



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 4177 Amended by the House of Representatives on February 2, 2022
Author: Lowe
Subject: Waterfowl Advisory Committee
Requestor: Senate Fish, Game, and Forestry
RFA Analyst(s): Tipton
Impact Date: March 2, 2022

Fiscal Impact Summary

This bill establishes a Waterfowl Program Manager and the Waterfowl Advisory Committee within the Department of Natural Resources (DNR) for the purpose of managing the conservation, protection, and propagation of migratory waterfowl in the state. Additionally, this bill temporarily increases the price of migratory waterfowl hunting permits and updates the required uses of this revenue until December 31, 2027.

This bill will increase Other Funds expenditures for DNR by at least \$500,000 beginning in FY 2022-23 through FY 2027-28 for restoring waterfowl habitat by repairing and maintaining waterfowl impoundment dikes, trunks, and bulkheads. A minimum of \$250,000 of annual revenue generated by sales of migratory waterfowl hunting permits will be used to partially offset these expenses. Administrative expenses incurred by the Waterfowl Program Manager and the Waterfowl Advisory Committee will be managed under existing appropriations.

This bill will increase Other Funds revenue to the Fish and Wildlife Protection Fund by a total of \$356,000 in FY 2022-23 and FY 2023-24, \$370,000 in FY 2024-25 and FY 2025-26, and \$384,500 in FY 2026-27 and FY 2027-28, based on data provided by DNR on the number of estimated migratory waterfowl hunting permits as well as the removal of a requirement of revenue generated from the sale of nonresident annual and temporary statewide hunting licenses. Of this total revenue increase, \$337,000 in FY 2022-23 and FY 2023-24, \$351,000 in FY 2024-25 and FY 2025-26, and \$365,500 in FY 2026-27 and FY 2027-28 must be used for the management of waterfowl habitats and for the development, protection, management, and propagation of wild waterfowl.

Explanation of Fiscal Impact

Amended by the House of Representatives on February 2, 2022

State Expenditure

This bill establishes a Waterfowl Program Manager and the Waterfowl Advisory Committee within DNR for the purpose of managing the conservation, protection, and propagation of migratory waterfowl in the state. Additionally, this bill temporarily increases the price of

migratory waterfowl hunting permits and updates the required uses of this revenue until December 31, 2027.

The Waterfowl Program Manager will work in the Wildlife and Freshwater Fisheries Division of DNR and will manage all aspects of the waterfowl and wetland management program, as well as the conservation and management of waterfowl habitat and protected areas. DNR reports that the FTE and funds for this position were provided in the FY 2021-22 Appropriations Act, and the position is currently filled. Therefore, this section of the bill will have no expenditure impact on the agency.

The Waterfowl Advisory Committee will assist in the management, development, protection and propagation of waterfowl and waterfowl habitats in the state. The committee will have 6 members who will each serve 4-year terms, and be limited to 2 consecutive terms. The committee will be comprised of the following members:

- One member of the Board of DNR appointed by the Chairman of the Board, serving ex officio
- One at-large appointee of the Governor
- One appointee of the Chairman of the Senate Finance Committee
- One appointee of the Chairman of the House Ways and Means Committee
- One appointee of the Chairman of the Senate Fish, Game, and Forestry Committee
- One appointee of the Chairman of the House Agriculture, Natural Resources, and Environmental Affairs Committee

Each member of the Waterfowl Advisory Committee will receive per diem of \$35, mileage reimbursements of \$0.59 per mile, and subsistence for each committee meeting pursuant to Section 117.20 of the FY 2021-22 Appropriations Act. This committee will have six members, resulting in a per meeting cost of \$210 before any mileage or subsistence incurred. DNR indicates that these expenses will be managed under existing appropriations, and therefore, will have no expenditure impact on the agency.

DNR reports that the requirement in this bill to restore and manage waterfowl habitats in the state will require additional resources. The agency indicates that the priorities of this habitat restoration initiative will include repairs and maintenance to waterfowl impoundment dikes, trunks, and bulkheads. DNR states that these projects require purchasing materials to repair or replace water control structures, fuel for heavy equipment to maintain dikes, contractual work to address breaches in dike walls, and agricultural supplies to plant impoundments. DNR reports that these projects will incur annual costs of at least \$500,000 while this bill is implemented. Therefore, this bill will increase Other Funds expenditures for DNR by at least \$500,000 beginning in FY 2022-23 through FY 2027-28. A minimum of \$250,000 of annual revenue generated by sales of migratory waterfowl hunting permits will be used to partially offset these expenses.

DNR states that currently, revenue from the sale of migratory waterfowl hunting permits is expended for normal operations including various research projects, development initiatives, and public engagement related to migratory waterfowl. DNR indicates that these operations will

continue under this bill, along with waterfowl habitat restoration. It is the understanding of the Revenue and Fiscal Affairs Office (RFA) that any remaining revenue generated by waterfowl permit sales not used for normal operations or other requirements in the bill will also partially offset these expenses.

