Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Am. H.B. 389 of the 129th G.A.

Date: February 14, 2012

Status: As Reported by Senate Agriculture, Environment & Natural Resources

Sponsor: Reps. Hall and Okey

Local Impact Statement Procedure Required: No

Contents: Licensing requirements for captive deer propagators and wild animal hunting preserves

State Fiscal Highlights

Department of Natural Resources

- The bill requires captive white-tailed deer propagators to obtain a new captive deer propagating license at a fee of $40, rather than a commercial or noncommercial propagating license as under current law. The Wildlife Fund (Fund 7015) would receive one-time revenue of approximately $27,000 in FY 2012 from currently licensed deer propagators who obtain a new captive deer propagating license under the bill. However, the fund would incur a loss in license fee revenue in future years because a license would be held for as long as a propagator keeps deer rather than be renewed annually.
- The Division of Wildlife could incur some additional costs to conduct inspections of white-tailed deer enclosures that are required of applicants for white-tailed deer propagating licenses. These costs would likely be paid from Fund 7015.
- The bill changes the application fee for a new wild animal hunting preserve license from $300 to $1,000, and reduces the annual fee for renewing a license from $300 to $200. As a result, Fund 7015 would lose approximately $2,900 in revenue in FY 2012 from currently licensed deer hunting preserve operators who renew their wild animal hunting preserve licenses at the lower rate. The fund would also incur a loss in renewal fee revenue in future years because a license for a preserve that contains only white-tailed deer would be held in perpetuity unless it is revoked.
- Any new revenue to Fund 7015 from deer propagating license fees or wild animal hunting preserve license fees after FY 2012 would only come from newly licensed propagators, newly licensed deer hunting preserve operators, or preserve operators who do not keep their preserves stocked with white-tailed deer and thus must reapply for a license.
- The bill allows an operator of a wild animal hunting preserve also to obtain a license to operate a commercial game bird shooting preserve, the annual fee for which is

$200. Fund 7015 could gain some new revenue if any preserve operators choose to obtain both licenses.

- Fund 7015 could gain revenue from wildlife restitution fees from wild animal hunting preserve license applicants who do not remove all wild white-tailed deer from their preserves. Restitution fees depend on the size and antler characteristics of the deer killed.

Department of Agriculture

- The bill requires a person who wishes to either (1) propagate captive deer with status or captive deer with chronic wasting disease status, or (2) operate a hunting preserve also to be licensed by the Department of Agriculture under the Livestock Dealers Law. Fees of between $25 to $250 would apply for either license type, depending on herd size. Estimated annual revenue from these two license types would be in the $18,000 range. The revenue would be deposited into the Captive Deer Fund created by the bill.
- The bill requires establishments that slaughter or otherwise prepare meat of monitored captive deer to comply with the Meat and Poultry Inspection Law. The current annual fee for establishments subject to these requirements, unchanged by the bill, is $100. The revenue is deposited into the Poultry and Meats Product Fund (Fund 4T60).

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Department of Natural Resources

Captive white-tailed deer propagator license

Under current law, propagators of captive white-tailed deer must obtain either a commercial propagating license (for deer to be sold) or a noncommercial propagating license (for deer to be used only by the licensee) from the Division of Wildlife within the Department of Natural Resources (DNR). The bill exempts captive white-tailed deer propagators from these licenses, and instead creates a new category of license exclusively for white-tailed deer propagators. Currently, there are 684 white-tailed deer propagators holding commercial or noncommercial propagating licenses in Ohio.

The application fee for a commercial propagating license is $40 annually, and the fee for a noncommercial propagating license is $25 annually. These fees are deposited into the Wildlife Fund (Fund 7015) for use by the Division of Wildlife's conservation programs and associated administrative costs. Captive white-tailed deer propagators would no longer pay these fees annually under the bill. Rather, unlike the existing licenses, a captive white-tailed deer propagating license would instead be valid for as long as a licensee holds captive deer or until a license is revoked. The bill establishes an application fee of $40 to obtain a captive white-tailed deer propagating license, also to be deposited into Fund 7015.

Presumably, captive white-tailed deer propagators who currently have a commercial or noncommercial propagating license would be required to obtain a new captive white-tailed deer propagating license to replace their existing licenses once they expire on March 15, 2012, as required under current law. If each of the 684 currently licensed propagators obtains a new captive deer propagating license at that time, there would be one-time license fee revenue to the Wildlife Fund (Fund 7015) of $27,360 (684 licenses x $40) for FY 2012. However, because the new captive deer propagating license created by the bill is valid for as long as a licensee holds deer or until the license is revoked, this revenue would cease to be collected for these propagators in subsequent years, and any new revenue from the $40 captive white-tailed deer license fee would be derived only from newly licensed propagators. Therefore, actual revenues to Fund 7015 in out years would depend on the number of new deer propagators that open for business. Exceptions to this could occur if a propagator either stops propagating deer for a period of time or has its license revoked, and then reapplies for a new license at some point in the future.

As part of the licensing process, the bill requires the Division of Wildlife to inspect the enclosures that confine white-tailed deer to ensure that they meet construction requirements. In addition, the bill authorizes the Division to inspect propagating facilities at reasonable times in connection with criminal investigations. These provisions could result in additional costs to Fund 7015, which would likely be paid for out of fee revenues and the fund's cash balance, which is typically maintained at an amount in excess of current expenditures. The cash balance in Fund 7015 is approximately $21.9 million as of December 6, 2011.

