

FINDING COMMON GROUND:
Discussion on Improving Fish and Wildlife for the Future
Meeting Summary
October 20, 2015

Meeting Objectives

The objectives for the 10-20-15 meeting are as follows:

- 1) Learn what has worked/not worked to establish broad-based sustainable funding in other states. Discuss how these approaches could work/not work in Montana.
- 2) Further participants' knowledge into FWP's budget situation.
- 3) Gain an understanding of the role and importance of fish and wildlife in Montana's economy.
- 4) Offer members of the public multiple opportunities to provide their input.

Finding Common Ground group convened at the Greater Yellowstone Coalition's headquarters in Bozeman.

Welcome and Introductions

Participants were welcomed and introduced themselves. The facilitator reviewed the meeting objectives and agenda. The agenda was designed around topics identified by the group at the August meeting.

Director Hagener reported that the group will have the opportunity to hear from Dr. David Thorne, Policy Supervisor, Missouri Department of Conservation, on a call today. Missouri has had success in funding their Department with the help of a sales tax. They are not very dependent on license dollars.

The group watched a short video, "The Conservation Machine", which is available on the FWP website Finding Common Ground page: fwp.mt.gov/doingBusiness/insideFwp/commonGround/default.html. The video presented information about wildlife and conservation work and the economic values associated with that work.

Director Hagener announced the selection of Barb Beck as the new Regional Supervisor in Region 5. Barb is currently serving as the FCG's facilitator. He asked the group to consider whether they wished to have Barb continue as the group's facilitator in light of her pending employment by the Department. He offered if the group wished, to contract with a different facilitator. He also expressed concern about loss of momentum by switching facilitators. The group revisited this question during the wrap-up.

Projected Dollar Needs to Sustain Programs at Existing Levels (Paul Sihler)

Paul provided a handout containing a graph and some totals for revenue, expenditures, and ending fund balance for FWP's general license account. Approximately two-thirds of the Department's funding comes from license sales, one-third from federal excise taxes, and a nominal amount from other sources.

The 2015 legislature passed a license funding increase and switched to a four-year budget review cycle. The Department will first see all of the increased revenues from this starting in 2017. Based on the change to a four-year cycle, the legislature will look next at FWP's revenues and expenditures in 2019. If the legislature makes changes in 2019, they would first go into effect in 2021. At this point, FWP

funding is adequate to deliver current programs until 2021. Pay plan increases are figured into projected expenses. License sales are assumed to be stable. There is no provision for an unforeseen circumstance such as Chronic Wasting Diseases, severe winter die-off, or other crises to which the Department would have to respond and incur additional expenses or loss of revenue.

Starting in 2021, the funding gap or shortfall is projected to be approximately \$7 million per year. To avert this shortfall there will need to be an increase in revenues, a reduction in expenditures, or some combination of the two. Adding \$7 million per year in 2021 would only cover services currently provided; the revenue would not provide for new programs.

In response to a FCG member's question about the department's ability to report out expenditures for non-game species, the staff responded that they have a good handle on what is spent on candidate, threatened, and endangered species. The spending for candidate, threatened, and endangered species is approximately \$5 million per year. FWP can provide a total of expenditures specifically budgeted for nongame species work, but it is important to recognize that much of the work done for nongame species is not specifically budgeted for that purpose. For example, many biologists work on both game and non-game species.

FCG Organizing Document

The latest version of the FCG organizing document was handed out. The group spent considerable time refining the group's purpose statement at the August meeting. The group revisited the document at the end of today's meeting and approved it by consensus.

Funding Models Used by Other States (Charlie Sperry)

Charlie had sent out "Investing in Wildlife" to the group's members prior to this meeting. Investing in Wildlife is a report of case studies on funding approaches used by state fish and wildlife agencies. The report was completed by students at the University of Michigan with assistance from the International Association of Fish and Wildlife Agencies. He provided two handouts that contained information from the report. The first handout displayed a table with a variety of funding mechanisms grouped under three broad categories; society-pay, user-pay, and industry-pay. The second handout contained recommendations for choosing a funding mechanism and planning a campaign to accomplish the desired funding mechanism.

