



**House  
Legislative  
Analysis  
Section**

Washington Square Building, Suite 1025  
Lansing, Michigan 48909  
Phone 517/373-6466

**LIFETIME HUNTING/FISHING LICENSES**

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House Bill 4764 as enrolled  
Second Analysis (4-6-88)

MAY 05 1988

Sponsor: Rep. Thomas Scott

Mich. State Law Libr.

House Committee: Conservation & Environment

Senate Committee: Natural Resources & Environmental  
Affairs

***THE APPARENT PROBLEM:***

The game and fish protection fund, which is administered by the Department of Natural Resources (DNR), is the primary source of funding for the state's hunting and fishing programs, including enforcement of game and fish laws and related support services, educational services, and administrative costs. Most of the money in this fund comes from the sale of hunting, fishing, and trapping licenses and stamps, with the remainder consisting of income from state-owned lands acquired with game and fish money.

The game and fish protection fund has been plagued with short and long term budgetary problems. Some of the problems can be traced to specific sources, such as the shortfall generated by the state's failure to completely reimburse the fund for revenue losses resulting from the institution of discounted senior citizens' license fees. But a continuing problem for the fund has been that, since it is based primarily on fixed license fees, its income remains relatively constant while the costs of the programs it funds continue to rise with inflation. The combination of fixed fees and rising costs due to inflation results in periodic budgetary shortfalls, followed by periodic license fee increases.

One way to offset the need for periodic fee increases would be to establish a trust fund, the interest and earnings from which could be used to pay for increased costs due to inflation.

***THE CONTENT OF THE BILL:***

The bill would create a game and fish lifetime license trust fund in the state treasury. The trust fund would be located in the Department of Treasury and would be maintained and invested by the state treasurer. Money for the fund would come initially from the sale of lifetime hunting and fishing licenses and stamps to residents of the state between March 1, 1989 and February 28, 1990. The treasurer would credit the amount of money to the game and fish protection fund that the Department of Natural Resources (DNR) would have received had the holder of the lifetime license purchased the equivalent annual license during the license year. After the closing date of the sale and for each year after, the state treasurer could annually credit the game and fish protection fund (from the interest, earnings, and body of the trust fund) with the amount of money that the DNR would have received had the holder of the lifetime license purchased the equivalent annual license during the license year.

The following lifetime licenses and stamps would be offered for sale: 1) a small game license for \$220; 2) a fishing license for \$220; 3) a trout and salmon stamp for \$220; 4) a firearm deer license for \$285; and 5) a sportsperson license for \$1,000 which would include privileges for small game, fish, and deer (both rifle and bow and arrow). A holder of a lifetime license would have the same rights and responsibilities as someone holding the equivalent annual license. In addition, a lifetime license

issued to a person who was a resident of the state at the time the license was purchased would continue to be valid even if the holder of the license became a nonresident. The term resident would include a person who resided in a settled or permanent home or domicile within the boundaries of the state with the intention of remaining in the state, as well as a student who was enrolled in a full-time course of study at a college or university within the state.

Persons authorized by the director of the DNR would handle applications for lifetime licenses. In addition to the license fee, an applicant would have to provide the following information on the application form: name, address, age, height, weight, eye color, social security number, and driver's license (if the applicant had one). Upon receipt of completed application forms from a person authorized to sell licenses, the DNR would review the applications and mail the lifetime license to the applicant within seven days. If the DNR determined that the applicant was not eligible for the equivalent license or stamp it would return the fee to the applicant minus the amount retained by the person authorized to sell licenses with notification of denial of the application. Persons authorized to sell lifetime licenses could retain the following amounts: \$6 from each lifetime fishing, small game, and trout and salmon license; \$8 from each lifetime firearm and bow and arrow deer license; and \$15 from each lifetime sportsperson license. Persons authorized to sell lifetime licenses would be required to file a complete report with the DNR before March 31, 1990 of all lifetime licenses sold between March 1, 1989 and February 28, 1990. All information needed to process lifetime license applications, all unsold lifetime licenses and all remaining money would be sent to the DNR by persons authorized to sell lifetime licenses. In addition to any other penalty provided by law, a person authorized to sell lifetime licenses who violated the bill would forfeit the right to issue lifetime licenses and would forfeit the right to retain license fees for lifetime licenses not received by the department within 20 days after the date the fees should have been tendered to the DNR.

