



***Montana Fish,
Wildlife & Parks***

Fish and Wildlife Licensing and Funding Advisory Council

RECOMMENDATIONS

April 28, 2014

LICENSING AND FUNDING ADVISORY COMMITTEE MEMBERS

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MESSAGE FROM THE DIRECTOR

Montana is blessed with an incredible array of fish and wildlife resources, and Montana Fish, Wildlife & Parks takes seriously its responsibility for managing these resources. Now is a critical time for the agency. Residents and nonresidents, through the purchase of hunting and fishing licenses, make it possible for FWP to manage fish and wildlife and provide the services that are important to our license buyers. The last significant increase in license fees occurred in 2005. That increase, along with the budget reductions implemented in 2012, has sustained the agency for the past nine years. The cost of managing fish and wildlife, however, has increased over this time period. FWP will need additional revenue in the form of a license fee increase if it is to continue providing the same level of services and fish and wildlife management that our license buyers are accustomed to. Alternatively, the agency will face significant budget reductions and loss of programs.

FWP serves the people of Montana and therefore I appointed a citizen advisory council to help identify ideas for funding fish and wildlife management. I also tasked the council with recommending ways to simplify the license structure. The council members are a good representation of Montana hunters and anglers, and come from all around the state. To a person, each council member showed passion for the Montana's fish and wildlife, and worked incredibly hard to develop reasonable recommendations that would be acceptable to residents and nonresidents alike. On behalf of FWP and the people we serve, I thank the council members for their dedication and hard work.

I also want to acknowledge the valuable work of the Environmental Quality Council staff in assisting the council with its efforts, as well as the EQC members themselves for providing feedback as the Council developed its recommendations. I am hopeful that FWP and the EQC can coordinate on legislation for FWP's budget for consideration by the 2015 Legislature.

I encourage all those who value Montana's fish and wildlife heritage to review and provide input on the council's recommendations. Now is the time for hunters and anglers to influence the future of this State's incredible resources.

M. Jeff Hagener, Director
Montana Fish, Wildlife & Parks

PREFACE

Montana Fish, Wildlife & Parks, through its employees and citizen commission, provides for the stewardship of the fish, wildlife, parks, and recreational resources of Montana, while contributing to the quality of life for present and future generations. Fish and wildlife management is an important component of this mission. The revenue from the sale of fishing and hunting licenses is critical to fish and wildlife management. The Legislature's last major license fee adjustments were made in 2005 and the revenue from these adjustments sustained the department for approximately eight years. FWP made \$1.24 million in budget cuts in 2012 in order to extend the period of time before license fee increases would be necessary. FWP has now reached the point where additional revenue is needed in order to continue providing current levels and types of services and conducting day-to-day operations. FWP needs to maintain a minimum balance of \$10 million in its general license account. Alternatively, FWP is facing the possibility of an additional \$5.7 million in budget cuts annually in the absence of any increase in revenue from license fees. This balance is needed in order to provide the cash-flow necessary to maintain day-to-day operations and meet fiscal obligations. Montana's fishing and hunting constituents have choices to make regarding which direction they would like FWP to proceed.

In July of 2013, the Montana Department of Fish, Wildlife and Parks (FWP) appointed a 13-member Licensing and Funding Citizen Advisory Council (Council) to evaluate the department's system of funding fish and wildlife management through the sale of fishing and hunting licenses. The council was tasked with developing recommendations for improving the structure for hunting and fishing licenses and establishing a sustainable funding mechanism for fish and wildlife management. The Council's work focused primarily on developing an alternative that would negate the need for budget cuts and associated programs and service reductions. Specific tasks included:

1. Evaluating options and recommending approaches for improving the structural balance of fish and wildlife management funding and expenditures;
2. Proposing changes to hunting and fishing licenses that streamline and simplify the structure and types of fishing and hunting licenses;
3. Assessing the impacts of free and discounted hunting and fishing licenses, and if appropriate, recommending modifications to these licenses;
4. Evaluating the earmarking of hunting and fishing license funds;
5. Proposing for hunting and fishing license prices that will result in a sufficient and stable source of revenue and funding for fish and wildlife management; and
6. Evaluating the appropriate role of fishing and hunting license buyers and other fish and wildlife users in funding fish and wildlife management.

The remainder of this document represents the Council's recommendations.

EXECUTIVE SUMMARY

The Licensing and Funding Advisory Council believes that Montana's fishing and hunting constituents value the current level of services provided by FWP. The Council also recognizes that FWP cannot maintain these services with the income generated by current license fees, and that the Legislature's last major license fee adjustments were made in 2005. With a goal of generating revenue for fish and wildlife management, and in the interest of simplifying the license structure, the Council recommends the following:

1. **Recommendation:** Standardize youth, senior, disabled, and nonresident free and discounted licenses at 50% of the equivalent, full-priced license. Increase the age at which seniors are eligible for discounted licenses from 62 to 67.

