

STATE OF VERMONT  
2007 Legislative Session

Report  
of the  
Fish and Wildlife Department Funding Task Force  
February 2007

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- T. Passing The Buck, A Special Report by the Izaak Walton League of America, A Comparison of State Fish and Wildlife Agency Funding and the Economic Value of Wildlife-Associated Recreation, 1999.
- U. January 3, 2007 Press Release announcing Public Listening Session

# Executive Summary

Sec. 296a of Act No. 215 of 2006 (H. 881) of the 2005-2006 Vermont Legislature established the Fish and Wildlife Department Funding Task Force. The law directed the Task Force to submit findings and recommendations to the 2006-2007 Legislature and Governor Douglas' Administration.

The Task Force was formed during the fall of 2006 with the appointment of nine members representing various Department stakeholders.

The Task Force held seven meetings in Montpelier on September 18, October 16, October 30, November 13, November 27, December 11, 2006 and January 18, 2007. All Task Force meetings were open to the public. An email requesting comments was sent to all parties listed as interested in the Vermont Fish and Wildlife Department's Second Wildlife Congress. A public presentation of the Task Force Report was made on January 18, 2007. The public was warned of this opportunity via a press release sent out on January 3, 2007.

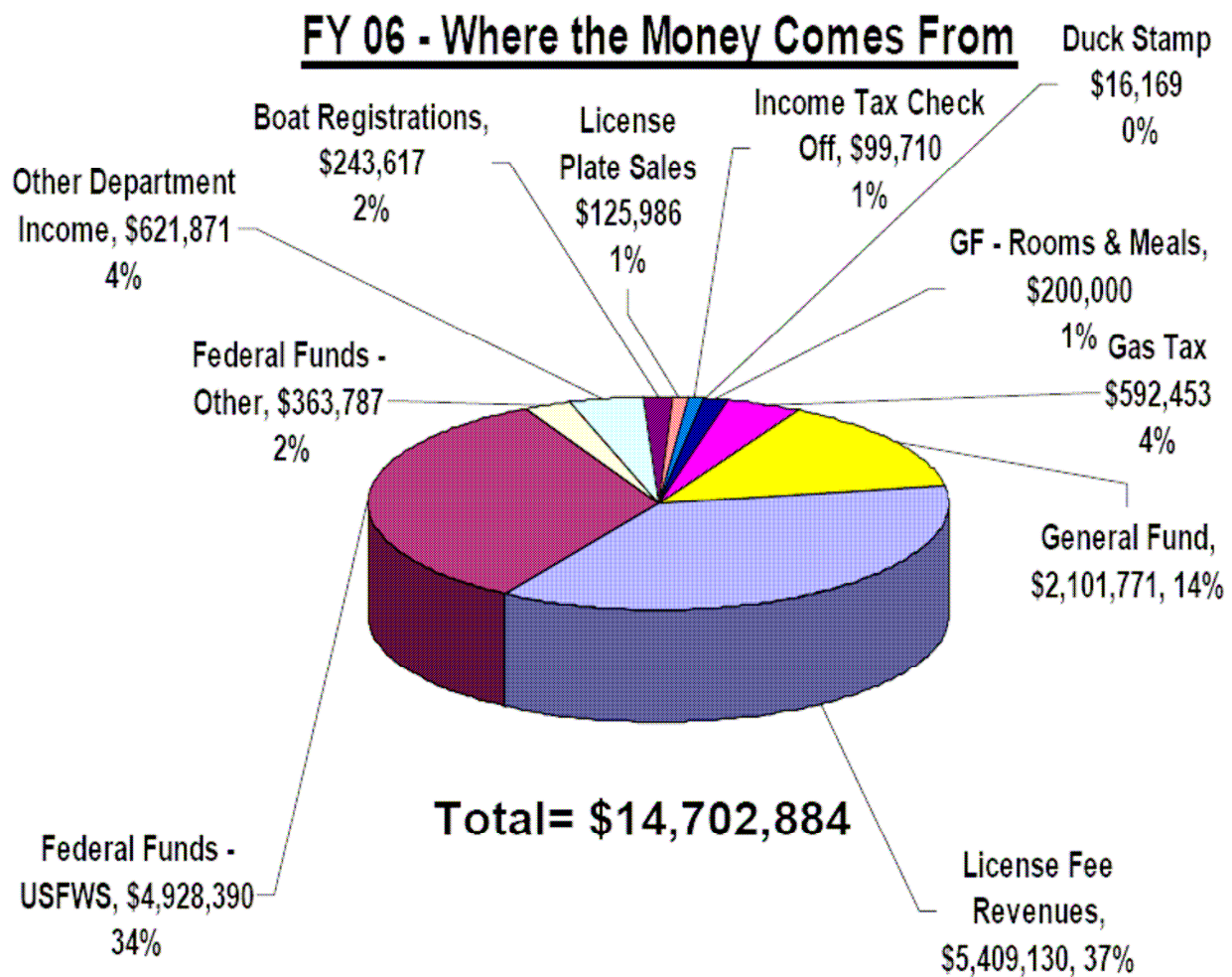
The law directed the Task Force to develop recommendations for comprehensive, sustainable funding mechanisms for the operations of the department of fish and wildlife which complement existing funding sources. It further stated the task force shall, among other things, consider whether costs of work carried out by fish and wildlife department personnel in providing technical services to permitting bodies and in enforcing laws and regulations other than fish and wildlife laws and regulations, should be paid for from other agency and department funds, as appropriate.

The Task Force received presentations from Sher Yacono, Vermont Fish and Wildlife Department Business Manager; Ron Regan, Vermont Fish and Wildlife Department Wildlife Division Director; and Thomas Decker, Vermont Fish and Wildlife Department Operations Director. The Task Force reviewed Agency of Natural Resources FY07 Program and Budget Summaries; Agency of Natural Resources FY07 Budget Detail; VT Fish and Wildlife Department Statement of Needs Memorandum 11.08.06; VT Fish and Wildlife Department Agency Assist Memorandum 11.06.06; VT Department of Fish and Wildlife 45-Year Boating and Universal Shore Fishing Access Development Plan; Teaming with Wildlife, State-Level Funding Initiatives information sheet; Vermont Fish and Wildlife Department FY06 Revenue Sources; IAFWA-ASA Dating Mining Project, Initial Vermont Findings, September 30, 2006; Vermont Department of Fish and Wildlife. 2000. Vermont Residents' Attitudes Toward Program Priorities and Alternative Funding Mechanisms for the Vermont Department of Fish and Wildlife. Responsive Management, November 2000; Funding the Vermont Fish and Wildlife Department in the 1990s, A Report from the Governor's Commission on Fish and Wildlife Funding, June, 1990; Investing in Wildlife, State Wildlife Funding Campaigns, Summary of Findings, Teaming With Wildlife; Technical Assistance Performance Report FW-17-T-31, Job I-1, Vermont Fish and Wildlife Department; State Wildlife Diversity Program Funding: A 1998 Survey, International Association of Fish and Wildlife Agencies; The Future of Vermont's Natural Treasures, Tuck School of Business for Agency of Natural Resources, August, 2005;

Passing The Buck, A Special Report by the Izaak Walton League of America, A Comparison of State Fish and Wildlife Agency Funding and the Economic Value of Wildlife-Associated Recreation, 1999; and Vermont Department of Fish and Wildlife License Sales Data 1987-2005

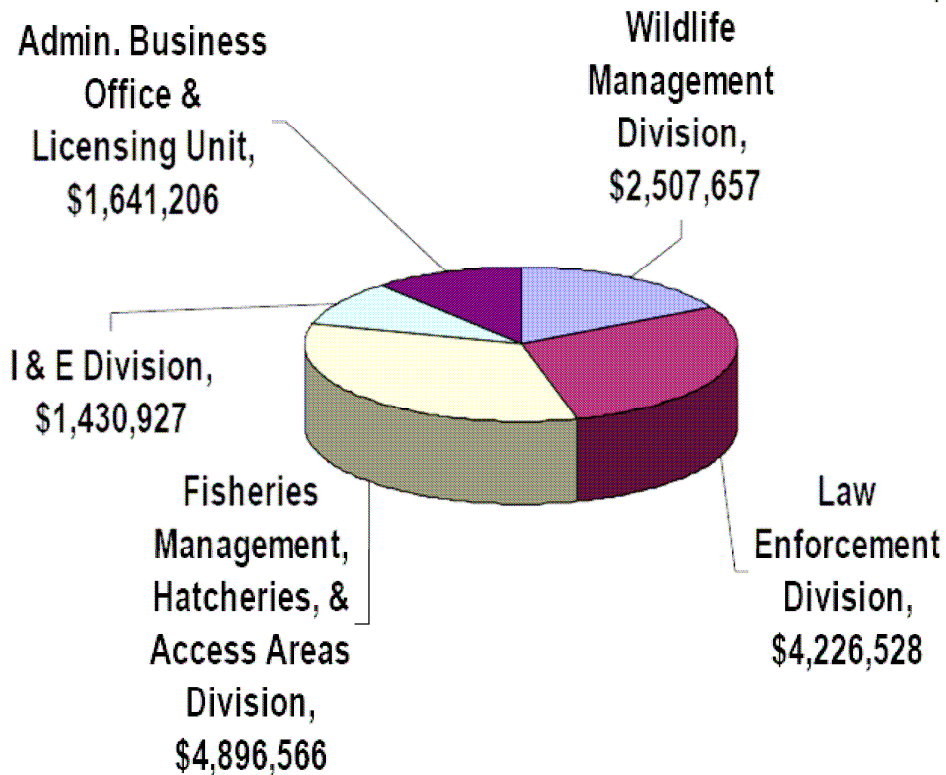
**Department Need:**

Currently the Department of Fish and Wildlife funding gap is approximately \$3 million. In addition to the \$2.2 million general fund appropriation, there are currently 8 vacant positions that will around \$800,000 to fill. However, in a needs analysis presented to the Taskforce in a memo dated November 8, 2006 the department estimates that an additional \$3,581,362 million are needed to fill 52 priority positions. This would allow the department to match all of the federal dollars available to the Department.



