

Montana Department of Fish, Wildlife and Parks
Fish and Wildlife Licensing and Funding Advisory Council
Meeting Summary, January 16-17, 2014

Council Members Present: Mark Aagenes, Tim Aldrich, Ed Beall, Robin Cunningham, Bob Gilbert, Arthur Hayes, Ed Hammer, Jim Olson, Brett Todd, Senator Kendall Van Dyk, Representative Jeff Welborn. Not present: Debby Perry, Dan Vermillion.

Fish, Wildlife and Parks: Sue Daly, Quentin Kujala, Kathy Reilly, Bobbi Rogrud, Paul Sihler, Neal Whitney, Hank Worsech

Environmental Quality Council: Hope Stockwell

Facilitator: Barb Beck, Beck Consulting

Public: Five individuals

Welcome and Catching up

Two members of the public were present when the meeting opened. Because the public comment period was on the agenda for day two only, they were afforded the opportunity to address the council at the beginning of the first day, and chose not to do so at that time.

Paul Sihler addressed “where are we with the council’s charge?” Paul reviewed the language laying out the charge from the Director to the council. All of the topics in the charge, (structural balance, streamlining and simplifying, free and reduced price licenses, earmarking, prices for sufficient and stable sources of revenue, and evaluating the role of license buyers and non-license buyers), will have been discussed at the conclusion of this meeting. Paul believes the council is on track to meet all of the items in the charge. The February meeting will provide the chance to look at all of the preliminary recommendations in total and make any final adjustments.

There was coverage of the Council’s work in the Billings Gazette in early January. The Independent Record printed a preview story of this meeting early this week. The Missoulian printed an article critical of the department’s habitat enhancement and block management programs based on a recent legislative audit. Council members were concerned that the ability to be successful with their recommendations on hunting and fishing licenses might be negatively affected by this other issue. Paul provided an explanation of the legislative audit and how the two programs mentioned are administered. Council members encouraged the department to be proactive with getting information to the public on these issues so that perceptions are as accurate as possible.

Paul reported on implementation of the Com-Ed plan. The brochure “Choices for the Future” has been finalized and is being used. The video is being finalized and a power point presentation has been developed and is being shown to groups around the state. The materials address the value people are getting from FWP’s management.

Council members discussed input they had received since the December meeting.

- Getting comments about block management.
- There is some support from conservation groups in forming coalitions to support the department financially.
- There is general support for an increase in resident licenses prices as long as it's reasonable.
- The definition of disability needs to be clarified.
- Need a source of revenue to invest in "what we have", the infrastructure of the resource.
- FWP doesn't "owe" people who have moved to another state. Get rid of Coming Home to Hunt and the Native Montanan license. Others expressed that those programs are loved by the people who use them.
- Raising the age limit to 70 is OK with most, but not all.
- Don't support giving the FWP Commission authority to raise license prices.

Public input received by the department via email was provided to council members prior to the meeting. Each comment received an acknowledgement. The commenter was told that their comments would be passed along to the council and they were provided a link to the council's webpage. The department is adding the commentors' e-mail addresses to a distribution list so that these individuals can be contacted with information later in the process, for example when a report is released or there is a public comment opportunity.

The council members then discussed how to consider the e-mail comments in their deliberations. The council asked FWP staff to prepare a content analysis and bring it back to them in either February or March. That way, the council can consider the comments before the preliminary recommendations are finalized. FWP will prepare the content analysis.

January EQC Meeting

Hope Stockwell updated the council on the EQC meeting that took place January 8-9. She prefaced her update by reminding the council that recommendations from citizen councils such as this one have power with legislators and that some of the most successful things in the legislature originate from groups like this.

There were several clear messages from the EQC. The Chair is not in favor of granting the F&W Commission authority for license pricing. The EQC was largely silent on the length of the funding cycle. There was a suggestion to phase-in a license increase. There was support for a discount in the base license if a hunter purchased both archery and firearm and support for picking a price to address the needs and putting it in the base license.

Scott Talbott, the Director of Wyoming Game and Fish (WYGF) addressed the EQC by phone. FWP and WYGF's budgets are similar in size. Wyoming does not have a statutory requirement for access or habitat programs like Montana. And, unlike Montana, they receive general fund monies to compensate

for free and discounted licenses. Talbott talked about cuts his department has taken as a result of not receiving a license increase. The public has not liked the cuts. EQC questions for Talbott included buyer reluctance to fee increases and an interest in what efficiencies WYGF has found in the process of coping with budget limitations. There was public testimony at the EQC meeting by a Montana conservation group supporting the concept of non-license buyers contributing to FWP's budget. The EQC did not comment on the preliminary recommendation to make all discounted licenses standard at 50% of the full price. The fact that EQC did not push back on the council's preliminary recommendations seems to be a hopeful sign about how they are receiving these recommendations.