Rationale: A standard 50% discounted license will simplify license purchases, help ensure that the buyer sees value in the license (compared to how someone views a free license), and means that those paying the full license price do not have to completely subsidize hunters and anglers receiving free licenses. Eliminating the free licenses will also result in additional revenue. Montana has the lowest age for eligibility for a senior discounted license and age 67 is comparable to Social Security eligibility requirements.

2. **Recommendation:** Establish a new base hunting license at a cost of \$10 for residents and \$15 for nonresidents that is a prerequisite to purchasing individual species tags and the archery stamp. These prices include the existing Hunting Access Enhancement fee (\$2 for residents and \$10 for nonresident).

Rationale: The base license is preferable to increasing the prices of individual species tags, as it recognizes the value of core customers, spreads the financial impact across all hunters, provides equity between firearm and archery hunters who are paying for additional season opportunities, resolves archery stamp compliance issues, contributes to FWP's financial stability, overcomes potential vulnerability in the number of licenses sold, and allows the conservation license to remain as a stand-alone item that could generate revenue from non-consumptive users in the future.

3. **Recommendation:** Increase prices for bison, moose, mountain goat, and mountain sheep *nonresident* licenses from \$750 to \$1250.

Rationale: The opportunity to hunt bison, moose, mountain goat and mountain sheep in Montana is highly desirable to hunters. The current prices for these licenses are undervalued when compared to other states that offer similar opportunities.

4. **Recommendation:** Increase the price of the *resident* 2-day fishing license from \$5 to \$8, and the *resident* season license from \$18 to \$24; increase the price of the *nonresident* 2-day fishing license from \$15 to \$26, convert the 10-day *nonresident* fishing license into a 7-day license and increase the cost from \$43.50 to \$56, and increase the *nonresident* season fishing license from \$60 to \$86.

Rationale: The Council believes that Montana's fishing opportunities are currently undervalued. Montana's *resident* fishing license pricing fell below the 11-state *average* and *median* prices. Montana was also below the average for *nonresident* fishing license pricing when compared to most of the other states. There is also data showing that on average, nonresidents who purchased a 10-day license go fishing seven days. Changing to a 7-day license is a better match with customer use patterns.

5. **Recommendation:** Cap the price of the B-10 nonresident big game combination license and the B-11 nonresident deer combination license, including purchase of the new base hunting license and application fees, at \$999 and \$625 respectively.

Rationale: Revenue from the sale of these nonresident licenses accounts for almost two-thirds of FWP's funding for fish and wildlife management programs that benefit everyone. Statute requires the B-10 and B-11 license prices to be adjusted annually based on the Consumer Price Index. The price of the B-10 license is nearing \$1,000. The Council believes that there will be significant buyer resistance if the price exceeds this amount. FWP has already observed a decline in the sale of nonresident combination licenses as the price has increased.

6. **Recommendation:** Revise the refund policy to allow nonresidents who are unsuccessful in drawing a permit to receive a 95% refund of the big game combination license at the time of the drawing (a change from 80%).

Rationale: The financial impact of changing the policy is small compared to the positive benefits for the customer. The Council believes that the current refund policy is a financial deterrent for many nonresidents considering whether to hunt in Montana. The Council predicts that increasing the amount of the refund will result in more people applying and will create a greater incentive for early license returns and provide FWP greater opportunity to re-sell returned licenses.

7. **Recommendation:** Adopt a four-year model (cycle) for reviewing budget expenditures and revenues and determining the need for license revenue recommendations to the legislature.

Rationale: Compared to the current 10-year funding model, a four-year model allows the legislature a closer connection between spending and revenues, results in a smaller increase in license fees when necessary, and allows for more accurate budget forecasting.

8. **Recommendation:** Develop and provide mechanisms in addition to license dollars to fund the management and maintenance of fish and wildlife resources.

Rationale: All Montanans and visitors benefit from FWP's management activities, which are currently funded largely by people who purchase hunting and fishing licenses. Of those who do not purchase a license, some benefit in ways that have a physical presence creating impacts that FWP must manage. Mechanisms are needed to enable non-license buyers to help support fish and wildlife management.

FISH AND WILDLIFE LICENSING AND FUNDING ADVISORY COUNCIL

Recommendations

INTRODUCTION

The Council developed recommendations based on the license price comparison data and discussion of a variety of pricing options. The Council took into account concerns about turning hunting in Montana into a “rich man’s sport”, while also recognizing that some of Montana’s hunting and fishing opportunities are currently undervalued. Instead of proposing to increase all license prices to meet FWP’s financial needs, the Council recommends increasing some, capping others, and creating a base hunting license to spread the impact across all hunters. To help facilitate its discussions, the Council developed the following criteria (questions), in no priority order, to evaluate each concept that was proposed.