## FY 06 - Where the Money Was Spent

Total= \$14,702,884



After reviewing all public input, documents and receiving presentations, the Task Force makes the following findings and Recommendations:

### **Recommendations:**

- 1. Dedicate 1/8 of one percent of State Sales Tax to the Department of Fish and Wildlife as a dedicated revenue source into the Department's Fish and Wildlife Fund.**

*Discussion:* The Taskforce believes that this option would create a sustainable source of funding for the Department of Fish and Wildlife. This approach has been successfully used in Missouri and Arkansas, Texas and Virginia. Rededicating a small portion of the Sales Tax would recognize the estimated \$386 million of economic activity generated by wildlife related activities. These activities are estimated in the 2001 National Survey of Hunting, Fishing and Wildlife Related Activities to generate \$8.4 million in sales tax revenues for the state of Vermont. The taskforce estimates that 1/8 of one percent would generate approximately \$6 million in revenue for the Department; enough to meet the projected short term gap in funding for the department and allow for needed and overdue program growth.

**2. Dedicate 1/8 of one percent of State Rooms and Meals Tax to the Department of Fish and Wildlife as a dedicated revenue source into the Department's Fish and Wildlife Fund.**

*Discussion:* A dedication of the Rooms and Meals Tax would recognize the economic activity associated with people who come to Vermont to hunt, fish and view wildlife and stay in our inns and dine in our restaurants. The 2001 National Survey of Hunting, Fishing and Wildlife Related Activities estimates that \$74 million dollars are spent in Vermont by such activities. The Taskforce estimates that 1/8 of one percent of the rooms and meals tax would generate roughly \$1.5 million dollars. If this recommendation is enacted additional revenue sources would need to be identified.

**3. Create a five-year fishing license.**

*Discussion:* The Taskforce recommends creating a five-year fishing license based as a good market based approach to generate more revenue for the Department. Currently the Department does not have the authorization to create five-year fishing licenses. Based on a recent study commissioned by the Department, a five-year fishing license could generate between \$225,000 and \$300,000 in new fishing license revenue each year. This increase in revenue would be in part created individuals who currently regularly buy fishing licenses but not every year. A five-year license would not replace existing license options. The Taskforce supports giving the Department the authorization to create five year licenses in the 2007 Fee Bill.

**4. Create a five-year trapping license.**

*Discussion:* The Taskforce also supports the creation of a five-year trapping license although the revenue potential is unknown at this point. Currently, there are limited outlets for purchasing trapping licenses, we believe this option would be an added convenience and for reasons stated above should result in an increase in revenues for the Department. The Taskforce supports giving the Department the authorization to create a five-year trapping license in the 2007 Fee Bill.

**5. Explore a five-year hunting license.**

*Discussion:* As with the trapping license, the potential increase in revenue is unknown but the Taskforce believes the Department should investigate the potential revenue gains and administrative savings a five year hunting license may generate.

**6. Create a lottery ticket.**

*Discussion:* The state of Maine established a wildlife scratch instant lottery ticket that directly funds special projects of the state natural resource agency through the Maine Outdoor Heritage Fund. Bucks for Bucks and Bucks for Bass lottery tickets have generated \$750,000 for projects in Maine. Based on conversations with the Vermont Lottery

Commission, the taskforce estimates a similar program in Vermont could yield approximately \$300,000.

**7. Dedicate General Fund money specifically to offset law enforcement expenses.**

*Discussion:* Vermont's Game Wardens' law enforcement authority is very broad. Our wardens participate in enforcement activities that range from enforcement of wildlife laws to homeland security duties, drug enforcement, and accident first responder duties. Currently the Department's law enforcement budget is \$4.2 million. Ninety-six percent of this budget is funding through license fee revenues. The taskforce recommends that general fund revenues be used to specifically offset the law expenses in recognition of the broad range of non-wildlife related services our Warden system is providing the State of Vermont. General fund money could be offset if a redirection of the sales tax of 1/8 of 1% is used to fund the departments as recommended in our priority recommendation.

**8. Create a non-motorized boat permit.**

*Discussion:* The Taskforce recommends investigating creating a non-motorized boat permit system for Vermont. Maine has a similar program for their inland waters. We recognize that there is much to investigate and work out with this approach, but believe the potential merits and revenues are worth investigating.

On January 18, 2007, the Taskforce held a public listening session in Montpelier to take public comment on the eight draft recommendations. In addition, the Taskforce received written comments via email and mail. Those testifying at the listening session overwhelmingly supported a 1/8 of 1% redirection of the sales tax to fund the activities of the Fish and Wildlife Department. This was seen as a way to recognize the wide variety of Department work that benefits all Vermonters and visitors to the state of Vermont. Those testifying in support of the sales tax redirection represented organizations ranging from the Lake Champlain Birding Trail, Vermont Coverts, the National Wildlife Federation, the Nature Conservancy-Vermont Chapter, Vermont Trappers Association, the Lake Champlain Committee, Umiak Canoe Outfitters, the Northern Forest Alliance and the newly formed Vermont Wildlife Partnership. In addition there were seven individuals who spoke to the Taskforce who were supportive of the sale tax option.

# Introduction

The Fish and Wildlife Department Funding Task Force was established by the 2005-2006 Vermont Legislature through the passage of Sec. 296a of Act No. 215 of 2006, formerly H. 881. Legislature. A copy of the law appears in Appendix A. The nine-member committee is comprised of various Vermont Fish and Wildlife Department stakeholders representing the representatives of volunteer fishing, hunting and trapping organizations and paid environmental advocacy entities.

The Task Force was established to develop recommendations for comprehensive, sustainable funding mechanisms for the operations of the department of fish and wildlife which complement existing funding sources. The Task Force was, among other things, to consider whether costs of work carried out by fish and wildlife department personnel in providing technical services to permitting bodies and in enforcing laws and regulations other than fish and wildlife laws and regulations, should be paid for from other agency and department funds, as appropriate.

The Vermont Fish and Wildlife Department currently receives \$2,200,000 from the General Fund, a new source of funding since 2005. Historically, the Department had been funded exclusive through user fees and federal funding. In more recent years the non-game program in the Department has been partially funded by voluntary contributions to the state's non-game check-off fund and the sale of conservation license plates. Essentially, our Fish and Wildlife Department has been operating on a user pays model which given the Department's expanded responsibilities no longer meets the financial needs of the department.

Vermont's fish and wildlife are held in trust by the State of Vermont for the people of Vermont. The stewardship of our Fish and Wildlife has been entrusted to the Department of Fish and Wildlife whose mission is the conservation of all species of fish, wildlife and plants and their habitats for the people of Vermont. In carrying out this important mission the department has accepted a diverse range of responsibilities and programs that together guarantee that Vermont will continue to have a diverse mix of wildlife and habitats both aquatic and terrestrial across our landscape.

The enjoyment of Vermont's wildlife and their habitat is a fundamental part of what it is to be a Vermonter. From the beginning Vermonters recognized the importance of fishing and hunting and access to the land by recognizing the right to hunt and fish in our state constitution. Today wildlife related activities generate \$386 million to the Vermont's economy. Recent data reports these activities are adding at least \$23.9 million dollars (1996 dollars) to the states tax revenues sales and income taxes. Clearly, Vermont's fish and wildlife is a significant part of Vermont's economy and quality of life. Unfortunately, the Department, on the frontline of caring for this valuable natural resource, has seen its responsibilities increase and operating revenue decrease.

For the last two years the Vermont's Fish and Wildlife Department expenses have exceeded the revenues available and the difference was made up with general fund appropriations. The 2006

general assembly recognized a need to look at long term funding solutions that will give our Fish and Wildlife Department the funds they need to operate.

The Task Force was required to report its findings on or before January 15, 2007 to the governor and the following legislative committees: the senate committees on finance, on appropriations, and on natural resources and energy; and the house committees on ways and means, on appropriations, and on fish, wildlife and water resources.

The Task Force held seven meetings in Montpelier on September 18, October 16, October 30, November 13, November 27, December 11, 2006 and January 18, 2007. An email requesting comments was sent to all parties listed as interested in the Vermont Fish and Wildlife Department's Second Wildlife Congress. A copy is included in Appendix D.

The Task Force received presentations from:

- Sher Yacono, Vermont Fish and Wildlife Department Business Manager
- Ron Regan, Vermont Fish and Wildlife Department Wildlife Division Director
- Thomas Decker, Vermont Fish and Wildlife Department Operations Director

The Task Force reviewed:

- Agency of Natural Resources FY07 Program and Budget Summaries
- Agency of Natural Resources FY07 Budget Detail
- VT Fish and Wildlife Department Statement of Needs Memorandum 11.08.06
- VT Fish and Wildlife Department Agency Assist Memorandum 11.06.06
- VT Department of Fish and Wildlife 45-Year Boating and Universal Shore Fishing Access Development Plan
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- State Wildlife Diversity Program Funding: A 1998 Survey, International Association of Fish and Wildlife Agencies
- The Future of Vermont's Natural Treasures, Tuck School of Business for Agency of Natural Resources, August, 2005

- Passing The Buck, A Special Report by the Izaak Walton League of America, A Comparison of State Fish and Wildlife Agency Funding and the Economic Value of Wildlife-Associated Recreation, 1999.
- Vermont Department of Fish and Wildlife License Sales Data 1987-2005

A public presentation of the Task Force Report was made on January 18, 2007. The public was warned of this opportunity via a general press release and announcement on the Departments website. It is included in Appendix V.

The members of this taskforce are honored to submit this report to the general assembly and the Governor. The options presented represent the consensus of the group. In our collective opinion, if the legislature and the executive branches act on these funding recommendations the state of Vermont will again be investing in the fish, wildlife and habitats that are of such cultural and economic significance to our state.