Missouri's Conservation Sales Tax (Dr. David Thorne)

Dr. David Thorne, Policy Supervisor for the Missouri Department of Conservation (MDC), spoke with the FCG group via telephone. David provided some background information on his department's funding sources and the establishment of a percentage of sales tax allocated to MDC. Missouri has 60 million citizens and 93% of the land in the state is privately owned. The Missouri Department of Conservation was established in 1935-36 with a non-political four-member commission. There was strong public support for establishing the Department. The Conservation Department includes fish, wildlife and forestry. They also began publishing a conservation magazine in the late 1930s that is still published today. The magazine is free to Missouri residents and reaches between ¼ and ½ of the state's households. The Department became concerned with an inability to meet demand for services in the late 1960's due to inadequate funding. The Department does not receive general fund revenues from the state. They conducted a program evaluation and came up with four goals: increase rich diverse

environment, increase recreation opportunities, focus on maximum social value, and provide scientific and educational use.

They then commissioned a study of alternative revenue sources. An initial attempt to tax soft drinks was strongly opposed by the soft drink industry, and ultimately failed on a technicality. After the failure, the interests regrouped and pursued a percentage of the existing state sales tax (Missouri already had a sales tax in place). The Department was able to paint a very clear picture through the “New Design for Conservation” (1975) that linked revenues to specific outcomes; the key to the success of this campaign was explaining what the department would do with the additional money derived from the sales tax. As a result, the conservation sales tax (1/8 of one cent) passed in 1976 and was implemented in 1977. MDC also agreed to use a portion of the revenue to pay counties in lieu of taxes on department-owned lands.

The revenue from this conservation tax now constitutes approximately 60% of MDC’s budget. Based on surveys of the public, there is a high level of public support for the conservation tax. The conservation tax has a ten-year lifetime. It has been reauthorized by the legislature four times.

Dr. Thorne’s observations included:

- There was broad citizen support and initiative that led to the percentage of sales tax – MDC did not lead the campaign.
- The department clearly articulated what it would do with the additional revenue and how that would benefit the people of Missouri.
- Initial concerns from traditional hunters and anglers that less emphasis would be placed on services and programs of interest to them did not turn out to be the case. The results in Missouri showed that everyone benefitted. Hunters and anglers have benefitted from increased staff and lands available for hunting, fishing, and other recreational activities. If the funding mechanism meets one interest’s needs, then that person or group will support other interests as well. Dr. Thorne recommended looking at how much money would be generated by a mechanism, how stable the funding would be over time, and how the financial contribution could be spread out across the citizenry.

He also observed that in Missouri, the marketing for the conservation tax (Design for Conservation) was successful to the point that some people began to associate the Design for Conservation campaign as one in the same as the department. He recommended that the connection created with the public as part of the campaign to implement a funding mechanism should tie closely to the Department and not just the funding mechanism.

An FCG member asked Dr. Thorne about Missouri’s tax structure. Missouri has a sales tax, an income tax, and property taxes. There are two categories for the sales tax—food and drug items, and all other taxable items. The total tax on these non-food and drug items is 4.5%. Only the Parks and Soils, Conservation, Education, and local taxes are placed on the food and drug items. These four items plus a general state tax are placed on the other taxable goods and services.

Dr. Thorne was asked about how rural landowners viewed the proposal to allocate a percentage of the sales tax going to MDC, which would be used in part to purchase land (as well as how landowners view the tax now). He responded that rural landowners were not particularly opposed to the tax. He said agricultural producers are generally concerned when land goes out of production. There has been a

decline in the number of farms in the state, but it helps that MDC only purchases land from willing sellers and it is not acquiring much land currently. Landowner opinions probably vary by individual. Some legislators were opposed to state acquisition of land while others appreciated the benefits. The Department did not work directly with any tribes.

Dr. Thorne will provide Charlie with their Design for Conservation. Charlie will distribute it to the FCG. The FCG members felt that the information presented by Dr. Thorne was extremely helpful for their work.

The Role of Fish and Wildlife in Montana's Tourism Economy (Dr. Norma Nickerson)

Norma is the director of the Institute for Tourism and Recreation Research (ITRR), housed at The University of Montana and funded by Montana's bed tax. She provided a handout of her slides and a sample copy of the non-resident travel survey. She presented information from two different surveys, surveys of a nonresident panel on the value of public lands and non-resident travel surveys. Norma's presentation contained a number of details and figures; what follows is a brief synopsis.