If a lifetime license or stamp were lost, damaged or destroyed, the holder could apply to the DNR for replacement. Anyone seeking a replacement license would have to repeat the entire application procedure, including payment of the lifetime fee(s), unless the applicant could present the damaged license or a police report (or other verification approved by the DNR) verifying its loss or destruction. The DNR could also require that the holder of a lifetime license get a replacement if the license were mutilated or illegible. Lifetime license holders would have to notify the DNR of a name or address change.

A person could buy a lifetime license for someone else, including a child. Upon receiving the fee(s), the DNR would issue a certificate which would enable the designated person to apply for the license. If the person in question

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were too young to use the license, he or she would have to wait until he or she were old enough and then go through the regular application procedure at any DNR district or regional office.

### **FISCAL IMPLICATIONS:**

According to the House Fiscal Agency, the fiscal implications of the bill to the state are indeterminate; the number of people who will buy the licenses cannot be determined at this time. Further, no estimates can be made from the experience of other states because lifetime license programs have had mixed success. (4-5-88)

### **ARGUMENTS:**

#### **For:**

No one likes to see hunting and fishing license fees raised, but given the current funding of the game and fish protection fund, periodic fee increases are inevitable. In order to eliminate or at least postpone such increases, the game and fish protection fund needs a source of revenue in addition to the fees and which would keep up with inflation. The game and fish lifetime license trust fund is intended to do just that. The amount of money that would have been collected for lifetime license fees would go to the game and fish protection fund to pay for the loss of annual license fees that presumably otherwise would have been paid by the lifetime license holders. Assuming a ten percent interest rate and a five percent inflation rate, the trust fund principal — and thus the annual interest and earnings — would increase annually, which would mean that interest and earnings going to the game and fish protection trust fund would also increase annually, thus offsetting or even eliminating the need for fee increases.

**Response:** No one knows how many people would buy lifetime licenses, and so there is no way of knowing whether or not the bill would generate enough money for the principal of the fund to provide sufficient revenues for the game and fish protection fund to postpone or eliminate the need for fee increases. What is more, there are no guarantees that there will continue to be a ten percent interest rate and a five percent inflation rate, and if there is not — if the difference in the percentage of two rates should drop — the DNR stands to lose money, not gain. Given these uncertainties, the bill should not be passed in its present form.

#### **Against:**

While the idea of trust fund based on the sale of lifetime licenses might be a good idea, this particular version has several problems. In the first place, the proposed license fees are so high that only rich people will be able to afford them. Poor and middle class people simply couldn't afford to buy themselves and their children such licenses. The fees ought to be lowered. Secondly, there have been no marketing surveys to determine just how successful such a one-year sale of lifetime licenses would be. Before proceeding with the proposed lifetime license sale, these issues ought to be addressed. Third, even if the proposed trust fund were successful, there are no safeguards to keep it from being "raided" and money from the trust fund used for programs other than those it is intended to support. The Kammer recreational land acquisition trust fund, a successful trust fund intended for acquiring recreational land, was repeatedly raided for other purposes, and should therefore serve as an object lesson concerning the dangers of setting up an unprotected trust fund. Fourth, since hunting and fishing seasons can be changed by rule, what guarantee do buyers of the proposed lifetime licenses have that they will be able to continue to hunt and fish certain game during certain seasons for the rest of their

lives? For example, what if the DNR changed the pheasant season or even closed it down altogether? Finally, if the one-year lifetime license sale is successful, what's to prevent the legislature from offering another lifetime license sale, possibly with lower fees? This would be patently unfair to those people who made the effort to buy the lifetime licenses on the understanding that this was a once-in-a-lifetime opportunity.

**Response:** The license fee rates were determined by estimating how much money would be needed to pay for lost annual license revenues and to offset any new increases. Lowering the fees would decrease annual revenue, something that no one wants to see. Secondly, however, this is not a "rich people's" bill. There is a 30-year, "break-even" point. That is, if someone were to buy an annual license for 30 years, the cost would be the same, which means that someone using a lifetime license for more than 30 years would actually come out ahead. Many people aren't good at forcing themselves to save, and the lifetime license could be seen as a longterm investment for many people who otherwise would not invest their money in a way that is so beneficial to themselves and to the state as a whole. With regard to the issue concerning the possibility that seasons for game and fish might be changed or eliminated, in the first place, the licenses being offered are only for those game and fish for which seasons have never been—and are unlikely to ever be—closed. But in the second place, the lifetime license holder, just like the annual license holder, would have to take his or her chances with regard to changes in seasons. In this, as in other areas of rights and responsibilities, the two kinds of license holders are the same.