## **I. Background and Findings**

According to the Vermont Fish and Wildlife Department (VT F&W), the Department's mission statement reads "The Conservation of all species of fish, wildlife, and plants and their habitats for the people of Vermont." It is important to note, VT F&W is no longer a fish and game department, but a fish and wildlife department (10 VSA Section 4041). During the past 20 years, there has been a concomitant increase in resources directed to non-game, threatened, and endangered species.

VT F&W manages fish and wildlife resources in support of maintaining healthy populations and providing sustainable use (10 VSA Section 4081). These activities include stocking fish, collecting population and distribution data to support hunting, fishing and trapping seasons, developing restoration initiatives for threatened and endangered species, participating in environmental reviews, managing wildlife habitat on Department lands—including 125,000 acres of Wildlife Management Areas, enforcing laws, and producing informational and educational materials.

VT F&W core funding comes from sportsmen and women license and permit fees coupled with federal receipts from excise taxes collected on hunting, fishing and trapping equipment. In recent years, gasoline tax monies, General Funds and new federal dollars for "species of greatest conservation need" have kept the Department functioning.

VT F&W has a unique role in state government. It is the only state entity charged with conserving and managing all fish and wildlife resources for all the people of Vermont. The Department provides services that improve the lives of many Vermonters and it appears there will be no diminishment of public expectations – everything from controlling exotic species such as cormorants and lampreys to improving the lake trout fishery and the deer herd; from managing habitats on public lands to providing more and better access to public waters; from restoring sturgeon and spruce grouse to keeping moose off the roads and woodchucks out of gardens; from enforcing ATV laws to finding lost skiers; and, from producing a calendar to staffing a variety of outdoor shows.

Total base personnel costs for the 52 new positions required to meet the public's expectations according to the Department's Needs Assessment (Appendix H) requested by this Task Force is an additional \$3,581,362. Total dedicated base general fund needed to operate at the described full capacity level with 52 new positions and current positions (assuming Department would continue to receive \$2.2 million of general fund) is \$5,090,662 in SFY2008 and calculated to \$12,959,224 in ten years (SFY2018). The total dedicated base General Fund needed with the prioritized new positions (37) and current positions would require \$4,173,322 in General Fund in SFY08 (assuming Department continues to receive \$2.2 in current general fund) and would be \$11,786,389 in SFY2018. The Department remains committed to securing additional federal and private grants, and developing strategies to fully realize the potential of existing endowment funds to generate more monies to pay for Department operations and allow for funding sources to match federal grants.

License-driven revenues have been declining the past several years. However, while revenues have been declining, contract mandated salary costs have continued to increase. Until SFY 2004 the Department had been self-supporting. VT F&W states that they “live within their means” by maintaining vacant positions, reducing operating expenses wherever possible (e.g. vehicle replacements), saving money through efficiencies (e.g., on-line license sales), and trimming services (e.g., recovering dead deer). VT F&W, according to managers, is in need of some type of base funding that will allow them to maximize all available federal funds and to have the resources necessary to accomplish all the tasks that the public expects of them.

To that end, the Task Force considered these funding mechanisms, initially:

- Developer fees
- Environmental work reimbursement
- Property transfer tax
- General Fund
- Lottery
- Sales tax
- Rooms and Meals tax
- Gas tax
- Recreation permit
- Boat ramp fees
- Special season user fees
- Increase existing user fees
- Hazardous waste tax
- Local option tax
- Agency-assist reimbursement

The Task Force, as a result of subcommittee evaluation, settled on addressing the following funding options:

- Environmental Work Reimbursement
- Developer Fees
- Property Transfer Tax
- General Fund Appropriations
- Outside Agency Assist Reimbursement
- Multi-Year Licenses
- Lottery
- Non-Motorized Vessel Registration
- Sales Tax
- Rooms and Meals Tax

Those subcommittee assignments were as follows:

**General Fund Subcommittee**

Paul Karczmarczyk, Chair

Elizabeth Courtney  
James Ehlers

**Tax Subcommittee**

Jim Shallow, Chair  
Evan Hughes  
Terry Wilson

**User Fee Subcommittee**

Craig Lantagne, Chair  
Richard Greenough  
Rick Schoonover

**Public Comment Meeting Subcommittee**

Elizabeth Courtney, Co-Chair  
Terry Wilson, Co-Chair

Subcommittees reviewed all potential funding mechanisms based on the following criteria:

- Potential Revenue amounts
- History (in-state and out-of-state)
- Pros and cons
- Political feasibility

The Findings of the Subcommittees as presented to the full Taskforce on December 11, 2006 are included below.

**Environmental Work Reimbursement**

**General Fund Subcommittee**

Paul Karczmarczyk, Chair

The General Subcommittee suggests that at least two variants of “environmental work reimbursement” are currently viable sources of revenue for the Department. Two are examined herein.

The first option is “reimbursements” of cash or in-kind value to States by alternate funding sources (often the federal government). However, federal reimbursement for volunteer efforts donated to State initiatives are sometimes overlooked or only partially taken advantage of. Fully utilizing volunteer efforts could free up staff time for other duties, increasing agency efficiency. These potential funding inputs via volunteer services should be encouraged throughout agency operations and strict accounting kept to maximize federal reimbursements to the Department. Some examples of these opportunities are:

- **Federal Aid in Wildlife Restoration Act (aka “Pittman Robertson Act”)**

Pittman Robertson Act (PR) funding allows for a 75% cost reimbursement to states for qualified

wildlife conservation planning and implementation of those plans. Associated with that reimbursement mechanism is the following language<sup>1</sup>:

(4)

*(A) In computing the costs incurred by any State during any fiscal year in developing or revising conservation plans, in implementing approved conservation plans, or in implementing nongame fish and wildlife conservation actions approved under section 2904 (c) or (d) of this title, for which reimbursement may be available under this section, the Secretary shall—*

*(i) take into account, in addition to each outlay, the value of in-kind contributions and real and personal property received and applied during such year by the State for such purposes; and*  
*(ii) not include any other Federal moneys received by such State and applied by it, directly or indirectly, for such purposes.*

*(B) For purposes of subparagraph (A), in-kind contributions may be in the form of, but are not limited to, personal services rendered by volunteers in carrying out surveys, censuses, and other scientific studies regarding fish and wildlife. The Secretary shall by regulation establish*

*(i) the training experience, and other qualifications which such volunteers must have in order for their services to be considered as in-kind contributions; and*  
*(ii) the standards under which the Secretary will determine the value of in-kind contributions and real and personal property for purposes of subparagraph (A).*

○ **Farm Bill funds from Natural Resource Conservation Service (NRCS) Wildlife Habitat Incentives Program (WHIP)**

WHIP funding also allows for 75% cost reimbursement to private landowners **and** state agencies for qualified wildlife habitat improvement work on private or state-owned lands. As with PR funding outlined above, the use of in-kind volunteer work on agency-managed projects on wildlife management areas and other sites would count toward the 25% match required of the recipient agency without any associated outlay of staff salary. Associated with that reimbursement mechanism is the following language<sup>2</sup>:

***(4) The 25 percent contribution can be met from other sources, such as State, private or nonprofit entities, or the participant. Such arrangements must be worked out in development of the WHIP agreement, and must be appropriate in meeting the WHIP objectives.***

A second option for “reimbursement” is for services provided by the Department to either the private sector or federal government via contracted work based on agency expertise. This type of agreement, such as in the example below, warrants further review for consideration in Vermont:

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<sup>1</sup>

[http://www4.law.cornell.edu/uscode/search/display.html?terms=669e&url=/uscode/html/uscode16/usc\\_sec\\_16\\_000\\_02905----000-.html](http://www4.law.cornell.edu/uscode/search/display.html?terms=669e&url=/uscode/html/uscode16/usc_sec_16_000_02905----000-.html)

<sup>2</sup> [http://policy.nrcs.usda.gov/scripts/lpsiis.dll/M/M\\_440\\_517\\_D.htm](http://policy.nrcs.usda.gov/scripts/lpsiis.dll/M/M_440_517_D.htm)

- *Utility Corporations/Authorities funding of fish and wildlife initiatives. Example: Bonneville Power Authority.*<sup>3</sup>

In 2002, the Bonneville Power Administration renewed its initiative to fund the states of Washington and Oregon, several tribal governments and others in the Columbia River Basin for \$32 million to implement fish and wildlife projects in partnership with BPA. These projects addressed Bonneville's obligation to improve conditions for fish and wildlife, mitigate water quality and quantity issues, assist fish migration and enhance fish habitat.

In Washington, project sponsors who will do the work include the Washington Department of Fish and Wildlife and Department of Ecology, the Yakama Nation and county soil and water conservation districts. In Oregon, sponsors include the state fish and wildlife department, the Warm Springs and Umatilla tribes and county soil and water conservation districts. For specific projects and their locations, go to <http://www.cbwfw.org/province.htm>.

## **Developer Fees**

### **General Fund Subcommittee**

Paul Karczmarczyk, Chair

At this time, the General Subcommittee does not recommend pursuing Developer Fee-based revenue sources. Our discussions resulted in consideration that it would be difficult to establish, implement and administer a program that would provide some workable degree of equity across the "development" spectrum (residential, industrial, recreational, etc.) and that consequently there would be a low probability of widespread political or legislative acceptance of this concept.

There has been some additional thought given to what might amount to fee-based, site- or species-specific mitigation investigation/project fees to the Department for individual development activities, and the Subcommittee continues to gather information on these options.

## **Property Transfer Tax**

### **General Fund Subcommittee**

Paul Karczmarczyk, Chair

As with the Developer Fees, the General Subcommittee considered and rejected Property Transfer Taxes as too difficult to establish, implement and administer. Further, we suggest that the onerous state of Vermont property taxation at this time would render another layer of taxation, solely on the backs of property owners, wholly unpopular. Further, property transfer taxes would rank low in their capability to equitably allocate fish and wildlife resource management costs across the general population and/or visitors to Vermont, all of whom are clearly beneficiaries of the Department's efforts.

