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Office of the Auditor General

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August 31, 1987

P-720

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

This letter presents the results of our review of the Department of Fish and Game's reduced fee sport-fishing license program. The letter provides information related to the availability of the application forms, the number of reduced fee sport-fishing licenses sold, the publicity of the program, the income levels used to determine who can participate in the program, and the cost of providing reduced fee licenses to these individuals. In addition to reviewing the existing reduced fee sport-fishing licensing program, we evaluated the department's estimate of potential revenue loss if senior citizens aged 62 years and over were exempt from the requirement of having a fishing license.

Background

The Department of Fish and Game (department), through its director, is charged with administering the Fish and Game Code and ensuring that fish and wildlife are preserved for the use and enjoyment of the public. The department's License and Revenue Branch sells licenses to the public and consigns licenses to agents and regional field offices. The department pays most of its expenses out of the Fish and Game Preservation Fund, which receives its revenues primarily from the sale of fishing and hunting licenses, from court fines, and from commercial fishing taxes. Revenues to the Fish and Game Preservation Fund for fiscal year 1985-86 were approximately \$51.1 million.

Section 7150 of the Fish and Game Code lists the criteria that the department uses to determine whether citizens qualify for reduced fee sport-fishing licenses. The reduced fee licensing program allows certain individuals, including low-income senior citizens, to obtain a

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
August 31, 1987
Page 2

reduced fee sport-fishing license from the department. Individuals may qualify for a reduced fee sport-fishing license if they meet one of the following criteria:

- The individuals are 65 years of age or older and receive aid under Section 12000 et seq. of the Welfare and Institutions Code.
- The individuals are 65 years of age or older, are residents of the State, and have total monthly incomes that do not exceed \$560 for single persons or \$1,039 for married persons; and
- The individuals are veterans who have a service-connected disability of 70 percent or more and have been honorably discharged.

Applications for reduced fee sport-fishing licenses must be filed with the department. In addition to the application, the applicant must submit a payment of \$2 and documentation supporting the applicant's eligibility for the reduced fee sport-fishing license. The current fee for a resident sport-fishing license is \$18.50 of which license agents keep \$.50 as a handling charge and remit the remaining \$18.00 to the department.

Scope and Methodology

To review the department's reduced fee sport-fishing license program, we examined the application forms and records related to the sale of reduced fee sport-fishing licenses; we also obtained documentation showing methods the department uses to publicize the program, and we interviewed officials from the department's License and Revenue Branch. To analyze the department's estimate of the potential revenue loss if senior citizens 62 years of age and older were exempted from the requirement of having a fishing license, we reviewed the department's supporting documentation, and we interviewed personnel at the department's License and Revenue Branch, the Department of Finance, and the Department of Social Services. Finally, to determine the potential effect that exempting senior citizens from the requirement of purchasing a fishing license would have on the department, we contacted officials in other states that provide fishing licenses to senior citizens without charging a fee. However, none of the officials we contacted could estimate the fiscal impact on their departments from the provision of free fishing licenses to senior citizens.

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
August 31, 1987
Page 3

Reduced Fee Sport-Fishing
Licensing Program

Reduced fee sport-fishing licenses are available at ten regional offices located throughout the State. According to the department, individuals may also write or call the department and request that an application be sent to them. The department reports that during calendar year 1985 it issued 9,589 reduced fee sport-fishing licenses and that in calendar year 1986 it issued 15,618 reduced fee licenses.

The department publicizes the availability of reduced fee sport-fishing licenses primarily in its fishing regulations and through license agents. The 1987 California Sport Fishing Regulations provide information on reduced fee sport-fishing licenses including information on the cost of the license and the eligibility criteria. The regulations also list the department's phone number to call for further information. Individuals may obtain a copy of the fishing regulations at any of the department's regional offices or from a license agent. In addition to publicizing the program in the fishing regulations, the department provides all license agents with posters listing the various types of sport-fishing licenses that are available. Included on this poster is information about the reduced fee sport-fishing licenses and whom to contact to obtain further information about how to apply for a reduced fee sport-fishing license.

