should also be noted that those wishing to contribute a portion of their permit fees would not necessarily represent those that would be willing/able to donate a deer. Harvest success will be the major determining factor influencing deer donations.

An A bill is requested. Since it is likely that the first year's anticipated revenues would not be fully achieved in a timely (cash flow) manner, general fund support would be requested to cover the initial administrative costs (\$69,578 –staff and supplies) the first year. Cash funds would cover the processing/deliver expenses to the extent they would materialize. Since the language of the bill limits actual costs to the funds available in the Hunters Helping the Hungry Cash Fund, the cost of processing/delivery fees would be the limiting factor as to the number of participants and deer. Under the current assumptions, the number of deer that could be processed would be much less than the 3,500 estimated. Program size/scope would be limited by the revenues generated, thus projected costs would have to be reduced accordingly.