The 2013 nonresident survey of the value of public lands showed that 75% of nonresidents reported that they engaged in viewing wildlife, 29% engaged in fishing, and 11% went hunting. The average income of the visitors was between \$75,000 and \$125,000.

ITRR surveys approximately 15,000 non-resident travelers each year. Surveys are administered at gas stations, rest areas, and airports. 10.8 million people visited Montana in 2014 with non-residents spending a total of \$3.9 billion. Of the vacationers whose primary reason for visiting Montana was vacation or recreation, 51% reported participating in wildlife related activities—viewing, hunting, and/or fishing. Only 8% of the non-resident visitors reported that the primary reason for their visit was wildlife viewing, hunting, or fishing. 8% would be 400,000 visitor groups. The average spending per group for these three categories was \$302 per day for 9.3 nights with an average group size of 2.23 people. Hunter groups spent the highest amount at \$4,087 per trip. Angler groups spent \$2,550 per group per trip and wildlife watchers spent \$1,129 per group per trip. The largest expenditure category for non-resident travelers was gasoline at 32% of spending. Non-resident visitors coming for hunting, fishing, or wildlife viewing spent 43% of their expenditures on outfitters and guides.

Observation: Large numbers of both residents and non-residents enjoy wildlife in Montana. While their expenditures benefit the larger economy, many are not contributing any money directly to support Montana Fish, Wildlife and Parks.

Public Comment

1) Dagmar Riddle

A lot of people come to Montana to watch wildlife. We need to preserve and protect wildlife. Need to maintain a viable wolf population, co-exist with them. Concerned about treatment of wolves.

2) James St.Goddard

James was a Cultural Chair for the Blackfeet Nation from 2002-2006. He comes from a ranching background. He would like to work together to get more funding. Congress has a trust responsibility to indigenous people. He would like to bring in money to learn what animals want to tell us. People

should not be afraid of wolves and grizzly bears. Tribal youth are skilled on horseback and could serve as wildlife observers.

3) Nate Varley

Nate is a business owner from Gardiner and serves on the Bear Creek Council. Wolves and grizzly bears are very valuable. There are people in Montana that will support this work. He encouraged and thanked the FCG member for their work.

4) Dr. Norma Nickerson

Idaho requires all guides to be licensed, not just hunting and fishing guides. This could be a source of revenue in Montana. The Institute for Tourism and Recreation Research (ITRR) could be a resource for this group. Land trusts would be another set of organizations to work with on funding mechanisms. If you have any questions, feel free to contact Norma. She has access to lots of data and could also use her resident survey panel to answer questions for the FCG. She would be able to survey about 5000 residents in a month. One of the FCG members posed a potential question for residents regarding willingness to pay and how much to support FWP's work.

Potential Funding Mechanism(s)

FCG members asked the Department about potential timing of any funding mechanism effort. Staff responded that if the FCG effort led to the department concluding that legislation is needed, the process would call for the department to present a proposal to the Fish and Game Commission in March, to the Governor in May, to the Environmental Quality Council in June or July, and draft language in November prior to whatever legislative session is targeted.

Staff explained that because the department received a fee increase in the 2015 legislature, there is concern over rushing this FCG effort and a potential negative reaction from returning too soon to legislators who just passed a license increase in 2015. In addition, the Licensing and Funding Advisory Council learned a lesson about having \$500,000 of their proposal being labeled by the legislature as a "slush fund" and having that cut. Their intention was not to create a slush fund, but to provide for what they believed would be realistic additional needs of the Department.

Now that the group has a good foundation of knowledge about the budget and Department programs, the FCG was asked how they would like to proceed with working through some funding mechanism ideas. Several suggestions were made and the group agreed with the importance (underscored by the Missouri experience) of being able to describe what people would be getting for additional money. They noted that this will need to be stated at the vision level, not the operational level. Staff reminded the group that the projected \$7 million needed in 2021 would be to pay for existing programs and services, not new programs. Charlie read through the list of items that Missouri built their case around to start the conversation.

