

In the near future, I plan to introduce legislation to help the Pennsylvania Fish and Boat Commission (PFBC) keep up with inflation and continue to deliver the services expected by the Commonwealth's anglers by increasing the fees for fishing licenses, the trout/salmon permit, and the combination trout/salmon permit and Lake Erie permit (combination permit) for the first time since 2005. Concurrently, I will be withdrawing my May 29 memo requesting co-sponsors for a bill to increase the fees for the trout and combination permits.

My home county of Allegheny annually leads Pennsylvania in the number of fishing license sales and boat registrations, so I am intimately aware of the importance of maintaining the fiscal health of the agency that serves Pennsylvania's anglers, boaters, and the businesses that benefit from the \$1.2 billion in statewide fishing-related expenditures each year.

Consistent with the long-established user pays/user benefits model of funding fish and wildlife conservation, fees from fishing licenses and associated permits comprise the largest portion of annual Fish Fund revenue – nearly 70% – for the PFBC's work on behalf of anglers and aquatic resources. While I support efforts of the PFBC to diversify its funding base, the core revenue stream of license and permit sales are expected to continue to be fundamental to the agency's ability to fulfill its mission of protecting, conserving, and enhancing aquatic resources and providing fishing and boating opportunities.

The following table outlines the proposed increases for the 2017 license year.

License Category	Current Fee	Proposed Fee
Resident Annual	\$21.00	\$26.25
Nonresident Annual	\$51.00	\$63.75
Senior Resident Annual	\$10.00	\$12.50
Senior Resident Lifetime	\$50.00	\$100.00
3-Day Tourist	\$25.00	\$31.25
7-Day Tourist	\$33.00	\$41.25
1-Day Resident	\$10.00	\$12.50
1-Day Tourist	\$25.00	\$31.25
Trout/Salmon Permit	\$8.00	\$14.00
Combination Trout/Salmon and Lake Erie Permit*	\$14.00	\$20.00

*\$14 of each combination permit will continue to be deposited into the PFBC's Fish Fund and may be used to help offset the cost of the agency's operations, and the other \$6 will continue to be deposited into a restricted revenue account that may only be used within the Lake Erie Watershed.

The percentage increase for all but two of the categories is 25%. Based on historical trends, the PFBC estimates that this might result in a roughly 9% loss in license buyers. Even with the reduced sales, the new fee structure is estimated to generate an additional \$5.4 million a year in new revenue for the PFBC.

The reason that the senior resident lifetime license is proposed to increase from \$50 to \$100 is largely driven by the changing demographics of Pennsylvania's angling base and the fact that an

ever-increasing segment of the license buying public is reaching eligibility age of 65 for this license category. Residents 65 years of age and older may currently purchase either a senior resident lifetime fishing license for \$50 or a senior resident annual fishing license for \$10. In 1979, senior resident lifetime licenses and senior resident annual licenses totaled 87,247, but the lifetime category only accounted for 15.11% of that total. In 2014, of the more than 35,000 combined senior resident lifetime and senior resident annual licenses, about 50% were for the lifetime license. As Pennsylvania's seniors continue to account for a larger percentage of the total population (and of anglers), the relative number of anglers buying the lifetime license is expected to continue to rise.

The senior resident annual license is proposed to be raised by only 25% and will still be an exceptional value for seniors. Without a doubling of the price of the lifetime license, long-term revenues are expected to decline as nearly 375,000 senior anglers over the next 20 years are expected to join the more than 480,000 Pennsylvanians who have purchased a resident senior lifetime license since 1979.

Approximately 70% of licensed anglers purchase the trout/salmon or combination permits. In 1991, over 737,000 trout/salmon permits yielded nearly \$3.7 million in annual revenue, representing 57% of the costs of raising trout (and Coho salmon at the time). In 2014 (the last complete license year), the PFBC sold about 593,000 trout/salmon and combination permits that generated over \$4.7 million, but increasing costs meant that the revenue amounted to only 46% of the cost to run the trout hatchery program. If the cost of the permits and the number of trout anglers remain unchanged, that percentage is expected to drop to 30% by 2021 as the costs of production continue to rise.