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<sup>3</sup> <http://www.bpa.gov/corporate/kc/media/NewsRelease.cfm?ReleaseNo=273>

## **General Fund Allocations**

### **General Fund Subcommittee**

Paul Karczmarczyk, Chair

The General Subcommittee endorses the direct or indirect appropriation of General Fund resources to the mission and function of the Department. We believe these appropriations would represent the most equitable means of allocating these costs across the end-beneficiary spectrum of Vermont residents, non-resident landowners and temporary visitors at large. This model appears to be working in other states where significant general fund allocations have been permanently incorporated into fish and wildlife agency funding:

- **Maine Inland Fisheries and Wildlife and input from Maine General Fund**

In 2001, Maine enacted PL 690 which required that the Governor's Budget incorporate a General Fund appropriation for 18% of the Department of Inland Fisheries and Wildlife's requested budget. Below are details of PL 690<sup>4</sup> and the resulting budgetary history and planning projections for years 2004-present<sup>5</sup>:

*Enacted law summary*

Public Law 2001, chapter 690 does the following:

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<sup>4</sup> <http://mainegov-images.informe.org/legis/opla/IFW02.pdf>

<sup>5</sup> [http://www.maine.gov/budget/files/Sec\\_W\\_Strategic\\_Plan\\_Connected\\_to\\_Funding\\_for\\_Current\\_Services.pdf](http://www.maine.gov/budget/files/Sec_W_Strategic_Plan_Connected_to_Funding_for_Current_Services.pdf)

## Joint Standing Committee on Inland Fisheries and Wildlife

1. Establishes the Fiscal Stability Program to require the executive branch, beginning with the 2004-2005 biennial budget and for each biennial budget thereafter, to submit a biennial budget that includes a General Fund appropriation of 18% of the Department of Inland Fisheries and Wildlife's requested biennial budget;
  2. Establishes the Wildlife Enthusiast's Conservation Appreciation, Recreation and Enjoyment support program to encourage voluntary support for non-game programs and services provided by the department;
  3. Authorizes the department to charge a fee of up to \$10 to cover administrative costs for the issuance of miscellaneous licenses and permits that do not have a fee provided by law;
  4. Removes the fee schedule for boys and girls camp fishing licenses that is based on the number of campers and replaces it with a fee of \$75 for all camps;
  5. Increases the permit fee for migratory waterfowl to \$5.50 and a bear hunting permit to \$25 for residents and \$65 for nonresidents;
  6. Sets bass tournament fees for weigh-in tournaments at \$50 per day and for catch-and-release at \$10 per day and establishes a 3-year guide license for \$79;
  7. Increases the fee for an antlerless deer permit from \$1 to \$10 and removes the prohibition against junior hunters transferring an antlerless deer or turkey permit to a qualified person;
  8. Removes the requirement that a person must show proof of a valid hunting license or big game license before being issued a moose or turkey permit;
  9. Creates a 10-chance application for a moose permit for nonresidents for \$50;
  10. Sets the registration fee for all-terrain vehicles at \$17 for residents and \$35 for nonresidents and requires that after administrative costs, 50% of the revenues raised be deposited in the ATV Recreational Management Fund and that the department use a portion of the funds for an ATV law enforcement grant-in-aid program;
  11. Repeals the expanded archery season and corresponding cross-references effective January 1, 2003; and
  12. Appropriates \$30,000 to the Department of Conservation, Boating Facility Program for repairs to the Verona boat launch.
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**Inland Fisheries and Wildlife, Department of**

<b>Mission:</b>	To preserve, protect and enhance the inland fisheries and wildlife resources of the State; to encourage the wise use of these resources; to ensure coordinated planning for the future use preservation of these resources; and to provide for the effective management of these resources.
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	2004 Actual All Funds	2005 Estimated All Funds	2006 Department All Funds	2007 Department All Funds	2006 Budget All Funds	2007 Budget All Funds
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**Goal: A** Preserve, protect, and enhance the inland fisheries and wildlife resources of the State and encourage the wise use of these resources.

**Objective: A-01** Develop and implement long range plans for the management and use of the State's inland fish and wildlife resources and use of recreational vehicles.

**OFFICE OF THE COMMISSIONER - IF&W 0529**

Positions - LEGISLATIVE COUNT	5,000	5,000	5,000	5,000	5,000	5,000
Total Appropriations and Allocations	2,207,984	2,250,825	937,198	963,549	937,198	963,549

**BOATING ACCESS SITES 0631**

Positions - LEGISLATIVE COUNT	1,000	1,000	1,000	1,000	1,000	1,000
Total Appropriations and Allocations	1,009,543	1,013,977	1,023,502	1,029,144	1,023,502	1,029,144

**MAINE OUTDOOR HERITAGE FUND 0829**

Positions - LEGISLATIVE COUNT	1,000	1,000	1,000	1,000	1,000	1,000
Total Appropriations and Allocations	1,369,856	1,159,968	1,185,947	1,218,992	1,185,947	1,218,992

**Goal: B** Provide accounting, personnel, and fiscal management systems to support Department functions.

**Objective: B-01** Improve the effectiveness and efficiency of the Department's administrative services.

**ADMINISTRATIVE SERVICES - IF&W 0530**

Positions - LEGISLATIVE COUNT	14,000	14,000	14,000	14,000	14,000	14,000
Total Appropriations and Allocations	1,728,500	1,748,037	1,823,963	1,842,660	1,823,963	1,842,660

**LICENSING SERVICES - IF&W 0531**

Positions - LEGISLATIVE COUNT	23,000	23,000	23,000	23,000	23,000	23,000
Positions - FTE COUNT	0.308	0.308	0.308	0.308	0.308	0.308
Total Appropriations and Allocations	2,286,857	2,332,520	2,326,614	2,399,601	2,326,614	2,399,601

**WHITEWATER RAFTING FUND 0533**

Total Appropriations and Allocations	160,200	160,404	10,638	10,904	10,638	10,904
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**SAVINGS FUND PROGRAM 0822**

Total Appropriations and Allocations	73,950	73,950				
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**Goal: C** Develop and implement programs to achieve long range goals and objectives for the management and use of Maine's inland fisheries and wildlife.

**Objective: C-01** Maintain the distribution and abundance of all naturally occurring species not covered by management plans and increase the availability of quality fish and wildlife habitat for recreation.

**RESOURCE MANAGEMENT SERVICES - IF&W 0534**

Positions - LEGISLATIVE COUNT	43,000	43,000	43,000	43,000	43,000	43,000
Positions - FTE COUNT	0.991	0.991	0.991	0.991	0.991	0.991
Total Appropriations and Allocations	4,172,375	4,266,221	4,268,990	4,387,785	4,268,990	4,387,785

**FISHERIES AND HATCHERIES OPERATIONS 0535**

Positions - LEGISLATIVE COUNT	59,500	59,500	59,500	59,500	59,500	59,500
Positions - FTE COUNT	2.308	2.308	2.308	2.308	2.308	2.308
Total Appropriations and Allocations	5,277,554	5,470,521	5,603,368	5,793,645	5,603,368	5,793,645

**ENDANGERED NONGAME OPERATIONS 0536**

Positions - LEGISLATIVE COUNT	10,000	10,000	10,000	10,000	10,000	10,000
Total Appropriations and Allocations	826,985	909,749	947,627	983,323	947,627	983,323

**WATERFOWL HABITAT ACQUISITION & MANAGEMENT 0561**

Total Appropriations and Allocations	80,240	80,485	1,212,766	1,213,085	1,212,766	1,213,085
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**Goal: D** Enhance the public's knowledge and understanding of Maine's inland fisheries and wildlife resources and the management of these resources.

**Objective: D-01** Develop and implement comprehensive programs to increase the public's knowledge, understanding, support, and use of inland fisheries and wildlife resources.

**PUBLIC INFORMATION AND EDUCATION DIVISION OF 0729**

Positions - LEGISLATIVE COUNT	15,000	15,000	15,000	15,000	15,000	15,000
Positions - FTE COUNT	5.341	5.341	5.341	5.341	5.341	5.341
Total Appropriations and Allocations	1,757,067	1,787,629	2,007,310	2,070,463	2,007,310	2,070,463

Goal: E To enforce the laws and department rules pertaining to the management and protection of inland fisheries and wildlife resources and recreational vehicles.

Objective: E-01 Increase user compliance with fish and wildlife laws and reduce the average number of personal injuries from recreational activities.