Hope explained that the EQC is addressing the same concepts as the council with a few minor exceptions. EQC is looking at what other states are doing and is not specifically tasked with discussing earmarks, though it will review the information the council receives at its next meeting. The EQC meets again in March and the proposal from the council will be presented then. EQC may decide to draft one or more bills. The council could consider providing a recommendation to the EQC on whether to draft one bill or more than one bill to implement their recommendations about hunting and fishing license structure and pricing.

Public Comment

Former Representative Ed Grady was offered the opportunity to address the council at the end of the day on January 16. He thanked them for their time on these tasks and said he was distraught over the current block management controversy.

Funding Cycle

The council validated its preliminary recommendation to move to a 4-year funding cycle, now being referred to as a 4-year review cycle.

Preliminary Recommendation: FWP shall review its budget expenditures and revenues every four years to determine the need for revenue recommendations to the legislature.

The rationale for this preliminary recommendation has also been discussed at multiple previous meetings and includes:

- a 4-year cycle meshes well with legislative term limits,
- a 4-year cycle allows for more accurate financial projections than a longer cycle,
- a 4-year review would allow, but not require that license prices be increased every 4 years,
- a 4-year cycle will not increase costs for the department,
- a 4-year cycle will reduce the potential for a hangover effect in reluctance to purchase licenses with greater price increases necessitated by a longer cycle,
- a 4-year cycle provides more frequent opportunity to make adjustments,
- a 4-year cycle would better link the legislature's decisions on revenues and expenditures in time, and
- a 4-year cycle will help keep the funding more fresh with legislators than a longer cycle.

The council discussed, but had no specific recommendation for the EQC on how the above recommendation would be implemented.

License Structure

The council revisited the two remaining items from its original list of potential license structure changes. The two topics had ranked at the bottom of the priority list at the second meeting. The topics were 1) to establish trophy big game areas with a differential in the license price for these areas, and 2) encourage individuals to purchase licenses every year by rewarding that loyalty with bonus points that increase for each successive year a license was purchased.

The council discussed both of these ideas and decided not to recommend any additional changes to the license structure on these two subjects. On the topic of trophy areas, the council did not wish to penalize hunters who could not afford to pay additional money for a trophy license. The council decided not to pursue changing the bonus points for two reasons. First, FWP already has a system of bonus points, and second, making this change would further complicate the license structure.

FWP staff handed out a revised hunting regulations sheet that had incorporated the council's preliminary recommendations to date. The council had wanted to see how the regulations sheet had changed as a result of their recommendations. The original sheet was two pages. The sheet incorporating their preliminary recommendations was one page. The effect of the council's preliminary recommendations was to reduce the information needed by half.

Alternative Fund Sources

Part of the council's charge from the Director was to weigh in on whether additional sources of revenue should be developed for the department. While everyone in the state and visitors to the state benefit from FWP's management, the costs are primarily borne by license buyers. Hunters and anglers have been divided on the subject of a broader revenue base in the past because of the perception that if others contributed financially there would be an accompanying expectation of input and influence on decisions. There has been concern that, as a result, hunting and angling interests might not be as strongly represented in decision making.

The council discussed the wide ranging benefits to Montanans from FWP's management, and how this value could justify contributions from the state's general fund. Council members felt this idea was unlikely to garner legislative support. Generally, there is a shared set of values between consumptive and non-consumptive users. Non-license buyers are already influencing FWP management decisions so this would not be a change if revenue was obtained from additional sources. The council and FWP staff discussed differences between types of users.

Preliminary Recommendation: All Montanans and visitors benefit from the management activities of Montana Fish, Wildlife and Parks. FWP's management is currently paid for largely by people who purchase hunting and fishing licenses. Of those who do not purchase a license, some benefit in ways that have a physical presence creating impacts that FWP must manage. Others benefit without a physical presence and do not create impacts. Because of the above, FWP and the legislature need to

develop/provide mechanisms in addition to license dollars to fund the management and maintenance of the resources that provide these benefits.

Hunting and Fishing License Pricing

The Council discussed pricing of nonresident moose, goat, sheep, and bison licenses. At the previous meeting the council developed a preliminary recommendation that the prices of these licenses be raised to \$1500 each. They wished to obtain feedback from the EQC on this preliminary recommendation. The EQC did not comment on this specifically, so the council validated that this preliminary recommendation will stay in the package of recommendations being developed.

Preliminary recommendation: The Council recommends increasing the price for nonresident moose, goat, sheep, and bison licenses to \$1500 each.