State Revenue

This bill establishes a Waterfowl Program Manager and the Waterfowl Advisory Committee within DNR for the purpose of managing the conservation, protection, and propagation of migratory waterfowl in the state. Additionally, this bill temporarily increases the price of migratory waterfowl hunting permits and updates the required uses of this revenue until December 31, 2027.

This bill increases the price of hunting permits for migratory waterfowl for residents and nonresidents of the state from \$5.50 to \$15.50, \$0.50 of which the sales vendor will retain on each transaction. This revenue will be credited to the Fish and Wildlife Protection Fund with the following usage requirements:

- A minimum of \$250,000 to restore and manage waterfowl habitat on state wildlife management areas;
- 10 percent of total revenue in the first three years for the American Fish and Wildlife Association (AFWA) Fall Flight Program for the protection of ducks and geese in areas that benefit the state, with an increase to 20 percent of total revenue in the final three years;
- All remaining revenue be used for the development, protection, management, and propagation of wild waterfowl in the state;
- All balances must be retained and carried forward; and
- No revenue may be expended for administrative salaries.

Additionally, this bill eliminates the \$1.00 contribution from the sale of nonresident annual statewide hunting licenses and the \$0.50 contribution from the sale of nonresident temporary statewide hunting licenses to proper agencies along the Atlantic Flyway for the propagation, management, and protection of ducks and geese. DNR reports that these contributions totaled approximately \$19,000 in FY 2020-21, and were remitted to Ducks Unlimited for the propagation, management, and protection of ducks and geese. This bill does not include a new requirement of this revenue for purposes related to migratory waterfowl. Therefore, this section of the bill will increase Other Funds revenue to the Fish and Wildlife Protection Fund by approximately \$19,000 beginning in FY 2022-23 and ending in FY 2027-28.

DNR reports that sales of migratory waterfowl hunting permits for both residents and nonresidents of the state have averaged approximately 44,000 per year over the last three years. DNR anticipates that buyer resistance to the price increase in the bill will result in a 15 percent reduction in permit sales to approximately 37,000 permits in FY 2022-23 and will remain at that level in FY 2023-24. In FY 2024-25, DNR expects permit sales to increase by 2.5 percent to approximately 38,000 permits and the agency expects permit sales will remain at that level in FY 2025-26. DNR anticipates that permit sales will increase by 2.5 percent to approximately 39,000

permits in FY 2026-27. Further, DNR expects permit sales to remain at 39,000 in FY 2027-28 when this portion of the bill is repealed.

DNR anticipates the following revenue generated by the sale of migratory waterfowl hunting permits, and the uses, based on the requirements in this bill:

Migratory Waterfowl Hunting Permit Projected Revenue and Uses						
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Projected Permit Sales	37,136	37,136	38,064	38,064	39,016	39,016
Projected Revenue (Using cost of \$15.50)	\$575,608	\$575,608	\$589,992	\$589,992	\$604,748	\$604,748
Vendor Fee – \$0.50 per sale	\$18,568	\$18,568	\$19,032	\$19,032	\$19,508	\$19,508
Habitat Restoration and Management	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
AFWA Fall Flight Programs – 10 percent	\$57,561	\$57,561	\$58,999	\$ -	\$ -	\$ -
AFWA Fall Flight Programs – 20 percent	\$ -	\$ -	\$ -	\$117,998	\$120,950	\$120,950
Develop, protect, manage, and propagate waterfowl in SC – Remainder	\$268,047	\$268,047	\$280,933	\$221,994	\$233,798	\$233,798

Source: SC Department of Natural Resources

At the three-year average level of 44,000 hunting permits sold for \$5.50 each, revenue generated for the Fish and Wildlife Protection Fund totaled approximately \$220,000 after accounting for the \$0.50 vendor fee. The projected revenue from the sale of permits with a cost of \$15.50 after accounting for the vendor fee is approximately \$557,000 in FY 2022-23 and FY 2023-24, \$571,000 in FY 2024-25 and FY 2025-26, and \$585,500 in FY 2026-27 and FY 2027-28.

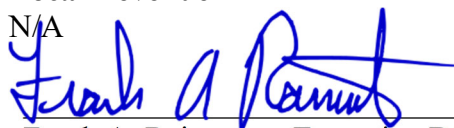
Therefore, by increasing the price of migratory waterfowl hunting permits by \$10, this bill will increase Other Funds revenue to the Fish and Wildlife Protection Fund by \$337,000 in FY 2022-23 and FY 2023-24, \$351,000 in FY 2024-25 and FY 2025-26, and \$365,500 in FY 2026-27 and FY 2027-28. Further, RFA anticipates that DNR will utilize all of this revenue for the management of waterfowl habitats and for the development, protection, management, and propagation of wild waterfowl.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director