As less of the relative cost of the trout hatchery program has been supported by the trout/salmon permit, a greater portion has been provided by revenues from fishing licenses. This greater reliance on the use of general license dollars to support the hatchery program is further compounded by the fact that license sales have declined from 1.2 million in 1991 to about 860,000 today. A smaller pool of general license buyers is being asked to pay for a greater portion of the trout hatchery program.

I am proposing to raise the price of the trout/salmon and combination permits by \$6.00 for the 2017 license year, which the PFBC projects could generate up to \$2.6 million annually in new revenues. (My previous co-sponsor memo estimated a similar \$2.6 million annual revenue increase but did not account for the revenue from the combination permit.) These additional trout/salmon permit revenues would be used to help cover approximately 56% of the projected \$13 million needed to operate the trout production facilities in 2017. Combined with the proposed general license increase and other sources of funding, this increase in trout permit fees will greatly help the PFBC in its efforts to continue providing the Commonwealth's anglers with 3.2 million adult trout, one million Steelhead smolts, and one million eggs and fingerlings to cooperative nurseries each year. Without the increase or alternative revenue, the PFBC will need to curtail production or further reduce other services to anglers and boaters.

My legislation will also remove the word "salmon" from the name of the permit since the PFBC no longer produces salmon.

To keep up with escalating costs, I am also proposing that after the initial increase in 2017, all of the license and permit categories be increased by 3% per year for the subsequent five years. Three percent is roughly the rate of inflation and will help the PFBC keep up with costs (e.g., fish food, fuel) that are out of its control.

The following table outlines what the fees would be in the corresponding license year.

License Category	2018	2019	2020	2021	2022
Resident Annual	\$27.04	\$27.85	\$28.68	\$29.54	\$30.43
Nonresident Annual	\$65.66	\$67.63	\$69.66	\$71.75	\$73.90
Senior Resident Annual	\$12.88	\$13.26	\$13.66	\$14.07	\$14.49
Senior Resident Lifetime	\$103.00	\$106.09	\$109.27	\$112.55	\$115.93
3-Day Tourist	\$32.19	\$33.15	\$34.15	\$35.17	\$36.23
7-Day Tourist	\$42.49	\$43.76	\$45.07	\$46.43	\$47.82
1-Day Resident	\$12.88	\$13.26	\$13.66	\$14.07	\$14.49
1-Day Tourist	\$32.19	\$33.15	\$34.15	\$35.17	\$36.23
Trout/Salmon Permit	\$14.42	\$14.85	\$15.30	\$15.76	\$16.23
Combination Trout/Salmon and Lake Erie Permit	\$20.42	\$20.85	\$21.30	\$21.76	\$22.23

This approach of annual incremental increases continues the innovative trend set by Act 66 of 2012 which gave the PFBC the ability to sell multi-year license and permits and charge less than the price set by law for marketing purposes. This approach is expected to have less of an impact on license sales, and the PFBC expects that it would result in \$2.3 million in additional annual revenues by 2022 even with a potential 6% drop in sales.

Overall, this comprehensive, six-year proposal would result in nearly \$7.8 million in new annual revenues for the Fish and Boat Commission. This figure approaches the \$9.1 million the agency needs beginning in Fiscal Year 2016-17 to sustain its core operations while meeting burgeoning retirement and health care obligations.

My intention is to convene hearings on this topic in the coming weeks and to work diligently toward having the bill receive final passage in the Senate this fall. Ultimately, the PFBC has identified the need to have the new fee structure in place for the 2017 license year, which begins December 1, 2016. To accommodate the printing of materials for the 2017 license year, my goal is to have the bill passed by both the House and Senate and receive the Governor's signature by the end of September 2016.

Thank you for your consideration.