The council discussed pricing for fishing licenses. They had earlier developed a preliminary recommendation to offer a 1-day nonresident fishing license. License structure and pricing were discussed together. Council members expressed the belief that Montana fishing licenses are undervalued. Charlie Sperry and Neal Whitney each provided a handout. One handout displayed the number of nonresident anglers, which license they had purchased (2-day, 10-day, and season long) and the days fished per type of license. The second handout provided a revenue estimate for the proposed new 1-day nonresident fishing license. A comparison with 11 other states showed that 1-day licenses are offered by most states and two of the 11 offer a 2-day license. After additional discussion, the council decided that a new 1-day nonresident license was not desirable from either a revenue or a simplification standpoint, but that the current 10-day nonresident license should be reduced to a 7-day license.

The council then shifted its attention to fishing license pricing and all agreed that nonresident and resident prices should be raised. Current prices for nonresident licenses are \$15 for a 2-day and \$43.50 for a 10-day license, \$60 for a season license.

Preliminary recommendations on fishing license structure and pricing:

- ***change to 10-day nonresident license to a 7-day license***
- ***2-day nonresident fishing license price \$26***
- ***7-day nonresident fishing license price \$56***
- ***Season nonresident fishing license price \$96***
- ***2-day resident fishing license price \$8***
- ***Season resident fishing license price \$24.***

Rationale for this preliminary recommendation: Montana offers a world-class fishing opportunity and our current non-resident prices do not reflect that value when compared to competitor states.

Sustainable Funding for the Department

Sue Daly provided information to the council on the revenue that would be generated from a base hunting license. Resident hunters currently pay \$2 for hunting access and nonresidents pay \$10. The calculations for the new base license were based on charging residents \$15 and nonresidents \$23. This would include the hunting access charge. Implementing this would provide sustainable funding through 2021 without an increase in a resident license for any individual species license or tag.

The council stepped back a level in its discussion to look at the total revenue picture, what revenues its previous preliminary recommendations would generate, and what the remaining gap was. Council members discussed the following pieces and combinations of pieces to get to their goal of sustainable funding: the base license (and different price levels for this base license), an across the board percentage resident hunting license increase, the proposed fishing license increase, and/or increasing individual species license prices for species which are currently below the average of the 11 comparable states. For example, the “total cost to hunt” for a resident elk license is currently \$30 when the price of a conservation license and the Hunting Access Enhancement Fee is included, \$38 below the median price of the 11 other states. The resident deer license is under both the average and median price, but is much closer than the elk license.

Taking a systematic approach, the council asked FWP to take the difference between Montana’s prices and the median price of the 11 other states, raise the Montana license price by half that difference, and round up to the nearest even dollar. (Rounding to an even dollar figure allows easier application of the 50% rule to discounted licenses.) When FWP displayed the results of this exercise, it resulted in some very dramatic increases in individual license prices. The council believed these increases would not be acceptable to sportsmen.

The council asked Sue to calculate the revenue implications of setting the base license at several different price points, including \$12 for residents and \$20 for nonresidents. After discussion, the council ended up at the prices of \$16 for resident and \$24 for nonresident base licenses.

FWP suggested a revenue target of \$5.75 million in additional annual revenue to sustainably fund the department. The council will either validate or adjust FWP’s suggested \$5.75 million target when reviewing the preliminary recommendations in February. The council’s preliminary pricing recommendations below are based on the assumption of a 4-year review cycle. If the cycle is longer than 4 years, the recommended approach would not provide adequate funding and either additional revenue would be needed or the department would have to cut staff and/or programs. The pieces of the funding equation are as follows.

Preliminary Recommendation	Revenue Result	Comments
<ul style="list-style-type: none"> Raise senior age to 70 Standardize free and discounted licenses at 50% of full price Raise nonresident moose, sheep, goat and bison to \$1500 each Re-price the Native Montanan license to 50% of full price 	+ \$1.6 million <i>(total for all items listed to left)</i>	See notes from previous meetings for discussion and details
<ul style="list-style-type: none"> Raise resident and nonresident fishing license prices 	+ \$3.4 million	See discussion above
<ul style="list-style-type: none"> Establish a base license at \$16 for residents and \$24 for nonresidents 	+ \$3.75 million	Exact amount of base license still under discussion. This price may be reduced before finalizing all recommendations.
<ul style="list-style-type: none"> Individual resident species licenses 	No change	The council elected not to make any changes in individual species license pricing, but may revisit before finalizing all recommendations
<ul style="list-style-type: none"> Across-the-board resident license increase of a specified percent 	No change	The council elected not to recommend an across-the-board license increase, but may revisit before finalizing all recommendations

FWP staff asked for the time between the January and February council meetings to re-check the revenue implications of the above decisions. They will present this updated information at the February meeting when the council expects to revisit and refine its preliminary recommendations.

Public Comment

(Note: Public comment was invited at 12:00 on Friday as per the publicized agenda. Because this occurred in the middle of the pricing discussion, the notes provide this summary of the public comments after the pricing discussion to make it easier to follow the pricing discussion.)