**ENFORCEMENT OPERATIONS - IF&W 0537**

Positions - LEGISLATIVE COUNT	129,000	126,000	126,000	126,000	126,000	126,000
Total Appropriations and Allocations	12,633,067	14,574,600	13,219,040	13,661,398	13,219,040	13,661,398

**WHITewater RAFTING - IF&W 0539**

Positions - LEGISLATIVE COUNT	1,000	1,000	1,000	1,000	1,000	1,000
Total Appropriations and Allocations	78,945	62,421	92,878	95,361	92,678	95,361

**ATV SAFETY AND EDUCATIONAL PROGRAM 0559**

Positions - LEGISLATIVE COUNT	2,000	2,000	2,000	2,000	2,000	2,000
Total Appropriations and Allocations	259,973	167,018	167,963	195,040	167,963	195,040

**DEPARTMENT-WIDE IF&W 0600**

Positions - LEGISLATIVE COUNT	4,000	4,000	4,000	4,000	4,000	4,000
Total Appropriations and Allocations	299,772	464,958	410,183	430,001	410,183	430,001

**SUPPORT LANDOWNERS PROGRAM 0826**

Total Appropriations and Allocations	39,849	40,348	41,309	42,338	41,309	42,338
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**SPORT HUNTER PROGRAM 0827**

Total Appropriations and Allocations	12,838	13,087	13,525	13,664	13,525	13,664
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**Department Summary - All Funds**

Positions - LEGISLATIVE COUNT	307,500	304,500	304,500	304,500	304,500	304,500
Positions - FTE COUNT	8,948	8,948	8,948	8,948	8,948	8,948
Personal Services	20,778,460	23,376,265	22,852,653	23,792,765	22,852,653	23,792,765
All Other	9,542,391	9,319,338	9,897,308	10,066,268	9,897,308	10,066,268
Capital	1,445,700	1,373,325	2,562,650	2,512,100	2,562,650	2,512,100
Unallocated	2,508,814	2,548,798				
<b>Total</b>	<b>34,275,365</b>	<b>36,816,716</b>	<b>35,313,011</b>	<b>36,371,133</b>	<b>35,313,011</b>	<b>36,371,133</b>

**Department Summary - GENERAL FUND**

Positions - LEGISLATIVE COUNT	273,000	270,000	270,000	270,000	270,000	270,000
Positions - FTE COUNT	7,794	7,794	7,794	7,794	7,794	7,794
Personal Services	15,801,714	18,029,628	17,379,652	18,062,650	17,379,652	18,062,650
All Other	5,257,649	5,165,449	5,264,960	5,337,737	5,264,960	5,337,737
Capital	160,500	151,675	190,600	154,550	190,600	154,550
<b>Total</b>	<b>21,220,063</b>	<b>23,346,852</b>	<b>22,856,612</b>	<b>23,574,937</b>	<b>22,856,612</b>	<b>23,574,937</b>

**Department Summary - FEDERAL EXPENDITURES FUND**

Positions - LEGISLATIVE COUNT	4,000	4,000	4,000	4,000	4,000	4,000
Positions - FTE COUNT	1,154	1,154	1,154	1,154	1,154	1,154
Personal Services	3,305,111	3,503,402	3,492,380	3,636,663	3,492,380	3,636,663
All Other	1,902,695	1,974,670	2,044,302	2,094,787	2,044,302	2,094,787
Capital	546,300	466,460	1,330,050	1,305,550	1,330,050	1,305,550
<b>Total</b>	<b>5,754,106</b>	<b>5,964,722</b>	<b>6,866,732</b>	<b>7,036,200</b>	<b>6,866,732</b>	<b>7,036,200</b>

**Department Summary - OTHER SPECIAL REVENUE FUNDS**

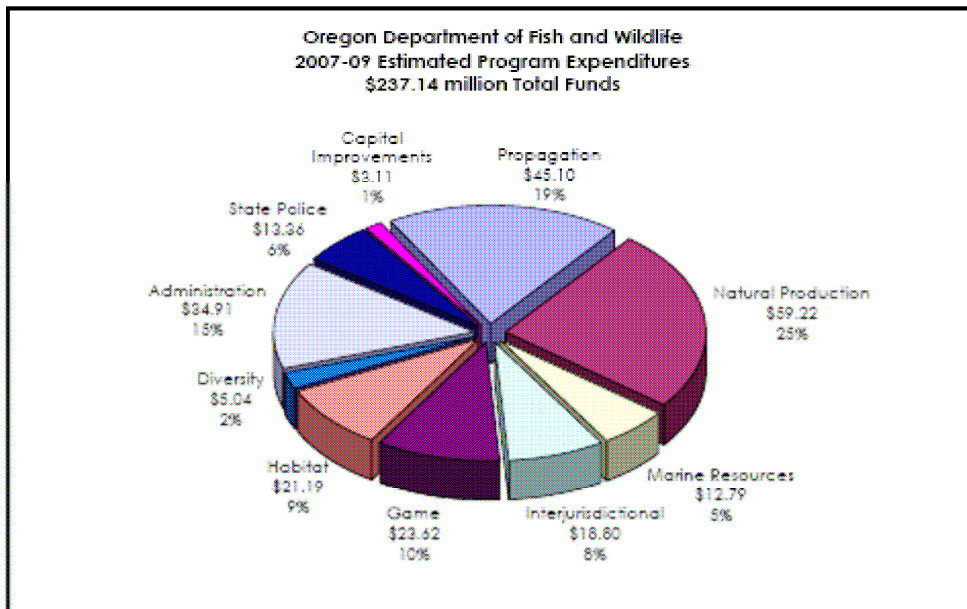
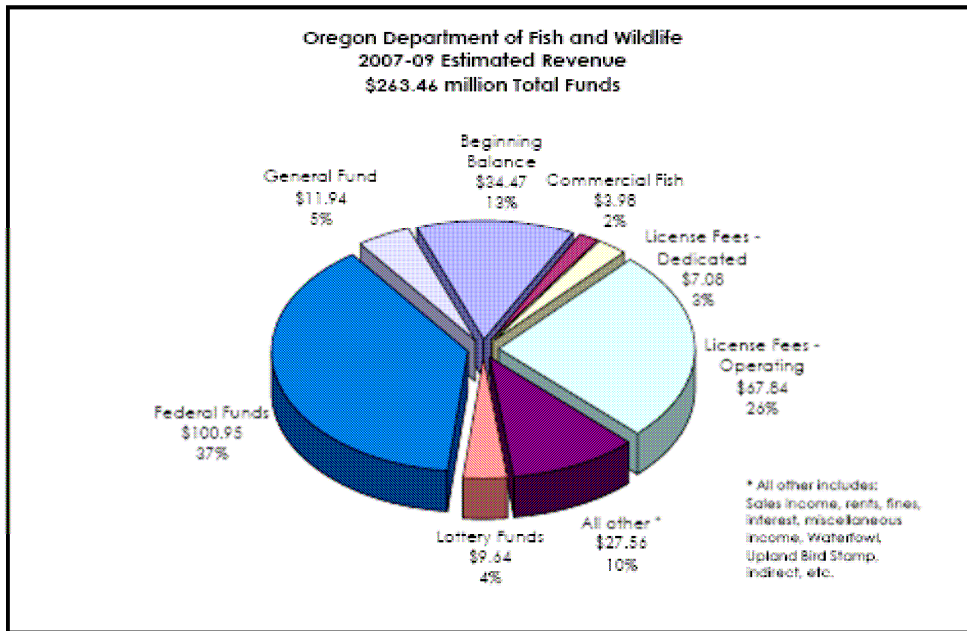
Positions - LEGISLATIVE COUNT	30,500	30,500	30,500	30,500	30,500	30,500
Personal Services	1,871,635	1,642,025	1,980,621	2,074,252	1,960,621	2,074,252
All Other	2,351,847	2,179,019	2,568,046	2,633,744	2,568,046	2,633,744
Capital	738,900	735,200	1,042,000	1,052,000	1,042,000	1,052,000
Unallocated	2,508,814	2,548,798				
<b>Total</b>	<b>7,301,196</b>	<b>7,305,042</b>	<b>5,590,667</b>	<b>5,759,996</b>	<b>5,590,667</b>	<b>5,759,996</b>

o **Oregon Department of Fish and Wildlife and input from OR General Fund**

In Oregon, the Department of Fish and Wildlife (ORDFW) receives General Fund allocations which supplement other traditional sources of department funding. The ORDFW proposal for

the present biennium is presented below<sup>6</sup>, reporting a proposed General Fund allocation of \$11.4 million or roughly 5% of their biennial budget. In practical terms, this allocation level could effectively fund the ORDFW's entire Marine Resources Division or, alternatively, nearly meet their two-year obligation to the Oregon State Police which serves as the Beaver State's fish and wildlife law enforcement agency:

### 2007-09 Revenue and Expenditure Projections



<sup>6</sup> <http://www.dfw.state.or.us/agency/budget/April%202006%20Town%20Hall%20document.pdf>

While the General Subcommittee recommends pursuing the institution of continued General Fund allocations to the Department, there are opinions among various facets of the public that shifting General Fund money to the Department would generate a like-shift in priorities away from traditional departmental functions/activities. For instance, some think that if license sales and corresponding Federal Aid related to hunting and/or fishing decline further, management for non-game wildlife would displace that for game species, exacerbating the problem of decreased interest in hunting and falling license sales.

In order to garner popular support for an initiative of this nature, the General Subcommittee suggests that General Fund revenues applied to the mission and function of the Department should serve as broad a range of interests as possible. This would likely reduce or eliminate conflict between user groups or constituencies that might view “their” General Fund “tax money” as being applied to programs or initiatives counter to their natural resource management philosophy. On this topic, a report generated by Responsive Management Inc. on Vermont attitudes on Department attitudes and funding<sup>7</sup> may aid in formulating a program which will appeal to the widest possible audience.

Of twelve alternative funding mechanisms surveyed, the two most favorably received options by the public were found to be the receipt of Rooms and Meals tax income (90% in favor) and receipt of General Fund income for Departmental activities that are not supported by other sources (87%). Of the latter, the two activities cited as in the Executive summary as being a) non-game wildlife funding and, b) enforcement activities unrelated specifically to fish and wildlife resource management.

Of the Department’s two activities most favorably considered by the public for General Fund allocations, non-game programs currently enjoy several alternative funding sources including dedicated revenues from vehicle license plate sales, income tax check-offs and, most recently, a comprehensive program of federal funding (State Wildlife Grants Program) specifically created to address management needs of wildlife species not generally captured under traditional funding mechanisms.