After some discussion, the group decided that crafting a funding vision might in large part duplicate the department's *'15 and Forward initiative*, which has included staff and public involvement via listening sessions conducted around the state. The purpose of the FCG group as stated in the organizing document is to look at funding mechanisms. The FCG agreed to wait for results from *'15 and Forward* and build on that work. The next meeting of the *'15 and Forward* planning team will be just prior to the FCG December meeting, so there will be more to report on their progress for the FCG meeting. FCG

members agreed to come to the December meeting prepared to share each of their top three potential benefits to be provided with additional funding. The group agreed to the following:

- There is a large number of people (residents and non-residents) benefitting from wildlife in Montana that are not financially supporting the Department's work directly,
- A successful effort will require a good explanation of the benefits of additional funding and/or an explanation of the services that would be lost without the additional funding,
- This explanation in support of the funding mechanism(s) needs to be at the vision level,
- The department's '15 *and Forward* initiative is work that should be used and built upon to create the case (explanation) of benefits people will receive if the funding mechanism is instituted.

The challenge is clear. By 2021 the Department will be facing a projected \$7 million annual shortfall. In addition to this shortfall there will very likely be reasonably foreseen or unforeseen additional demands such as new listed species, wildlife diseases, etc. The group agreed during the subsequent wrap-up to discuss a targeted amount to be raised by one or more funding mechanisms they would recommend.

Public Comment

1) Dr. Norma Nickerson

Dr. Nickerson stated that she is not a hunter or angler. She is an outdoor recreation enthusiast. People will ask, "Why would I support something that doesn't benefit me?" People don't connect the benefits from FWP's work with FWP. People come here from Colorado and say that Montana is what Colorado used to be. She believes the Department needs to reach out beyond sportsmen.

2) Dagmar Riddle

People will be willing to put money towards wildlife. FWP needs federal funding to support it. We need to have buffer zones around the National Parks to protect the animals. Everyone should get equal say.

3) James St. Goddard

James offered his services. Animals are sacred to Indian people. Think about what's best for Montana. Don't kill these sacred animals—the wolf, the buffalo, and the grizzly bear. Mr. St. Goddard is running for the U.S. House of Representatives.

4) Nate Varley

Nate supports a sales tax for Montana. He realizes that many others do not. People might support a sales tax tied to conservation. He has lived in Gardiner for 30 years. Gardiner considered and rejected a sales tax many times. A resort tax has finally passed. These efforts can take many tries before success. He also supports offering voluntary stamps.

Criteria/Guidelines

The group decided that it would be helpful to identify screening criteria or guidelines against which to evaluate potential funding mechanisms. The following list was developed using information from Investing in Wildlife as a starting point and adding to that. The following are numbered but were not prioritized.

- 1) Does it have state-wide public support?
- 2) Does it attract a broad constituency that will stand up for it?
- 3) Would it have organized opposition?
- 4) Are the administrative costs burdensome?
- 5) Does it supply a consistent revenue stream? Adequate revenue?
- 6) Does it tap everyone who benefits (residents and non-residents)?
- 7) Does it sell itself?
- 8) Does it provide broad conservation benefits for Montana wildlife?
- 9) Does it fit in the public trust doctrine?
- 10) Does it require legislative action?
- 11) Is it sustainable long-term?
- 12) Does it provide additional funding over the current funding?

The above guidelines will be used to evaluate potential funding mechanisms. When the group begins to apply them, they can be modified if needed.

Wrap-up

Group members felt that two 30-minute public comment periods were appropriate. They asked the facilitator to encourage those commenting to address the issues the group is currently deliberating.

Topics for the next meeting include:

- Identifying any additional mechanisms to be considered (the group has an initial list generated at their June 10 meeting and found in that meeting summary),
- Evaluating the funding mechanisms identified using the guidelines above,
- Discussing the target funding need to be generated by the mechanism(s),
- Hearing a brief presentation on the results of the Montana Wild Survey,
- Receiving an update on the '15 and Forward work,
- Receiving information on estimates of what the Department spends on non-game work, and
- Two public comment periods.

Each group member agreed to read the Investing in Wildlife report sent out by Charlie prior to this meeting. They also agreed to come to the next meeting with a list of the top three benefits they would like to be part of the package that is provided in information for the public to garner support for a proposed funding mechanism(s). Lastly, the group agreed to come to the next meeting with any additional funding mechanism ideas that were not listed at the June meeting.

The group decided to retain Barb Beck as their facilitator even after she has begun her duties as an FWP employee.

The group accepted the *Finding Common Ground to Sustain Fish and Wildlife: Organizing Document* dated October 13, 2015 as the final version to guide their decision making and operations.

The next meeting will take place on Friday, December 11 at Montana Wild in Helena. The meeting will start at 9 a.m.