Mike Sedlock: Mike expressed a concern with a large price increase at once. He is not against establishing a base license. License dollars have been used for other management activities and it is way past time for funding from non-consumptive users. The department needs to be funded and with an adequate cushion. Waterfowl licenses are undervalued (priced) now. Some earmarking of funds is needed. Mike is against raising the senior discount age to 70.

Richard Grady: Richard thanked the council for their service and provided written comments. He is concerned with the block management controversy. Don't increase nonresident prices. Residents need to pay more and he supports this. Implement increases over time. FWP needs to get its messages out to the public. Many beneficiaries (for example people who visit Wildlife Management Areas) are benefitting and not contributing financially.

Earmarks

Approximately \$14 million of FWP's budget each year is directed by earmarks. Earmarks are statutory requirements to put funds into special accounts for special uses. There are more than 60 earmarks for FWP funds. Each earmark has a constituency. Many of the earmarks had sunset dates when they were passed originally, then were made permanent. The dollar amounts of the earmarks don't always align with what FWP can spend so in some cases funds accumulate because they can only be spent on certain things. FWP has the freedom to add general license dollars to an earmarked program, but does not have the freedom to take earmarked funds and spend them for other purposes. It is possible that some legislators might prefer to get rid of existing earmarks to free up funds, rather than increasing FWP's revenues in other ways.

Sue provided two handouts. One handout displayed the License Year 2014 earmark allocations to the various programs by license type. The second handout provided an explanation of the earmark programs. Some of the earmarks are a percentage of a license price while others are a set dollar amount. If the council recommends changes to any license prices, they may wish to also recommend whether set dollar amount or percentage earmarks should be relatively increased.

The council reviewed the current earmarks and made a preliminary decision not to make a recommendation regarding earmarks.

Unfinished Business Items

The council was asked if there were any additional or unresolved topics they wished to discuss with the remaining time. Several items were raised.

The council discussed the idea of reselling unsuccessful nonresident elk licenses to residents (for the nonresident price.) While this would allow residents another opportunity to hunt in Montana, it would require a change in statute and also seemed unfair to the average Montana hunter who could not afford to purchase one of these licenses. The council did not wish to make a recommendation on this and council members who received comments on this will let constituents know the outcome of this discussion.

The council discussed the fact that there are currently three types of nonresident upland game bird (UGB) licenses and whether there was an opportunity to combine the 3-day UGB and 3-day UGB shooting preserve licenses. The decision was made not to recommend any change in the current UGB license structure because the shooting preserve license has a longer season than the standard license.

One council member mentioned that the sportsmen and women who have commented to him are very concerned about the difficulty of getting access to hunt.

One council member raised the issue of the automatic increase in the price of the nonresident big game combination license tied to the consumer price index. The price will soon exceed \$1000. This is a major concern because it is likely to have a negative effect on the number of licenses purchased. The council will consider developing a recommendation on this at the February meeting.

Wrap-up

Discussion Highlights

- Council members are starting to get more input from sportsmen now that preliminary recommendations are going out. Commenters generally support a resident license increase as long as the amount is reasonable.
- The department will be doing a content analysis on the e-mail comments they have received and bring that back to the council.
- The council will be recommending a 4-year budget review cycle.
- The council will not be recommending establishment of trophy big game areas or changes to the bonus point system.
- The license listing sheet has been halved with the preliminary recommendations to license structure.
- The council will recommend having FWP and the legislature develop ways in which others, in addition to license buyers can help fund the department because all residents and visitors are benefitting from FWP's management.
- The council has identified a combination of establishing a base license, adjustments to free and discounted licenses, adjustments to undervalued fishing licenses, and nonresident moose, goat, sheep, and bison licenses to meet projected revenue needs for a 4-year review cycle.

Preview of Next Meeting

The council's next meeting will be held February 19 at Montana Wild. This will be a one-day meeting. The primary focus will be to review the complete package of preliminary recommendations and rationale for those recommendations developed to date with the corresponding revenue impacts.

FWP staff will be bringing refined revenue projections and the council anticipates the total revenue raised from all of its preliminary recommendations may exceed the revenue target. If this is the case, they will look at opportunities to back off some aspects of the preliminary recommendations to provide a package of recommendations that generate the necessary amount of revenue, but not more than is truly needed.

The council will also consider the e-mail comments received if the content analysis has been completed, will revisit one item of unfinished business related to automatic increases in the price of the nonresident big game combination license, and will discuss how to conduct outreach on the recommendations. FWP is planning to do a multi-month public review and comment period on the recommendations following the completion of the council's package of recommendations.

The council anticipates adopting the preliminary recommendations at the March 18 meeting, prior to the EQC meeting on March 19-20.