However, in Vermont, game wardens and fish and wildlife law enforcement activities, with small exception, are funded almost solely using hunting/fishing license revenues. Additionally, information provided by the Department suggests that of roughly 9000 incident reports filed by Vermont wardens, at least 2000 were not reported as primarily associated with fish and wildlife management activities, but rather incidents involving motor vehicle violations, agency-assist calls and other more generalized criminal violations. Unfortunately, the data provided this Task Force was relatively general and does not fully address the actual hours/cost of each incident, and it remains a question as to whether the ratio of hunting/fishing incidents vs. general law

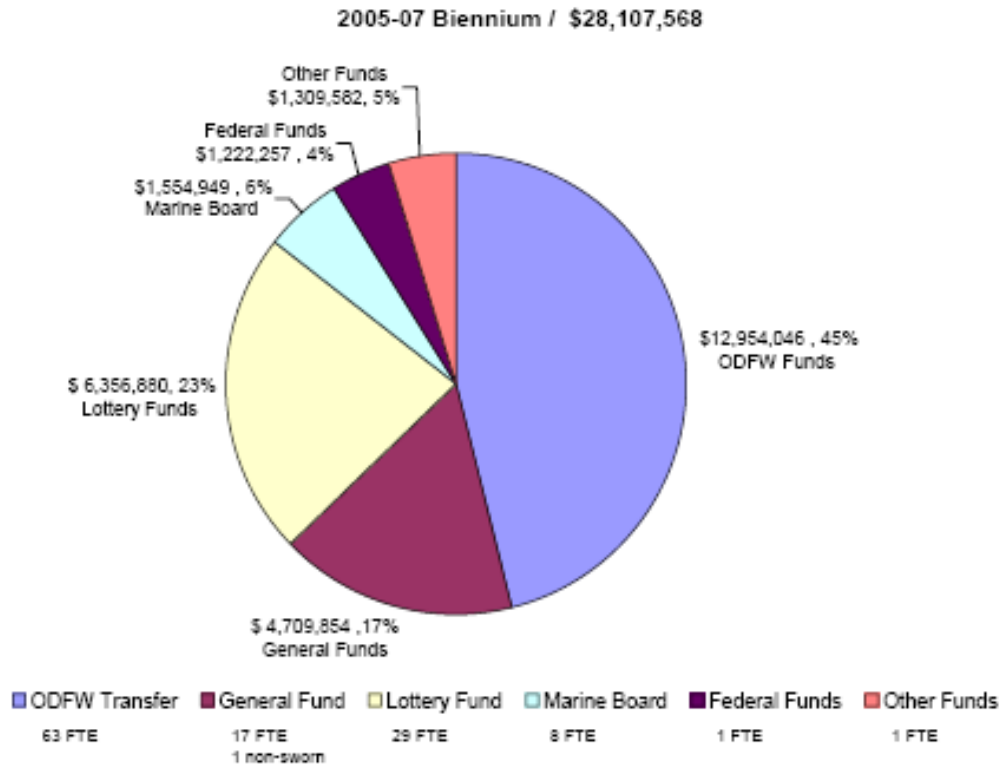
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<sup>7</sup> Vermont Department of Fish and Wildlife. 2000. Vermont residents attitudes toward program priorities and alternative funding mechanisms for the Vermont Department of Fish and Wildlife. Responsive Management , November 2000. 59 pp.

enforcement incidents mirrors the actual dollars expended within these categories. More information is needed.

The Department’s reported commitment of time and resources to enforcement activities not related to Departmental mission or programs represents an opportunity for this Task Force to both promote and implement a more equitable cost-sharing of general law enforcement activities by all residents, non-residents and visitors alike. This could be done by recommending a General Fund allocation to either a) offset the cost of general law enforcement by Department personnel or, b) reallocating fish and wildlife law enforcement activities to the Vermont Dept. of Public Safety, funded primarily by the General Fund, and recommending an increase in their existing allocation to cover these additional costs. Revisiting the State of Oregon, we find a similar model whereby the Fish and Game Department, which does receive some General Fund money, subsidizes the operations of the Oregon State Police to fulfill fish and wildlife enforcement duties:

### Oregon State Police, Fish and Wildlife Division



While this option merits strong consideration, it is imperative that a discreet “Fish and Wildlife Warden” perspective be maintained by personnel employed for this function by another agency. Discussions with Vermont residents, Department personnel and with other states’ fish and wildlife agency administrators familiar with fish and wildlife enforcement programs centered on state police or other non-“fish and game” agency enforcement programs yields a central theme:

that law enforcement personnel charged with, but not primarily engaged in fish and wildlife related enforcement activities, tend to prioritize other “general enforcement” over fish and wildlife related duties. As a “game warden’s” necessary skill sets, esprit de corps, persistence in the face of environmental adversity and capability to adapt to rapidly changing field circumstances is critical to their success, these abilities must not be lost in transition to a “general law enforcement agency” platform.

In light of these considerations, a strong argument is made for recommendation of significant General Fund allocations to the Department to supplement or replace license-derived revenues as the primary source of funding for fish and wildlife law enforcement. As reported by the Department, the cost of current fish and wildlife law enforcement operations is roughly \$4.2 million, though as noted that cost also covers other enforcement activities.

## **Outside Agency-Assist Reimbursements**

### **General Fund Subcommittee**

Paul Karczmarczyk, Chair

The General Subcommittee has considered that reimbursement agreements are already in place, but have a checkered history regarding their actually providing substantive revenue to the Department. We recommend that the General Fund Allocation option would effectively capture these “reimbursements” by positioning the Department to fund outsourced functions by other agencies in the General Fund budgetary process rather than inefficiently trying to recapture costs for services already rendered.

## **Multi-Year Licenses**

### **User Fee Subcommittee**

Craig Lantagne, Chair

### **Hunting**

Pros:

1. probably would result in more license holders (persons who hold a license over 5 years)
2. Might increase department revenue
3. might decrease cost per year to license holder (costs depend on how big game tags are issues)
4. probably would be easy too implement
5. could result in less enforcement issues (license holder would have a more costly license to lose)
6. would come from the outdoor/sporting community

Cons:

1. require a big game tag per year/problem to implement
2. would require some education to the hunting public
3. might cause complaints from license sales agents
4. is an issue that should have more data and study

**Recommendation:**

Hunting licenses have big game tags and this may or may not be an issue. The subcommittee is not sure if “churn” is as much of a problem as with fishing licenses but we speculate it is. Hunter numbers are on a long-term decline and this might help address that problem. As opposed to fishing the subcommittee has no numbers on possible increased revenue to the Department. Although we expect there will be some. Discussions with agency personnel indicate this should be an area worth of further professional study. The subcommittee recommends support for the proposal.

From studies on the “churn” issue with fishing license sales it is easy to speculate a five (5) year license would be beneficial with hunting licenses sales. Further study is needed on the logistics of big game tags but currently is feasible. Politically, with hunter numbers on the decline, a multi-license hunting license might look good.

## **Fishing**

**Pros:**

1. Would result in more license holders (persons who hold a license over 5 years)
2. Decrease cost per year to license holder (\$1.50 per year vs. \$1.50 for five years a savings of \$6.00) (a real plus to rural/low income VT'ers)
4. Would be low cost to implement and enforce
5. \*\*\*this would come from the outdoors/sporting community\*\*\*

**Cons:**

1. may require legislative approval
2. might not add to angler recruitment to any significant amount but would pick up more of the casual anglers
3. would not increase sales to many categories of anglers
4. might cause complaints from license sales agents

**Recommendation:**

Fishing license sales exceed hunting/trapping sales and have an advantage of no tags. A multi-tear license would be easy to implement. Additional data estimates over \$1.5 million would be the amount of increased revenue to F&W over a five year period. The IAFWA-ASA Data mining Report indicated this is definitely worth pursuing. This report also indicates which groups of anglers are likely to respond to marketing efforts for license upgrades.

**Political Feasibility:**

The subcommittee finds this a “no brainer.” No public tax moneys would be asked for. It should be easy to implement with existing infrastructure.

## **Trapping**

Pros:

1. probably would result in more license holders (persons who a license over 5 years
2. slight increase in dept revenue
3. would decrease cost per year too license holder
4. would be easy to implement as trapping licenses are available from Waterbury only
5. could result in less enforcement issues (license holder would have a more costly license to lose)
6. would come from the outdoor/sporting community

Cons:

1. probably would require legislative approval
2. would result on mandatory catch reports
3. would affect a small number of sportsmen

Recommendations:

This proposal would affect a small group of sportsmen and women and most likely not increase revenue any substantial amount, however it is a real plus to the trapping community. Trapping licenses are available from Waterbury and this is a nuisance for most trappers. The subcommittee recommends support.

Political Feasibility:

This proposal helps a small number of Vermonters with no cost attached. Mandatory catch reports are a reality for most trappers and have strong support, plus are a valuable wildlife management tool for VT F&W.

## **Lottery**

### **User Fee Subcommittee**

Craig Lantagne, Chair

Pros:

1. allow all residents and non-residents alike a chance to invest in Fish and Wildlife service
2. a system is already in place to institute a scratch ticket lottery
3. Funds could be earmarked for education within the Fish and Wildlife Dept.
4. Would generate \$(waiting for number from lottery dept.) in income for the Department.
5. Is not a Tax but a voluntary donation with a chance of reward
6. the Outdoor/sportsman community can chose to donate to a cause that directly affects them
7. Use of fund for education with the department

Cons:

1. Would dilute the education funding of the lottery.
2. Possibly have to raise taxes to make up the difference for education or find another means of raising education funds.
3. Possibly could cause other organizations to look at the lottery as a means of additional funding.

**Recommendation:**

In speaking with several legislators it would appear there is at least marginal support of the idea. In speaking with the lottery commission the infrastructure is in place to provide for a scratch ticket game and the funds could be ear marked for Fish and Wildlife without a lot of extra effort. The subcommittee recommends that we add this as an additional way to raise funds for the department

**Political Feasibility:**

There appears to be some support for the idea however very few people were polled and it was just a casual conversation. In speaking with the Governor's Office they will remain neutral until all recommendations are read and reviewed. The Governor's Office is presently focused on property taxes and any proposal that would result in an increase or potential increase in property taxes probably would not see the light of day. The lottery is an education funding tool but the subcommittee does not know what the criterion is for education. Fish and Wildlife Education may or may not fit within the equation. It would take more research on this issue to make a determination.

