

Montana Department of Fish, Wildlife and Parks
Fish and Wildlife Licensing and Funding Advisory Council
Meeting Summary, November 5, 2013

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

Fish, Wildlife and Parks: Quentin Kujala, Kathy Reilly, Paul Sihler, Charlie Sperry, Neal Whitney, Hank Worsech, Adam Brooks

Environmental Quality Council: Hope Stockwell

Facilitator: Barb Beck, Beck Consulting

Public: Three individuals

Welcome and Catching up

Facilitator Barb Beck reviewed the agenda. No one was aware of any print media coverage of the council's work since the October meeting. Council members were asked to report feedback from their constituents and the public since the last meeting. The following items were mentioned.

- People don't seem to be aware of this effort. The council discussed the benefits of more actively communicating their work despite not yet having final recommendations. People who would like to offer input should have every opportunity. Paul Sihler let the council know that the Department (Communication Education Division) has developed an outreach plan and will begin more actively getting the word out. Council members encouraged the Department to reach out to constituent groups and use the media. FWP's Ron Aasheim will talk to the council at the December meeting about this. Between this meeting and December, the Department will prepare a draft press release and some materials to provide the council members. Council members were encouraged to speak with anyone interested in hearing about the work of the group, including the press. The materials the Department will provide can be used as a resource for talking to the media at the discretion of the individual council members.
- Hunting opportunities are more difficult to get to (access is a big issue.)
- Hunters from Wisconsin that hunt every year in eastern Montana expressed concern about any increase in nonresident license costs.
- There was general public support for eliminating the nonresident relative of a resident discounted licenses, raising the senior age discount to 70 years, and increasing resident license prices.
- A North Dakota resident who owns land in Montana that is enrolled in block management hunted this year with a Montana outfitter. He conveyed that without his cooperator's license he would not have been on a guided hunt in Montana.

The Department received two online comments. Charlie Sperry handed out hard copies of the comments to each council member.

Robin Cunningham provided a handout on recreation participation and trends from the Montana Statewide Comprehensive Outdoor Recreation Plan for information.

Percentage for Discounted Licenses

This discussion was continued from the September and October meetings. The council members left the October meeting agreeing to think about and gather input on establishing the percentage of discount for any youth, senior, and disabled licenses which are discounted at 50% of the full license price. The council had already determined that it would be desirable to use one fixed percent but had not settled finally on what that percent would be. At its November meeting, the council discussed using 25%, 30%, and 50% and the relative merits of each. FWP estimates that using 50% would generate an additional \$1 million/year even with reluctance by some to purchase at the lower discount. The council discussed how this fixed percentage would be received by the EQC, the legislature, and sportsmen and then made the following decision.

The council recommends (by consensus): The discount applied to all discounted licenses (for those youth, seniors, and disabled who qualify) will be 50% of the full license price.

The rationale for this recommendation is that setting one fixed percent for all discounted licenses will simplify license pricing by standardizing the percent of discount and that it will be more equitable within the group of discounted licenses and also with licenses that are purchased at full price than the present system (varying percentages of discount.)

