



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 4071 (Substitute H-3 as reported without amendment)
House Bill 4145 (Substitute H-3 as reported without amendment)
Sponsor: Representative Dave Hildenbrand (H.B. 4071)
Representative Tory Rocca (H.B. 4145)
House Committee: Conservation, Forestry, and Outdoor Recreation
Senate Committee: Natural Resources and Environmental Affairs

Date Completed: 7-13-05

RATIONALE

According to the 2003 annual report of the Food Bank Council of Michigan, it is estimated that close to a million people in this State are "food insecure", which means that they do not know where their next meal is going to come from. One volunteer organization attempting to alleviate this is Michigan Sportsmen Against Hunger (MSAH), which has been operating since 1991. The organization accepts wild game donated by hunters or culled from airports, hunting preserves, or other facilities, pays to have the game (primarily deer) processed, and then donates the meat to food banks and similar agencies, for distribution to people in need. According to MSAH, it facilitated 50,000 pounds of game donations in 2003, but its efforts to do more are hampered by the lack of funds for processing costs. Reportedly, groups in other states have been able to donate significantly larger amounts of game since the states began collecting voluntary \$1 donations with the sale of hunting licenses. Leading examples cited by MSAH include Wisconsin, with 400,000 pounds, and Virginia, with 308,000 pounds, in 2003. It has been suggested that a similar program should be instituted in Michigan.

CONTENT

The bills would amend Part 435 (Hunting and Fishing Licensing) of the Natural Resources and Environmental Protection Act to require the Department of Natural Resources (DNR) to institute a "Sportsmen Against Hunger Program", under which it would

distribute donated wild game to people in need, and collect \$1 donations with hunting and fishing licenses for deposit into a proposed "Sportsmen Against Hunger Fund".

The bills are tie-barred to each other.

House Bill 4071 (H-3)

The DNR would have to implement the Sportsmen Against Hunger Program by January 1, 2007. Under the program, the DNR would have to collect donations of legally taken game that complied with all State and Federal game laws, including any requirement that the parts of the game be intact.

The DNR would have to contract for the processing of the game, and distribute the processed game to food banks, soup kitchens, and other charitable organizations that provide meals or food to people free of charge. The Department could request financial donations to offset the processing cost. The donations would be tax deductible.

The Department could contract for the administration of the program by a nonprofit organization that was exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, if the DNR determined that it was more efficient to do so. Payments under the contract would have to be adequate to cover the organization's costs in administering the program, but could not exceed the amount of revenue available for

the payments in the proposed Sportsmen Against Hunger Fund.

To qualify for a contract to administer the program, a nonprofit organization would have to have demonstrated a commitment to the goals of the program and have at least five years' experience in providing wild game or other food to people free of charge. The contract would have to require the organization to maintain a license under the Charitable Organizations and Solicitations Act; maintain adequate staff to perform the tasks outlined in the contract; and annually undergo an independent financial audit and provide the audit information and report to all of the following:

- The DNR.
- The subcommittees of the House and Senate Appropriations Committees with responsibility for the DNR budget.
- The House and Senate committees with responsibility for natural resources issues.

The DNR would have to promote the program through the license distribution system and other means that would further the program's mission.

House Bill 4145 (H-3)

The bill would require the DNR or its agent, when a person applied for a license under Part 435, to ask whether he or she would like to donate \$1 to the Sportsmen Against Hunger Program. If so, the DNR would have to collect the donation with the license fee. A person designated by the DNR to issue licenses could not receive a commission for the donation. These provisions would apply to license applications beginning January 1, 2006.

The bill specifies that a donation would be in addition to the license fee.

The bill would create the Sportsmen Against Hunger Fund, and require the DNR to transfer donations to the State Treasurer for deposit in the Fund. The DNR could spend money in the Fund, upon appropriation, only for one or both of the following:

- The costs of administering the Fund, including the costs of collecting donations.
- The administration of the Sportsmen Against Hunger Program, including, if

applicable, the costs of a contract with a nonprofit organization to administer the program.