## **Registration of Non-Motorized Water Vessels**

### **User Fee Subcommittee**

Craig Lantagne, Chair

**Pros:**

1. Monies would come from outdoor users
2. One Million dollars raised w/\$10.00 per year sticker (conservatively) based on 100,000 units
3. Broadens base of funding from the outdoors users
4. New monies, not from general fund
5. Law enforcement benefits
  - a. Recovery of stolen or drifted property
  - b. Public safety (search and rescue)
6. Implementation should be easy (KIS)

**Cons:**

1. Would require legislative approval
2. Cost to get running
3. Enforcement of the rules
4. Motorized vessels not fishing and using VT. Fish and Wildlife launches

## 5. Access to stickers

### Recommendations:

It would appear to be a valid suggestion to present at this time.

### Political Feasibility:

Challenge

## **Sales Tax and Rooms and Meals Tax**

### **Tax Subcommittee**

Jim Shallow, Chair

Of the options we reviewed the Tax Subcommittee recommends the task force support the following revenue options for the Department.

Redirect of the Sales Tax of a certain percentage possibly tied to the sales tax generated by sales of outdoor equipment. Vermont could use the most recent U.S. Department of the Interior, Fish and Wildlife Service and U.S. Department of Commerce, Bureau of the Census National Survey of Fishing, Hunting, and Wildlife-Associated Recreation. Another option could tie the amount the funds needed to match the Federal State Wildlife Grants available to Vermont. This year the amount is approximately \$600,000 to \$700,000. We recommend a Redirect of a portion of the Rooms and Meals Tax.

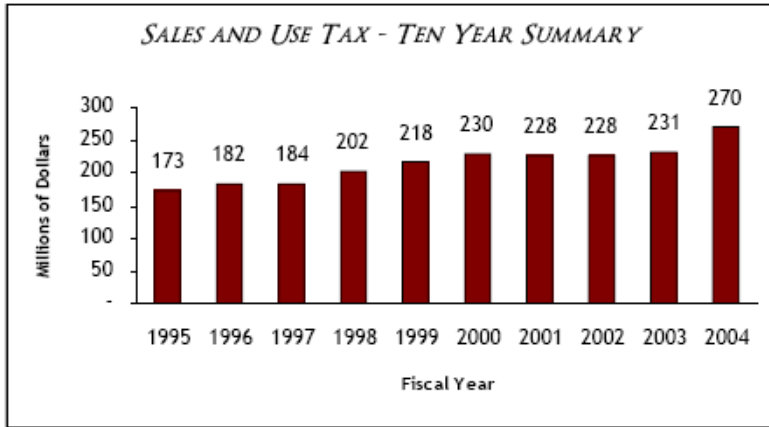
We believe the Task Force should recommend that any deficiency between what the Vermont Department of Fish & Wildlife raises from all funding sources and the department budget requirements be funded from the sales, and rooms and meals tax.

We also recommend linking the fund to the performance of license sales to maintain an incentive to market and sell hunting and fishing licenses. Furthermore, we recommend developing legislative language that would require keeping any redirected tax dollars in the F&W Department and having a reporting requirement if any F&W funds are redirected elsewhere.

We recommend not pursuing more investigation of the Gas Tax, Hazardous Waste Transfer Tax and local option taxes. The portion of the Gas tax now dedicated to the department could continue at its current rate. Our subcommittee feels the hazardous waste transfer tax does not generate enough revenue nor it there enough of a nexus between wildlife programs and the tax. Lastly, we believe the local option taxes would not be broad-based enough to merit the political fight to implement them.

### **Discussion:**

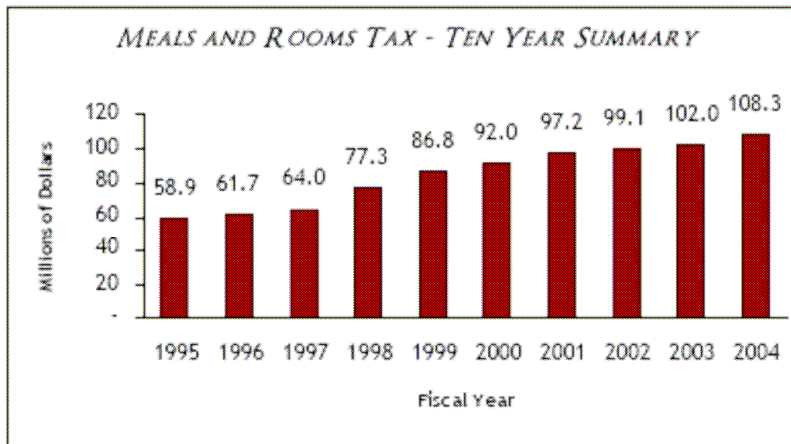
Sales Tax information



FY	No. of Taxpayers	Tax Receipt Amount	% Change
1995	33,455	\$ 173,758,040	9.2
1996	34,396	182,648,259	5.1
1997	35,382	184,003,930	0.7
1998*	34,179	202,141,718	9.9
1999	28,262	218,570,309	8.1
2000	22,731	230,376,889	5.4
2001	32,132	228,080,534	-0.1
2002	31,750	228,355,893	0.0
2003	31,037	231,291,969	1.3
2004	34,629	270,460,752	16.9

\* For 1998 and after, telecommunications tax receipts added to total revenues.

### Rooms and Meals Tax



FY	No. of Taxpayers	Tax Receipt Amount	% Change
1995	5,023	\$ 58,942,541	1.6
1996	4,854	61,766,529	4.8
1997	4,910	64,091,990	3.8
1998*	4,837	77,398,408	20.8
1999	4,294	86,899,927	12.3
2000	4,333	92,039,296	5.9
2001	4,600	97,243,229	5.7
2002	4,629	99,141,786	2.0
2003	4,070	102,074,250	3.0
2004	4,842	108,392,469	6.2

\* Rate increase from 7% to 9% effective Oct. 1, 1997.

*Meals and Rooms*  
32 V.S.A. § 9241

9% on meals and rooms;  
10% tax on alcoholic beverages

Tax is on the gross receipts from the rental of rooms and the charge for meals, including alcoholic beverages. A one-time, non-transferable license is required before engaging in serving taxable meals or rental of rooms.

### Potential Revenue:

In FY06 the Sales Tax rate was 6% the total revenue the sales tax generated was \$295 million. The Rooms and Meals Tax raised \$111,748,000 in FY 2006. The United States Census Bureau's 2001 National Survey of Hunting, Fishing and Wildlife Related Activities reported that in Vermont all wildlife related activities (Hunting, Fishing, Wildlife Watching) by state residents and nonresidents resulted in \$386 million spent on wildlife recreation in Vermont. Of that total, trip-related expenditures were \$139 million and equipment purchases totaled \$146 million. The remaining \$101 million was spent on licenses, contributions, land ownership and leasing, and other items and services. The survey reports these three groups spent \$74 million trip related on food and lodging. Therefore one can conclude that applying a 6% sales tax rate to the equipment purchases results in \$8.4 of the state's sales tax coming from these activities.

Additionally, \$6.7 million in room and meals taxes are generated by wildlife related trip activities. Wildlife related sales taxes were 3.6% of the total sales taxes collected in 2001. The rooms and meals taxes were 6.8% of the total rooms and meals taxes collected in 2001. The committee believes that it is a fair argument to say that \$15 million is the upper range of potential revenue from these two sources.

### **History in State and out of state**

#### **Sales Tax:**

The 2003 Vermont General Assembly increased the general Vermont sales and use tax rate from 5% to 6% effective October 1, 2003. Major exemptions to the State's general sales and use tax include sales of food, medicine, clothing, manufacturing and agricultural supplies and equipment, and fuel and electricity for domestic, manufacturing or agricultural use. Effective September 1, 1997, a telecommunications sales tax of 4.36% was implemented to, in part, fund Act 60 (the State's education finance reform legislation). The telecommunications sales tax rate was increased to the general sales tax rate of 6% effective October 1, 2003. As of July 1, 2004, the 2003 session of the Vermont General Assembly changed the statutory structure of these taxes from: (1) 100% of the annual receipts of the general sales and use tax to the General Fund, and (2) 100% of the gross receipts of the telecommunications tax to the Education Fund, to a statutory transfer of one-third of total gross sales and use tax receipts (inclusive of the telecommunications tax) from the General Fund to the Education Fund. In fiscal year 2005, the sales and use tax portion of the tax totaled \$218.2 million or 19.4% of net General Fund receipts

**Meals and Rooms Tax:** A 9% tax is imposed on taxable meals and the rent of each occupancy. The meals and rooms tax imposed on liquor consumed on the premises is 10%. Through June 30, 2004, the law required a statutory transfer of 20% of gross receipts less the sum of \$1.56 million from the General Fund to the Education Fund. Since July 1, 2004, 100% of the gross receipts from this tax will remain in the State's General Fund. Meals and rooms tax revenues for fiscal year 2006 were \$112.2 million or 10% of revenues available to the General Fund in fiscal year 2006.

Several other states have used the Sales tax to generate revenue for Fish and Wildlife Departments. The best-known example is the Missouri Conservation Sales Tax. The Missouri Conservation Sales Tax is a 1/8<sup>th</sup> of 1 percent sales tax that was created through a constitutional amendment in 1976. The funds from this tax are directed to the Missouri Department of Conservation, which manages the fish, forest, and wildlife resources of the state. Since its inception, the program has brought in over \$2 billion for conservation projects. The funds from the sales tax are appropriated by the General Assembly to the Department of Conservation (Department), as mandated by the state constitution. For FY 2004, the sales tax brought in over \$93 million for conservation projects. (62% of the Department's budget).

