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Minnesota Department of Natural Resources

500 Lafayette Road
St. Paul, Minnesota 55155-40__

December 31, 2003

Robbie LaFleur, Director
Legislative Reference Library
645 State Office Building
St. Paul, MN 55155

Dear Ms. LeFleur:

In accordance with the Laws of 2000, Chapter 341 section 7, subd. 4, the Department of Natural Resources (DNR) is directed to submit a report to the overseeing legislative committees on the status of lifetime license fees and sales. As provided in the law, a more detailed report on transfers from the lifetime license trust fund and projects funded from those amounts is part of the Game and Fish Fund report submitted in November 2003. A copy of the information in the report relevant to lifetime licenses is enclosed. In addition to the information in the report, we have reviewed the question of the adequacy of current fee levels for the various lifetime licenses.

The report developed during the 2000 session of the Minnesota legislature by the DNR and a private consultant outlined a fee schedule and model for lifetime hunting and fishing licenses. The report was presented to the legislature and was a factor in determining the original fee schedule for Minnesota's lifetime licenses. At this time, the DNR continues to believe that the lifetime license fees established in 2000 are adequate. Based on current annual license fees, the fee schedule for lifetime licenses remains sufficient to meet break-even point calculations. The Department will continue to monitor these fees and propose any changes as deemed necessary.

A year-to-date summary of lifetime license sales is enclosed for your information. If you have any questions regarding lifetime license sales or information, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Holsten', is written over a horizontal line.

Mark Holsten
Deputy Commissioner

Encl.

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GAME AND FISH FUND REPORT
FY03

Lifetime Fish & Wildlife Trust Fund (23A)

M.S. 97A.4742, subd 1

Also established in the Laws 2000, this fund is credited with receipts from the sale of lifetime fishing, hunting, small game, archery deer and sports licenses. Interest and investment earnings on fund resources are credited to the trust fund. Annually an amount is transferred from the Lifetime Fish & Wildlife Trust Fund to the Game and Fish Operations and other dedicated accounts to equal the amount that would otherwise have been collected and deposited from the sale of annual hunting and angling licenses.

Lifetime fishing, small game, firearm deer and individual sports licenses have been available for sale to state residents since March 1, 2001. Non-resident lifetime licenses went on sale March 1, 2002 and an archery deer lifetime license was added effective August 1, 2002. A total of 1,658 lifetime licenses were sold in the fiscal year just ended. The chart below shows lifetime license sales since the inception of the lifetime license.

Lifetime License Category	FY01	FY02	FY03
Angling	470	577	582
Small game	17	49	49
Firearm deer	168	374	303
Individual sports	496	639	666
Non-resident angling	0	2	5
Archery	0	0	53
Annual Total	1,151	1,640	1,658

M.S. Chapter 97A.4742, subdivision 2, states in part: "Money in the Lifetime Fish And Wildlife Trust Fund shall be invested by the state investment board to secure the maximum return consistent with the maintenance of the perpetuity of the fund. The income received and accruing from investments of the fund shall be deposited in the lifetime fish and wildlife trust fund". The State Board of Investment, in consultation with the DNR, has implemented an investment strategy for money in the fund. As of close of FY03, the Trust Fund balance was \$1,799,385.

Between March 1, 2002 and February 28, 2003 (license year 2002) a total of 2,530 lifetime license holders validated the annual use of their lifetime license. Annual validation, a requirement of the lifetime license, gives the license holder a current year license to have in his or her possession. It also allows the DNR to know which license holders have activated the use of their lifetime hunting or angling license. License validation is a non-monetary transaction that can be done at a sales agent location or the License Bureau in St. Paul.