License Structure

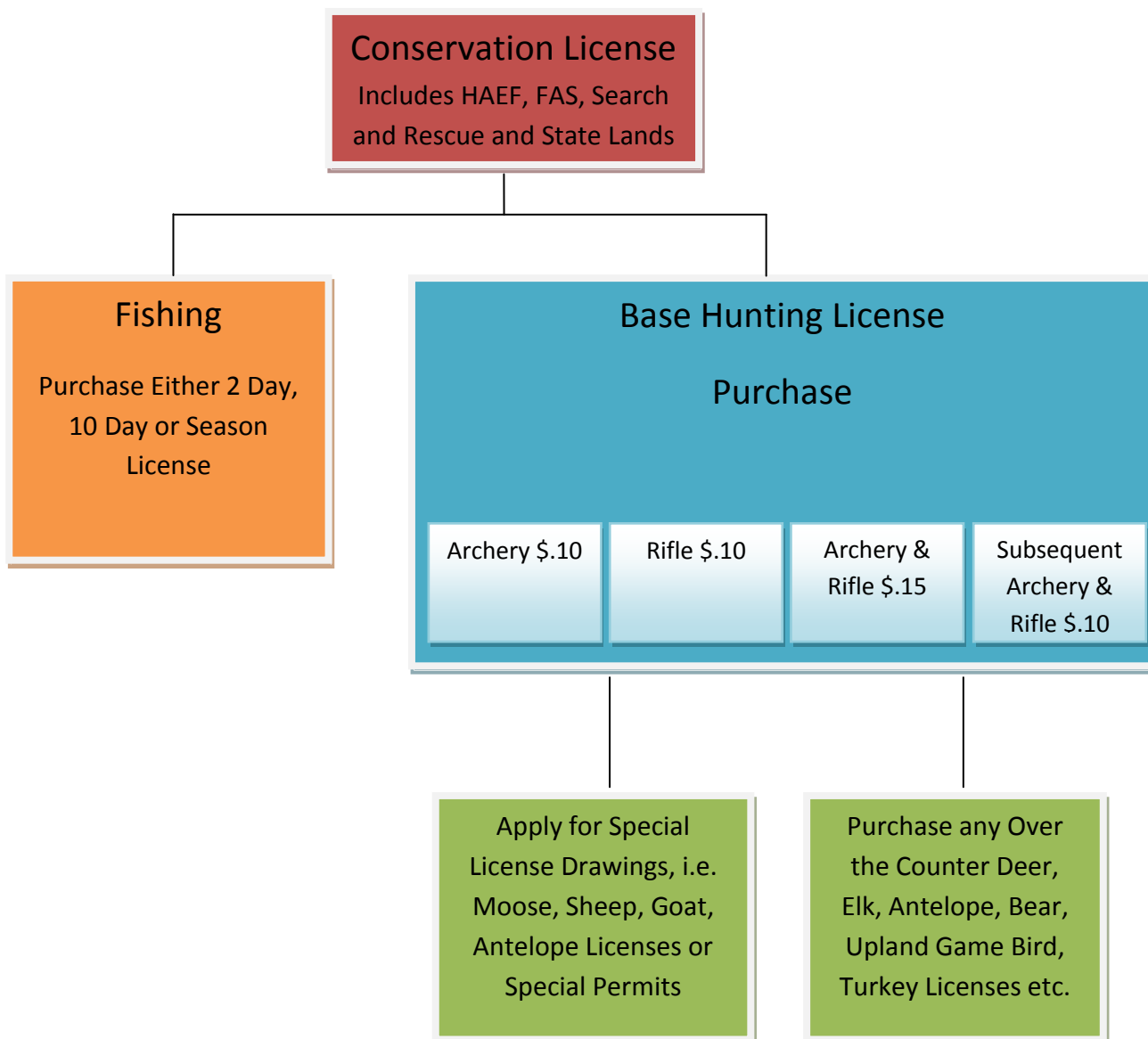
This discussion was carried forward from the work done by the entire council at the October meeting. At that meeting, two work groups were appointed to bring recommendations back to the full council on the highest priority license structure ideas under consideration—Ala Carte licenses and a Base Conservation License plus other specific licenses for fishing, archery, and firearms.

Tim Aldrich spoke for the Ala Carte license work group consisting of himself, Jim Olson, Debby Perry, and Quentin Kujala. Tim provided a handout with what the group discussed 1) splitting upland game bird and fishing licenses from the nonresident big game combination licenses, and 2) breaking up the 17,000 nonresident big game combination B-10 licenses and setting a ceiling for each of the three parts, deer, elk, deer and elk. Tim then looked at how well splitting these up would address the council's decision criteria. Based on this, the work group's recommendation was to retain the current structure - no change from the present situation. The council members discussed the recommendation considering equity and simplicity, outfitted hunters and non-outfitted hunters, potential impacts on communities, the perceived value of the added upland game bird and fishing license, whether nonresidents take advantage of these two additional licenses, and the fact that nonresidents fund a great deal of opportunity for resident hunters and anglers. FWP does not currently market the fact that upland game bird and fishing licenses are included in the purchase as part of a nonresident big game, elk, or deer combination license.

The council recommends (by consensus): 1) Do not create ala carte licenses by splitting out the big game combination license. Keep the current B-10 and B-11 license structure, and 2) Leave the nonresident big game combination license in tact with upland game bird and fishing licenses included.

The rationale for these two recommendations is that it allows for expanded opportunities and marketing of opportunities to nonresidents for upland game bird hunting and fishing, the nonresident combination licenses provide significant revenue for the Department, and retaining the current structure would be revenue neutral. Retaining this structure allows for the continued refund and re-sale of licenses (a winner financially for both the Department and the sportsmen) when a tag goes unfilled.