The State Treasurer could receive money or other assets from any source for deposit into the Fund. The Treasurer would have to credit to the Fund interest and earnings from Fund investments. Money in the Fund at the close of the fiscal year would remain in the Fund and not lapse to the General Fund.

Proposed MCL 324.43540a (H.B. 4071)
Proposed MCL 324.43540c (H.B. 4145)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

According to the Hunger in America 2001: Michigan Report, more than 744,000 people in this State received food through the Michigan food banking network in 2001. The number of people needing food assistance now is estimated to be close to 1 million. Approximately half of those individuals are children or elderly, and about 40% of the households are "working poor", that is, families who cannot afford groceries even though someone in the home is employed. According to the Food Bank Council of Michigan, six regional food banks, along with their subsidiary distribution organizations and branch warehouses, supply food to more than 2,700 local charities, including soup kitchens, pantries, shelters, and senior meal programs.

As MSAH has pointed out, meat is one of the most needed and least obtained items that food banks receive. The venison and other game donated by hunters provide a nutritious source of protein to Michigan's hungry, or about 200,000 servings from 50,000 pounds of meat. At the same time, the harvesting of surplus wildlife helps maintain the deer population at a healthy level, reduces damage to agriculture, and contributes to fewer car/deer accidents.

Michigan could realize more of these benefits by creating the Sportsmen Against Hunger Program in statute and providing a funding source for it through monetary donations collected with the sale of hunting

and fishing licenses. Although MSAH has made considerable efforts to channel wild game to hungry people, the organization relies entirely on volunteers and donations. Its biggest expense is the cost of processing, and it has had to turn away game for the lack of money.

According to MSAH, Kansas, Maryland, and New York, in addition to Wisconsin and Virginia, have enacted the license donation program and all are showing dramatic increases in feeding families in need. Since Michigan is one of the leading states in hunting and fishing license sales, and annual deer harvests, this State also has the potential to lead in the donation of game to organizations that help feed the hungry.

Opposing Argument

Despite the merits of the program, the DNR simply is not equipped to implement it. The DNR is responsible for the stewardship and management of the State's natural resources and the provision of recreational opportunities, and the program would divert resources for an ancillary purpose. Although House Bill 4071 (H-3) would *permit* the Department to contract with a nonprofit organization for the program's administration, it also would *mandate* the DNR to implement the program. Thus, if a contractor were not available or suitable, the Department still would be required to collect donated game, determine whether it had been taken legally, enter into contracts with processors, distribute the meat, and promote the program—all activities that are not part of the DNR's core mission.

In addition, there is no guarantee that monetary collections would cover the costs of the program. Although the bill states that "...payments shall not exceed the amount of revenue available for such payments in the sportsmen against hunger fund...", that language refers to payments under a contract with a nonprofit organization; it does not address the DNR's costs to administer the program or affect the mandate to implement the program. If money donated with license sales were insufficient, the Department would have to dip into another revenue source to cover its costs, further diverting resources from programs that are consistent with the DNR's principal responsibilities. Moreover, the proposed funding source would be unpredictable and unreliable. The DNR would have no way of knowing whether

donations would be consistent from one year to the next, or would dwindle after the first few years.

Response: According to Committee testimony, MSAH is ready, willing, and able to administer the program under a contract with the DNR. Michigan Sportsmen Against Hunger is a Federally tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and has 15 years' experience in providing donated game to food banks. Presently, MSAH operates with a budget of \$28,000 and does not have enough money to pay processors for all the game that hunters could donate. Meanwhile, according to Humanitarian Services of Safari Club International, Maryland collected at least \$105,000 last year from its \$1 donation and Wisconsin collected a little over \$600,000. (Although Wisconsin's funds are used for more than venison processing, the revenue is generated from a \$1 donation with license fees.) Also, other states apparently have not experienced a drop in donations since their programs were instituted.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bills would cost the State an indeterminate amount. The DNR would be required to administer a new program and pay for the processing of donated game in preparation for distribution to food banks or similar, charitable organizations. It is not known how much revenue the donations would generate. If the donations received into the new Fund were insufficient to cover the costs of the program, other financial means would be necessary.

Fiscal Analyst: Jessica Runnels

H0506\s4071a

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.