



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, DC 20240

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Memorandum

To: H. Dale Hall
Director, U.S. Fish and Wildlife Service

From: Christina M. Bruner *Christina M. Bruner*
Director of External Audits

Subject: Management Advisory – Clarification Needed on License Certification Requirements for State Hunting and Fishing Licenses (Report No. B-EV-FWS-0004-2008)

Under the Federal Assistance Program for State Wildlife and Sport Fish Restoration (Federal Assistance Program), the U.S. Fish and Wildlife Service (FWS) provides grant funds to each eligible State to conserve and enhance sport fish and wildlife. FWS requires each State participating in the Federal Assistance Program to submit annual certifications of the number of paid hunting and fishing license holders in the State. Consistency in the counts is important because the FWS bases the annual apportionment of Federal Assistance Program dollars to each State, in part, on the number of license holders in the State. Generally, about half of the Wildlife Restoration Program apportionment to each State is based on the number of paid licensed hunters, and about 60 percent of the Sport Fish Restoration Program apportionment to each State is based on the number of paid licensed anglers. During our audits of the Federal Assistance Program grants, we found that a lack of clarity exists in the regulations on which licenses States may count in their annual certifications. This lack of clarity could lead to inconsistencies in the license-holder counts among the States.

The Code of Federal Regulations (50 C.F.R. § 80.10) provides requirements on which licenses States may count in their annual certifications. Section 80.10(c)(2) allows the State to count in its annual certification only those licenses that earn net revenue. States sometimes sell multi-year licenses, such as lifetime licenses, that may be eligible to be counted in multiple years. If the State deposits the original license fee in an account that earns interest (or otherwise earns net revenue from the original license fee), and treats the interest earned as license revenue, it may count the valid lifetime or multi-year licenses under 50 C.F.R. § 80.10(c)(2).

However, the regulations are less clear on which multi-year licenses may be counted if the State earns net revenue when it sells the licenses, but does not earn net revenue on the original license fees in subsequent years. The regulation allows States to

count licenses that are valid for more than one year in each of the years they are valid, provided that "the net revenue from each license is commensurate with the period for which hunting or fishing privileges are granted" (50 C.F.R. § 80.10(c)(3)).

The FWS has no further guidance on what "commensurate with the period for which hunting or fishing privileges are granted" means. We believe additional FWS guidance on its interpretation of 50 C.F.R. § 80.10, particularly as it applies to lifetime and multi-year licenses, would help to ensure consistency in the counting of licenses among States.

We also note that FWS recently issued guidance on counting 12-month licenses (rather than annual licenses that expire on a set date). The issuance of this guidance suggests that there may be lack of clarity on other issues pertaining to certification of license holders.

We therefore suggest that FWS headquarters officials:

- 1) Obtain a solicitor's opinion on the interpretation of language in 50 C.F.R. § 80.10(c)(3) pertaining to multi-year licenses;
- 2) Develop guidance on which multi-year licenses may be counted in annual license certifications based on the solicitor's interpretation of the language in 50 C.F.R. § 80.10(c)(3); and
- 3) Canvas the regions to determine whether additional guidance is necessary on license certifications, to ensure consistent counts among the States, and develop and distribute necessary clarifying guidance to the States.