Robin Cunningham spoke for the base conservation license group (Robin, Brett Todd, Mark Aagenes, and Hank Worsech) and provided two flow charts. The first chart illustrated the current license structure, the second one (below) illustrates the work group's recommendation



This work group recommends establishing a base conservation license. Purchase of this base license would be required before any other licenses could be purchased. The base license would include the Habitat Access Enhancement Fund (HAEF), Search and Rescue, Fishing Access, and State lands fees rather than charging for them separately as is done currently. Once the base conservation license was purchased, the sportsman or woman would have a choice to purchase a fishing license and/or a choice between archery, firearm, archery and firearm, or a subsequent archery and firearm license (if for example an archer was unsuccessful and wanted to then hunt with a firearm).

The full council discussed this work group recommendation considering the current “nickel and dime approach” that leaves a bad taste for license purchasers. No specific pricing for the base conservation license was proposed by the work group because that discussion is yet to come by the full council.

The council recommends (by consensus): 1) Establish a base conservation license that includes the HAEF, Search and Rescue, Fishing Access Site, and State lands fees, and 2) Following purchase of the base conservation license there should be a progression of license and permit choices for fishing or hunting. Fishing would be one choice. The second choice is hunting and there would be three additional choices initially—archery, firearm, or archery and firearm. There would be a subsequent, 4th hunting choice, to add firearm to archery at a later time.

There were no other license structure options the council wished to evaluate at this time.

Public Comment

Mac Minard, Montana Outfitters and Guides Association, offered the following comments. There are 400 licensed hunting outfitters in Montana, 300 of these are active. Approximately 220 of them travel to market their services. Hunters have been reeling from all of the changes related to hunting but this is starting to stabilize and the economy is rebounding. Mac supports both of the recommendations of the Ala Carte work group to leave the combination licenses for nonresidents as they are. The big game combination sets Montana apart from other states and should be marketed. FWP has a role in marketing but the tourism marketing group has a collective responsibility. Mac believes that the Department should continue to offer refunds and resale of unused licenses. He also supports the idea of a base conservation license. He thanked the council for their work on these important matters.

Nick Gevock of the Montana Wildlife Federation offered the following comments. There is a need for some type of residential fee increase. Nick encouraged the council to engage sportsmen and women so that MWF can support the council’s recommendations with the legislature. Nick supported the idea of giving the FW Commission authority to increase license prices. He does not believe the current 10-year funding cycle is a good system to fund the Department.

Funding Models

Hank Worsch provided a handout with three funding models for discussion. The information for all three models was based on the following assumptions;

- Current (FY14/15) legislatively approved spending levels for FWP roll forward with no changes and no consideration for inflation,
- Self-imposed budget reductions (\$1.24 million) in place for current biennium are permanent,
- An estimate of costs related to legislative pay plans, pensions and future EPPs is included in the annual expenditures each year after FY16,
- Federal Pittman-Robertson and Dingell-Johnson funding levels remain static, and
- The agency fund balance at the end of each fiscal year cannot fall below \$5.9 million, in order to have a sufficient funding buffer on hand to insure all year-end obligations are promptly paid.

The three models included the current ten-year model, a four-year model with mandatory legislative review, and commission authority to approve fee increases. Hope Stockwell said she would be preparing information on a CPI-based model for the Environmental Quality Council in January and could bring that information to the advisory council in December. Information provided in the handout projected the % by which fees would need to increase, when those increases would come, and the amount of revenue that would be generated by the various increases. The council discussed each of these three models and identified both desirable and undesirable aspects of each.

Ten-Year Model

+	-
FWP has budget flexibility within the 10-year cycle	If the increase is not successful in the legislature, there would be drastic consequences for the Department
Prices are not raised for ten years	Sportsmen would experience sticker shock (could be 61%) when the increases do happen
Staff time to work with legislature is less than for a more frequent cycle	Term limits mean legislators may not understand how this model works
FWP can earn interest in the funds built up early in the cycle	Large fund balances that carry over are attractive targets for legislators
	Revenues and appropriations are not considered at the same time
	There is less accountability to the legislative process

Four-Year Model

+	-
Raises public awareness	Less opportunity for public participation than the commission authority model
Ability to make more frequent adjustments than once in ten years	Lower amount in reserve if legislature does not approve increases
More legislative oversight than the other two options	Is there a correlation between shorter interval (4 vs. 10 years) and deeper financial holes (not certain, but experience of other states might suggest this)
Forces the conversation every four years	
Magnitude of increase smaller than ten years	
Makes sense with term limits	
More certainty for the Department than the 10-year model	
Keeps the legislators accountable to constituents	
Closer connection for legislature between spending and revenues	

Commission Authority Model

+	-
Depoliticizes the discussion	Little chance of success with legislature
Smaller increases each time	Some in the public won't like
Commission well-suited to take this on	More frequent increases
Contains protections to ensure Commission is reasonable	No precedent for this
Overcomes legislative turn over	
Opportunity for public participation	

A fourth alternative (below) was suggested and evaluated.

