

To: Members of the Senate and House Committees on Energy and Natural Resources

From: Rob Sexton, Sportsmen's Alliance

Date: April 10th, 2018

Re: Testimony on House Bill 518 / Senate Bill 257

Dear Mr. Chairman, and members of the Energy and Natural Resources Committee. Thank you for the opportunity to testify on House Bill 518 / Senate Bill 257, legislation which makes changes to Ohio's hunting and fishing license structure along with several other items intended to provide better customer service to hunters, anglers and trappers. I represent the Sportsmen's Alliance and a coalition of the top sportsmen and conservation organizations across Ohio including Buckeye Firearms Association, Ducks Unlimited, League of Ohio Sportsmen, Ohio Conservation Federation, Ohio State Trappers Association, Pheasants Forever, Safari Club International – Central Ohio Chapter, Greene County Fish and Game Association, Stark County Federation of Conservation Clubs and Columbiana County Federation of Conservation Clubs.

These organizations, and the members, clubs and chapters we represent, want to be proponents of this legislation. By my count, the bill makes ten different changes to hunting and fishing licenses and rules. We support four and have no concerns with five others. We believe these aspects of this bill will produce positive results for Ohio sportsmen and women. The tenth item concerns the offering of multi-year hunting and fishing licenses, as has been done in many other states. We favor the concept. However, we oppose the pricing levels set in the bill

The Ohio Division of Wildlife is roughly a \$60 million per year business with 400 employees, who manage the state's fish and wildlife resources for the enjoyment

of all Ohioans. The agency is almost entirely funded by sportsmen and women through their licenses, permits, and various excise and consumption taxes. ODNR commissioned a study on restructuring its licenses in 2016. The study was done by Southwick Associates, which is the nation's top economic research firm on outdoor recreation. Southwick is the go to firm for the vast majority of state fish and wildlife agencies, on these types of issues, and is also widely used by the US Department of Interior, and firearms, ammunition, boating, camping, and fishing industry trade groups for 25 years.

I have included Southwick's executive summary of their Ohio report for the committee. Southwick examined both multi year licenses and combo licenses, both of which are authorized in SB 257 and HB 518. Based on the responses of actual Ohio sportsmen and women, the report states in four different areas that discounts above 5% run the risk of revenue loss. The report states that discounts above 5% are not needed to produce a stimulative effect on licenses. I have highlighted the sections of the text for the committee's convenience. **(EXHIBIT 1)**

During testimony before the March Ohio Wildlife Council meeting, ODNR took questions on this legislation specifically about level of discount. ODNR testified that it based the bill on a similar study done by Southwick Associates for Pennsylvania. Upon receiving this information, I contacted Rob Southwick directly and asked him if the study was public. He said that it was and forwarded the executive summary to me. It is noteworthy that the Pennsylvania Southwick study references that the state of Pennsylvania maintained a level of discount for its incentive programs of less than 5%. I have highlighted the relevant section in this report as well. **(EXHIBIT 2)**

Around the same time ODNR produced a two-page document in support of the bill. The first page provides a cost comparison between Ohio and other states. This information does not address whether the proposal would be a revenue loser, generator or neutral. However, on page two, ODNR states, "If all assumptions and patterns are the same as PA customers, it is estimated the Ohio multi-year fishing license could generate an average of an additional \$356,000 annually." **(EXHIBIT 3)**

The problem with this sentence is that Senate Bill 257 and House Bill 518 do not provide the same purchase pattern as the incentives in Pennsylvania. The

incentives in the legislation are between 12% - 14.6%, meaning the revenue projection is not based on an apples to apples comparison.

On March 29th, I met with Rob Southwick at the North American Wildlife and Natural Resources Conference to get some clarification on his firm stance regarding the 5% maximum figure. Based on his experiences in multiple states, and the responses in the ODNR/Southwick research, he believes the risk for revenue loss is high with discounts above 5%. **(EXHIBIT 4)** The bottom line is that the state of Ohio hired the best firm in the entire country to guide the restructuring of licenses, and this legislation greatly exceeds that firm's emphatic warning of potential revenue loss, even as our neighboring state of Pennsylvania stayed within those boundaries.

Many on the committee are well aware that many sportsmen's organizations are worried about the financial future of the Ohio Division of Wildlife. Resident licenses are the same price now as in 2004, while the cost of health care and retirement for the agency has risen exponentially. But here's something many members of the committee may not be aware of.

The National Shooting Sports Foundation (NSSF) is the trade association for the firearms and ammunition industries. At its annual trade show, known as the SHOT Show, the organization revealed that gun sales are down 28% from 2016. Many committee members may recall hearing or reading that gun sales have been at peak levels between 2010 – 2016. This news is relevant because of the excise taxes I referenced earlier in my testimony. Those excise taxes are based on the sale of firearms, ammunition, and archery equipment. The US Fish and Wildlife Service distributes these funds to the states based on a license sales formula. In 2016, ODNR received \$22 million from this funding source. A corresponding decline based on falling firearm sales could produce a \$6 million decline in these revenues to Ohio.

Finally, during Governor Kasich's state of the state address, he referenced the formation of Jesse Owens State Park, which marks the beginning of the state's effort to retain the public grounds known as the AEP ReCreation lands, which are 60,000 acres of hunting, fishing, trapping and camping groups available to all Ohioans. Three years ago, AEP announced its plan to divest these holdings. If not

retained, they represent 10% of all available public hunting and fishing access in Ohio.

The point of that story is that the Ohio Division of Wildlife is not at a point where it can take speculative risks on its financial security. It has an aging fee structure. It is facing declining federal revenue. It has an urgent need, along with the Division of Parks to meet the challenge of retaining the AEP grounds. The discount levels in this legislation are risky.

The groups I listed earlier make up the most prominent sportsmen and conservation organizations in the state. Many members of this committee attend our banquets and events. We care deeply about funding for conservation, fish and wildlife habitat, and quality hunting, fishing, and trapping. Based on the advice of the country's top economic expert, we are deeply concerned that the discount levels in Senate Bill 257 and House Bill 518 will result in a loss of revenue at the worst time possible. And while all of our members appreciate discounts, they won't be thanking any of you for the resulting declines in bird stocking, fish stocking, declines in access, and other consequences of a loss of revenue.

The constituents in the outdoor world are asking ODNR and the General Assembly to take a conservative path on this idea. If we get this wrong, there will be little appetite from your colleagues to want to raise the prices if this produces a revenue loss. Why not listen to the people who buy the licenses? Why not listen to the expert the state of Ohio retained? With a change to a 5% license, Ohio's sportsmen and women will celebrate this bill as a progressive step toward stimulating participation in the outdoor sports, which is something we all want.

Thank you for your time. I would be happy to answer any questions you may have.