More recently, Arkansas passed the Conservation Sales Tax, a constitutional amendment that raised the general sales tax by 1/8<sup>th</sup> of a cent and dedicated that revenue to four state departments – the Arkansas Game and Fish Commission (AGFC), the State Parks and Tourism Department, the Department of Arkansas Heritage, and the anti-litter Keep Arkansas Beautiful Commission. Forty-five percent of the sales tax revenue is allocated to AGFC as general use funds. The

funding source is permanent and cannot be redirected by the Assembly. In FY 2004, the tax provided approximately \$21 million to AGFC. (31% of AGFC's total operating budget)

Texas and Virginia both redirect a portion of the existing sales tax to their respective wildlife agencies. In 1993, the Texas State Legislature passed House Bill 706 that dedicated up to \$32 million in existing sales tax collections from the sale of sporting goods to the Texas Parks and Wildlife Division (TPWD) for local and state parks and the Fish and Wildlife Capital Fund. Revenue from the sporting goods sales tax is allocated by the Legislature. Although the Legislature cannot allocate the funds to another agency, it can decline to allocate the money at all. The sporting goods sales tax is capped at \$32 million per year. In the last session, only \$23.7 million of the \$32 million was appropriated.

In 1998, the Virginia General Assembly unanimously approved House Bill 38; a measure that allocates up to \$13 million per year in existing sales tax collections on the sale of hunters', anglers', and wildlife watchers' equipment purchases to the Virginia Department of Game and Inland Fisheries (DGIF). (The exact amount is based on the U.S. Fish and Wildlife Agency's National Survey on Fishing, Hunting and Wildlife-Associated Recreation conducted every five years.) Revenues go into a Game Protection Fund that is exclusively used by DGIF for wildlife conservation, education, and recreation programs. For FY 2005, revenue estimates are \$10.9 million.

#### **Pros and Cons:**

By focusing on redirecting a portion of the existing sales tax we would avoid the politically difficult fight of raising taxes. A strong case can be made for the economic activity that is associated with hunting, fishing and wildlife watching activities. At least \$15 million of Vermont state tax revenue can be attributed to the equipment purchases and trip related expenses from these activities. By redirecting sales and rooms and meals taxes in a proportional manner, Vermont would be recognizing the variety of duties carried out by the Fish and Wildlife Department. An added bonus would be that these funds could potentially be used to match the new Federal State Wildlife Grants and other federal money that requires a local match. Vermont would avoid leaving federal money on the table as a result.

On the flipside of the argument is that while we will avoid raising taxes we will not avoid other interest groups feeling like their money is being taken away from them. A strong and diverse coalition will need to speak loudly for the need for this approach.

One approach our committee recommends is not applying a fixed percentage or amount but tie redirect to the department's anticipated shortfall in the coming year and draw funds from both taxes on a proportional basis. This would avoid having to come back in future years and just the funding mechanism. The downside of this approach is that it may appear too much like an open checkbook to the legislature. The Virginia model puts a cap on the upper amount and then the legislature appropriates what is need or politically available in any year. This approach would necessitate a strong coalition moving forward in future years to assure the appropriation continues at levels needed by the Department.

#### **Political feasibility:**

Of all the taxes we reviewed, the Sales Tax and the Rooms and Meals Tax generate the most consistent revenue and have a strong nexus to the work the Department does for the people and wildlife of Vermont. However, in a year where education funding and property taxes take center stage many eyes will be on these taxes to make up for cuts in other places.

Sample language from the Virginia legislation:

Beginning July 1, 2000, of the remaining sales and use tax revenue, the revenue generated by a two percent sales and use tax, up to an annual amount of \$13 million, collected from the sales of hunting equipment, auxiliary hunting equipment, fishing equipment, auxiliary fishing equipment, wildlife-watching equipment, and auxiliary wildlife-watching equipment in Virginia, as estimated by the most recent U.S. Department of the Interior, Fish and Wildlife Service and U.S. Department of Commerce, Bureau of the Census National Survey of Fishing, Hunting, and Wildlife-Associated Recreation, shall be paid into the Game Protection Fund established under § 29.1-101 and shall be used, in part, to defray the cost of law enforcement. Not later than 30 days after the close of each quarter, the Comptroller shall transfer to the Game Protection Fund the appropriate amount of collections to be dedicated to such Fund. At any time that the balance in the Capital Improvement Fund, established under § 29.1-101.1, is equal to or in excess of \$35 million, any portion of sales and use tax revenues that would have been transferred to the Game Protection Fund, established under § 29.1-101, in excess of the net operating expenses of the Board, after deduction of other amounts which accrue to the Board and are set aside for the Game Protection Fund, shall remain in the general fund until such time as the balance in the Capital Improvement Fund is less than \$35 million.

## II. Recommendations

After receiving public input on our draft recommendations, the Fish and Wildlife Taskforce makes the following recommendations to the Governor and the Vermont Legislature on ways to sustainably fund the Department of Fish and Wildlife. We present eight recommendations however, our highest priority is to enact our first recommendation to redirect 1/8 of 1% of the sales taxes to fund the work of the Fish and Wildlife Department in recognition of the economic, cultural and recreational benefits all Vermonters receive from Department's activities.

### **1. Dedicate 1/8 of one percent of State Sales Tax to the Department of Fish and Wildlife as a dedicated revenue source into the Department's Fish and Wildlife Fund.**

*Discussion:* This is the Taskforce's top priority recommendation. The Taskforce believes that this option presents the best opportunity to create a sustainable source of funding for the Department of Fish and Wildlife. This approach has been successfully used in Missouri and Arkansas, Texas and Virginia. Rededicating a small portion of the Sales Tax would recognize the estimated \$386 million of economic activity generated by wildlife related activities. These activities are estimated in the 2001 National Survey of Hunting, Fishing and Wildlife Related Activities to generate \$8.4 million in sales tax revenues for the state of Vermont. The taskforce estimates that 1/8 of one percent would generate approximately \$6 million in revenue for the Department; enough to meet the projected short term gap in funding for the department and allow for needed and overdue program growth.

### **2. Dedicate 1/8 of one percent of State Rooms and Meals Tax to the Department of Fish and Wildlife as a dedicated revenue source into the Department's Fish and Wildlife Fund.**

*Discussion:* Similar to the Taskforce's priority recommendation, dedication of the Rooms and Meals Tax would recognize the economic activity associated with people who come to Vermont to hunt, fish and view wildlife and stay in our inns and dine in our restaurants. The 2001 National Survey of Hunting, Fishing and Wildlife Related Activities estimates that \$74 million dollars are spent in Vermont by such activities. The Taskforce estimates that 1/8 of one percent of the rooms and meals tax would generate roughly \$1.5 million dollars. If this recommendation is enacted additional revenue sources would need to be identified.

### **3. Create a five-year fishing license.**

*Discussion:* The Taskforce recommends creating a Five-year fishing license based as a good market based approach to generate more revenue for the Department. Currently the Department does not have the authorization to create five-year fishing licenses. Based on a recent study commissioned by the Department, a five-year fishing license could generate between \$225,000 and \$300,000 in new fishing license revenue each year. This increase in revenue would be in part created individuals who currently regularly buy fishing licenses but not every year. A five-year license would not replace existing license options. The Taskforce supports the authorization to create five-year licenses in the 2007 Fee Bill.

#### **4. Create a five-year trapping license.**

*Discussion:* The Taskforce also supports the creation of a five-year trapping license although the revenue potential is unknown at this point. Currently, there are limited outlets for purchasing trapping licenses, we believe this option would be an added convenience and for reasons stated above should result in an increase in revenues for the Department. The Taskforce supports giving the Department the authorization to create a five-year trapping license in the 2007 Fee Bill.

#### **5. Explore a five-year hunting license.**

*Discussion:* As with the trapping license, the potential increase in revenue is unknown but the Taskforce believes the Department should investigate the potential revenue gains and administrative savings a five-year hunting license may generate.

#### **6. Create a lottery ticket.**

*Discussion:* The state of Maine established a wildlife scratch instant lottery ticket that directly funds special projects of the state natural resource agency through the Maine Outdoor Heritage Fund. Bucks for Bucks and Bucks for Bass lottery tickets have generated \$750,000 for projects in Maine. Based on conversations with the Vermont Lottery Commission, the taskforce estimates a similar program in Vermont could yield approximately \$300,000.

#### **7. Dedicate General Fund money specifically to offset law enforcement expenses.**

*Discussion:* Vermont's Game Wardens' law enforcement authority is very broad. Our wardens participate in enforcement activities that range from enforcement of wildlife laws to homeland security duties, drug enforcement, and accident first responder duties. Currently the Department's law enforcement budget is \$4.2 million. Ninety-six percent of this budget is funding through license fee revenues. The taskforce recommends that general fund revenues be used to specifically offset the law expenses in recognition of the broad range of non-wildlife related services our Warden system is providing the State of Vermont. General fund money could be offset if a redirection of the sales tax of 1/8 of 1% is used to fund the departments as recommended in our priority recommendation.

#### **8. Create a non-motorized boat permit.**

*Discussion:* The Taskforce recommends investigating creating a non-motorized boat permit system for Vermont. Maine has a similar program for their inland waters. We recognize that there is much to investigate and work out with this approach, but believe the potential merits and revenues are worth investigating.

On January 18, 2007, the Taskforce held a public listening session in Montpelier to take public comment on the eight draft recommendations. In addition, the Taskforce received written comments via email and mail. Those testifying at the listening session overwhelmingly supported a 1/8 of 1% redirection of the sales tax to fund the activities of the Fish and Wildlife Department. This was seen as a way to recognize the wide variety of Department work that benefits all Vermonters and visitors to the state of Vermont. Those testifying in support of the sales tax redirection represented organizations ranging from the Lake Champlain Birding Trail, Vermont Coverts, the National Wildlife Federation, the Nature Conservancy-Vermont Chapter, Vermont Trappers Association, the Lake Champlain Committee, Umiak Canoe Outfitters, the Northern Forest Alliance and the newly formed Vermont Wildlife Partnership. In addition, there were seven individuals who spoke to the Taskforce who were supportive of the sale tax option.