The number of validations enables the agency to calculate the amount of receipts to transfer to the Game and Fish Fund and the dedicated accounts as if the hunter or angler had purchased an annual license. In FY03 a total of \$60,415 was transferred from the Lifetime License Trust Fund to the following accounts:

Game and Fish Operations	\$54,445
Deer/Bear Management/Computerized Licensing	578
Deer Habitat Improvement	1,156
Wildlife Acquisition Surcharge	<u>4,236</u>
Total Transferred from the Lifetime License Trust Fund	\$60,415

**Game and Fish Fund Statement
As of Close of FY 2003**

	FY2002 Actual	FY2003 Actual	FY2004 Planning Est.	FY2005 Planning Est.	FY2006 Planning Est.	FY2007 Planning Est.
23A Lifetime Fish and Wildlife Trust Fund						
Legal Citation: M.S. 97A 4742 Subd. 1						
Balance Forward In	482,766	1,130,002	1,799,385	2,504,423	3,236,971	3,998,641
Prior Year Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted Balance Forward	482,766	1,130,002	1,799,385	2,504,423	3,236,971	3,998,641
Receipts						
Lifetime License Fishing	164,105	163,807	160,500	157,300	154,200	151,100
Lifetime License Hunting	193,001	186,283	200,000	200,000	200,000	200,000
Lifetime License Sports	316,453	324,936	333,100	341,400	350,000	358,800
Investment Interest	8,159	1,340	738	948	1,470	1,746
Unrealized gains/loss	<u>0</u>	<u>53,432</u>	<u>65,700</u>	<u>87,900</u>	<u>111,000</u>	<u>135,000</u>
Total Receipts	681,718	729,798	760,038	787,548	816,670	846,646
TOTAL RESOURCES AVAILABLE	1,164,484	1,859,800	2,559,423	3,291,971	4,053,641	4,845,287
Transfer out to:						
Fund 230, Revenue code 5421, License Issuing Fee	2,570	4,488	4,000	4,000	4,000	4,000
Fund 230, Revenue Code 5424, Fishing Licenses fee	8,588	14,843	13,800	13,800	13,800	13,800
Fund 230, Revenue Code 5425, Hunting Licenses	7,101	13,179	11,400	11,400	11,400	11,400
Fund 230, Revenue Code 5427, Sports Licenses	12,798	21,936	20,300	20,300	20,300	20,300
Fund 231, Revenue Code 2425, Hunting License	314	578	550	550	550	550
Fund 232, Revenue Code 5425, Hunting License	628	1,156	1,100	1,100	1,100	1,100
Fund 237, Revenue Code 5426, Wildlife Acq. Surcharge	<u>2,484</u>	<u>4,236</u>	<u>3,850</u>	<u>3,850</u>	<u>3,850</u>	<u>3,850</u>
Total Transfer Out	34,482	60,415	55,000	55,000	55,000	55,000
FUND BALANCE	<u>1,130,002</u>	<u>1,799,385</u>	<u>2,504,423</u>	<u>3,236,971</u>	<u>3,998,641</u>	<u>4,790,287</u>

LIFETIME LICENSE TOTALS
12/10/2003

<u>TYPE</u>	<u>NO. SOLD</u>	<u>\$ AMOUNT</u>
Resident		
Angling age 3 and under	212	\$ 48,124
Angling age 4 – 15	216	64,800
Angling age 16 – 50	621	237,843
Angling age 51 & over	737	149,408
Small Game age 3 & under	5	1,085
Small Game age 4 – 15	16	4,640
Small Game age 16 – 50	63	22,869
Small Game age 51 & over	64	13,632
Sports age 3 and under*	383	136,731
Sports age 4 – 15*	486	232,800
Sports age 16 – 50*	814	498,982
Sports age 51 & over*	361	149,093
Firearm Deer age 3 & under	98	33,026
Firearm Deer age 4 – 15	198	89,100
Firearm Deer age 16 – 50	460	263,580
Firearm Deer age 51 & over	264	101,112
Archery Deer age 3 & under	3	1,011
Archery Deer age 4 – 15	8	3,600
Archery Deer age 16 – 50	47	26,931
Archery Deer age 51 & over	22	8,426
Nonresident		
Angling age 3 & under	1	447
Angling age 4 – 15	0	0
Angling age 16 – 50	2	1,546
Angling age 51 & over	6	3,078
Small Game all age groups	0	0
TOTALS	5,087	\$2,091,864