Blend Commission Authority with Four, Six, or Ten-Year Model

+	-
Smaller increase up front	More chance of success than commission authority alone
Legislature still puts cap on increases or works with commission on a model	Complicated, not sure how to structure
Controls increase comfort level of legislature	Legislators new to process would have hard time understanding
More public and legislature awareness	Lacks continuity over time
Lots of opportunity for public input	
React more quickly to changing situations	

The council briefly discussed uncertainties that could affect revenue needs. The potential uncertainties identified in this discussion included changes in the status of species related to the Endangered Species Act (grizzly bear delisting or sage grouse listing for example), changes in the amount of federal funds received by the Department (P-R and D-J), the number of licenses sold, the reluctance factor to purchase licenses at certain prices, and whether sportsmen can get access for opportunities.

This was the council's first discussion on the funding model and possible alternatives. The discussion on these and/or additional models will continue at the December council meeting.

Introduction to License Prices

This topic was introduced to the council so they could begin thinking about it for a more in-depth discussion at the December meeting. Hope Stockwell started the discussion by providing information about how Montana's license pricing compares to other states and looking specifically at what percent of nonresident fees Montana residents pay. Depending on the specific license, Montana residents pay from 4% to 41% of what nonresidents pay. Hope also reviewed what percentage residents pay in other states compared to nonresidents. When all of the states' results are averaged, residents pay 19% of what nonresidents pay in hunting license fees. One option for the council to consider would be to set resident license prices at a specific percent of nonresident license prices.

Paul Sihler explained that the Department staff had looked at the issue of pricing several years ago. He handed out a summary of their work for the council's consideration. The staff work included nine options contrasted to the current prices. The current prices (2012) generated \$45,486,572.

- 25% Resident Increase,
- 50% Resident Increase,
- Median License Price of Neighbors (ID, ND, SD, WY),
- Median License Price of Competitors (ID, ND, SD, WY, CO, UT, OR, WA),
- Increase by CPI,
- 2004 Willingness to Pay Study,
- 2003 License Price,
- Nonresident License by CPI, and
- Conservation License Only.

Council members asked "what does the Department need?" in terms of additional annual revenue to end each year with the minimum \$5.9 million needed. The need appears to be around \$8 million although there is not one figure to this question because it depends on when license prices are raised and which year is referred to. The \$8 million figure gave the council members some general frame of reference as to the total additional annual need. Sue Daly can address this at the December meeting.

This was the introductory discussion on the topic of license pricing and the council will spend time discussing it further at the December meeting. The council kicked around several possible approaches to frame the discussion. The following was described in some detail as one possible approach.

First, adjust those license prices that seem out of whack with other states (for example sheep, goats, and moose), then calculate the additional revenue generated from the council's preliminary recommendations for free and discounted licenses, then determine the remaining need (difference from the \$8 million), finally, raise all licenses by a fixed percentage to generate the total amount of revenue needed.

The council agreed to have the FWP staff, council members Tim Aldrich and Ed Hammer, and the facilitator identify several approaches to setting prices and bring those back to the full council at the December meeting.

Wrap-up

Discussion highlights

- The council agreed to recommend setting the price for all discounted licenses for youth, seniors, and disabled at 50% of the full license price.
- The council agreed to recommend retaining the big game combination licenses as presently structured.
- The council is looking at several alternatives to the current 10-year funding model.
- The council is looking at pricing models.
- The council believes FWP needs to more aggressively market opportunities such as the upland game bird and fishing licenses that are included in the nonresident combination license.
- The council members are committed to trying to simplify the licensing and make the licensing and pricing more equitable.

The contributions of the work groups were again acknowledged during the meeting evaluation and the group was pleased overall with their progress and ability to solve problems collaboratively. There is still much work to be done by the council.

The next meeting will be held on December 11, 2013 at Montana Wild. The meeting will start at 0900.