The maximum monthly income that individuals other than disabled veterans may receive while still remaining eligible for a reduced fee sport-fishing license is determined by the Department of Social Services (DSS). Once a year, the DSS calculates the income levels of senior, blind, and disabled citizens. This information is forwarded to local Social Security offices throughout the State so that the Social Security Administration can determine the maximum amount of aid senior, blind, and disabled citizens may receive. In accordance with Section 12201 of the Welfare and Institutions Code, these income levels are determined by making a cost-of-living adjustment to the payment schedule for the current year. The adjustment is calculated by applying the California Necessities Index and appropriate components of the federal and California Consumer Price Index. Once these maximum income levels are determined, the department obtains this information from the DSS to use as criteria in determining whether individuals applying for reduced fee sport-fishing licenses are eligible to receive those licenses. For calendar year 1987, the maximum income levels are \$560 for single individuals and \$1,039 for married individuals.

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
August 31, 1987
Page 4

It costs the department approximately \$2.35 to issue each \$2 reduced fee sport-fishing license. Based upon information provided by department staff, we estimate that labor costs are approximately \$1.69 per license. Postage costs are approximately \$.36 per license, and printing costs are approximately \$.30 per license. The cost for providing reduced fee sport-fishing licenses during calendar year 1986 was more than \$36,000.

The Department of Fish and Game's
Estimate of Potential Revenue Loss

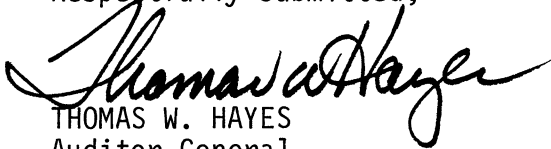
In addition to reviewing the existing reduced fee sport-fishing licensing program, we evaluated the department's estimate of potential revenue loss if senior citizens aged 62 years and over were exempt from the requirement of having a fishing license. The department estimated that it would suffer a revenue loss of approximately \$5.9 million if individuals 62 years and over were exempt from the requirement of having a fishing license. To review the department's estimate, we obtained the department's supporting documentation, including 1985 population statistics from the Department of Finance and data from a 1980 survey conducted by the United States Department of the Interior and the United States Department of Commerce that presented estimates on the number of people in California who fish and hunt. Although the survey was conducted in 1980, it appears to be the most current information available on the number of individuals in California who fish.

Using its supporting documentation, the department estimated that approximately 327,500 individuals aged 62 and over would take advantage of the exemption. By multiplying the 327,500 by the \$18 fee for obtaining a fishing license, the department estimated its revenue loss to be approximately \$5.9 million if the legislation to not charge senior citizens for sport-fishing licenses went into effect. In our analysis of this estimate, we noted that the department assumed that all the individuals who would take advantage of the exemption are currently purchasing fishing licenses at the full fee of \$18. However, the department reported that in 1985, 9,589 individuals purchased reduced fee sport-fishing licenses at a fee of only \$2. Because the department does not keep records of the age of individuals purchasing fishing licenses, we were unable to determine the exact number of individuals aged 62 and over who purchased either reduced fee sport-fishing licenses or regular fishing licenses.

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
August 31, 1987
Page 5

We conducted this review under the authority vested in the Auditor General by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,



THOMAS W. HAYES
Auditor General

Attachment

Department of Fish and Game's response to this report.

Memorandum

To : Thomas W. Hayes, Auditor General
Office of the Auditor General
660 "J" Street, Suite 300
Sacramento, CA 95814

Date : August 26, 1987

From : **Department of Fish and Game**

Subject: Response to Auditor General Report P-720 - "A Review of the Reduced-Fee Sport Fishing License Program of the Department of Fish and Game"

We have concluded our review and have identified one item that requires clarification.

The letter points out that in estimating our loss at \$5.9 million we included those persons issued reduced-fee licenses. We issued 9,589 reduced-fee licenses in 1985 and approximately 16,000 in 1986. Therefore, the estimated loss can be revised to \$5.75 million using the 1985 sales figures or \$5.64 million using 1986 sales figures. This still represents a substantial loss.

Thank you for the opportunity to comment on the letter. Please contact Edward Willis, Assistant Director-Administration at 916-445-4840, or Olga Carmichael, Chief-License and Revenue Branch at 916-739-3555 if you have any questions.

Edward O. Willis

for

Pete Bontadelli
Acting Director

cc: The Honorable Gordon K. Van Vleck
Secretary for Resources