Wild animal hunting preserve license

Under current law, an operator of a wild animal hunting preserve must obtain an annual license from the Division of Wildlife, the application fee for which is $300 per year, deposited into the Wildlife Fund (Fund 7015). The bill alters the application fee structure so that applicants for a new preserve would be required to pay $1,000 for an initial license and those renewing an existing license would have to pay an annual $200 renewal fee. However, the bill exempts preserves that keep only captive white-tailed deer from the annual renewal requirement. Licenses for such preserves are held indefinitely unless they are revoked.

Currently, there are 29 licensed wild animal hunting preserves containing white-tailed deer in Ohio. If all of them renew their licenses in FY 2012 and pay the $200 renewal fee established by the bill, that would amount to total revenue of $5,800 (as opposed to $8,700 at the current fee amount of $300). This represents a FY 2012 revenue loss of $2,900 over what would be collected at the current fee level. Because wild animal hunting preserves that contain only white-tailed deer would not be required to renew their licenses in future years, they would not pay the fee after they initially renew a license at the new fee rate. All other hunting preserves that do not contain white-tailed deer would continue to be required to renew their licenses annually at a rate of $200. Overall, this would result in a loss in license renewal income to Fund 7015. However, this could be partially offset by revenue from applicants for new wild animal hunting preserves, who must pay a fee of $1,000 under the bill. Income from this fee would depend on the actual number of applicants for new preserves.

The bill also lays out new requirements for obtaining a wild animal hunting preserve license. These include a requirement for the Division of Wildlife to conduct an inspection of the preserve to ensure that all wild deer have been removed before any new game or nonnative wildlife are introduced. If any wild deer cannot be removed from the preserve, the bill requires them to be killed, and requires the applicant for a preserve license to pay a restitution fee to the Division, to be deposited into Fund 7015. These fees are set in administrative rule and depend on the size and antler characteristics of the deer killed.

Commercial game bird shooting preserves

Under current law, hunters are prohibited from hunting game birds in licensed wild animal hunting preserves. The bill would permit the hunting of game birds in wild animal hunting preserves if the operator of a licensed hunting preserve also obtains a commercial game bird shooting preserve license. Under continuing law, the application fee for such a license is $200 annually, deposited into Fund 7015. Revenue from this fee could potentially increase under the bill if any operators of licensed wild animal hunting preserves also obtain commercial game bird shooting preserve licenses.

Department of Agriculture – Division of Animal Health

Captive white-tailed deer propagator license

Under the bill, a person who wishes to propagate captive deer with status or captive deer with chronic wasting disease status must also obtain a license from the Department of Agriculture (AGR) under the Livestock Dealers Law. The current annual license fee charged by AGR for livestock brokers with fewer than 1,000 head is $50. The bill alters this fee schedule by specifying that propagators with less than 500 deer are classified as small brokers, to which a $25 annual license fee applies. Propagators with more than 500 deer are classified as livestock brokers, requiring a license that ranges from $50 to $250. Currently, there are 684 white-tailed deer propagators holding commercial or noncommercial propagating licenses in Ohio. According to a 2009 report from the Whitetail Deer Farmers of Ohio, such deer farms have between five and 390 deer. If this is the case, most (if not all) of the deer propagators would be classified as small brokers ($25 license fee) under the bill. As a result, AGR could anticipate over $17,000 (684 propagators x $25 = $17,100) in annual license revenue from this source under the bill. The additional license fee income would be deposited into the Captive Deer Fund created by the bill.

Wild animal hunting preserve license

The bill imposes a similar licensing requirement on wild animal hunting preserve operators that possess herds of monitored captive deer, captive deer with status, or captive deer with certified chronic wasting disease. Operators with fewer than 500 deer would be classified as small brokers and subject to a $25 license fee. Individuals operating a preserve with more than 500 deer would be classified as livestock brokers, requiring a license fee ranging from $50 to $250. Any hunting preserve operators that fall into this category would likely pay the $50 license fee. Currently, there are 29 licensed wild animal hunting preserves containing white-tailed deer in Ohio. Assuming each preserve operator would pay the $25 small broker fee, AGR could anticipate annual revenue of approximately $725 (29 preserves x $25). All revenue generated from licensing preserve operators would also be deposited into the Captive Deer Fund.

Chronic Wasting Disease testing and mitigation

The bill requires AGR to establish rules regarding captive deer licensing including record keeping requirements, disease testing, and mitigation and elimination procedures. The bill authorizes AGR to enter the premises of licensees at reasonable times to conduct inspections. Additionally, the bill specifies that captive deer licensees must have their herd tested for chronic wasting disease in accordance with the rules established by AGR. The licensee must give the results of these tests to AGR. Should any such tests be positive for chronic wasting disease, the bill requires AGR to take the steps necessary for the mitigation or elimination of the disease. Any costs associated with establishing the required rules, or any subsequent action necessary for chronic wasting disease mitigation or elimination are to be paid from the Captive Deer Fund. Without knowing the extent of frequency of positive chronic wasting disease tests, nor the required actions for mitigation or elimination, it is difficult to estimate the future costs of these requirements. However, as a point of reference, the Animal Health Division conducted just over 2,000 such tests in 2010, according to AGR's annual report for that year.

Meat and Poultry Inspection Law

Under current law, establishments that slaughter or otherwise prepare meat of bison, livestock and other specified animals are required to comply with the Meat and Poultry Inspection Law and must pay for the cost of inspections related to this requirement. The bill adds establishments that slaughter or otherwise prepare meat from monitored captive deer under this law. Currently, there are 283 slaughtering and processing facilities in Ohio that are subject to inspection. It is not known how many additional entities would be affected by the bill. These establishments are subject to an annual fee of $100, which is deposited into the Poultry and Meats Product Fund (Fund 4T60).

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