Does the potential recommendation:

- Maximize recruitment/retention of hunters and anglers?
- Simplify the license structure?
- Effectively target the intended consumer (e.g., youth, disabled, senior)?
- Maximize revenue to the department?
- Treat all license buyers fairly?
- Enhance long-term revenue stability?
- Have some chance of success?
- Would it be cost effective to administer?

The Council’s recommendations are as follows.

STRUCTURAL BALANCE - FWP FUNDING CYCLE

Background

FWP *expenditures*, like other agencies, are reviewed and approved by the Legislature every two years. Unlike other agencies, the majority of FWP’s *revenue* -- generated by the sale of hunting and fishing licenses – historically has been reviewed and altered by the Legislature on an approximately 10-year cycle. The Legislature has typically approved fishing and hunting license fees at a level that will sustain the department for approximately ten years. The fee amounts result in FWP collecting more revenue than it spends in the first half of the cycle, which creates a surplus that can be used later in the cycle to offset increases in the agency’s operation costs. Typically, at the mid-point of the 10-year cycle, revenues and expenditures are roughly equal. And, in the second half of the cycle, the revenue coming in is no longer equal to expenditures. This is when the department relies on the surplus revenue generated at the beginning of the cycle to remain solvent.

FWP needs to maintain a minimum balance of \$10 million in its general license account. This balance is needed in order to provide the cash-flow necessary to maintain day-to-day operations and meet fiscal obligations. There also needs to be sufficient funding in the account to withstand the volatility of hunting and fishing license sales from year-to-year as a result of weather events, downturns in fish and wildlife populations and changes in the economy. The Council has endorsed maintaining a \$10 million minimum balance in the department's general license account, and based its recommendations upon that assumption.

The Legislature's last major license fee adjustments were made in 2005. A citizens' ballot initiative also modified fees for the B-10 nonresident big game and B-11 nonresident deer combination licenses starting in 2011, increasing prices for some nonresidents and decreasing them for others. In Fiscal Year (FY) 2013, FWP implemented \$1.24 million in spending cuts by:

- reducing operations budgets;
- reducing funding for shooting range grants;
- eliminating a whirling disease lab;
- eliminating an information officer's position in Helena;
- implementing electronic options that reduced paper and staffing;
- replacing $\frac{3}{4}$ ton pickups with more fuel efficient $\frac{1}{2}$ ton trucks; and
- installing a video conferencing system to reduce the need for staff and constituents to travel to and from Helena for meetings.

FWP's most recent budget projections show that without any adjustment to license revenue, and taking into account the cost-cutting measures already implemented, the department will drop slightly under the desired balance of \$10 million in the general license account early in FY 2017 (July 1, 2016). FY 2017 is also the point in time when any changes made by the 2015 Legislature will come into full effect.

Pros and Cons of Funding Models

The Council identified the pros and cons of four funding models, including the current 10-year cycle, using the following assumptions:

- Current (FY 2014 and 2015) 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 the current biennium are permanent;
- An estimate of costs related to legislative pay plans, pensions, and future budget requests is included in the annual expenditures each year after FY 2016;
- Federal Pittman-Robertson and Dingell-Johnson funding levels remain static; and
- FWP will maintain a minimum balance in its general license account of \$10 million.

10-Year Model (Current Funding Cycle)

Pros	Cons
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 10 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 ¹
	Revenues and appropriations are not considered at the same time
	There is less accountability to the legislative process
	A longer funding cycle leads to less accurate budget forecasting

Four-Year Model (Legislative review of license fees every four years)

Pros	Cons
Raises public awareness	Less opportunity for public participation than the commission authority model
Ability to make more frequent adjustments than once in 10 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)
Requires the conversation every four years	
Magnitude of increase smaller than 10 years	
Makes sense with term limits	
More certainty for the Department than the 10-year model	
Closer connection for legislature between spending and revenues	
A shorter funding cycle allows for more accurate budget forecasting	

The Council also considered funding models that granted authority to the Fish and Wildlife Commission to review and alter license fees. The Council dismissed these ideas due to concern that there is little probability that the Legislature would grant the Commission this authority.

Recommendation

The Council recommends the department use the four-year model for reviewing its budget expenditures and revenues, in order to determine the need for license revenue recommendations to the legislature. The Council believes a four-year model will:

- Raise public awareness;

¹ Any re-appropriation of these fund balances by the legislature would be restricted to use for fish and wildlife programs as required by 87-1-708, MCA.

- Require the conversation every four years;
- Provide the ability to make more frequent adjustments than once in 10 years;
- Allow the magnitude of increases to be smaller than in a 10-year model;
- Provide more legislative oversight than other options;
- Allow a closer connection for the legislature between spending and revenues;
- Make sense with term limits;
- Provide more certainty for the department than the 10-year model; and
- Allow for more accurate budget forecasting.

FREE AND DISCOUNTED LICENSES

Background

As a part of assessing the impacts of free and discounted hunting and fishing licenses, which account for \$4.8 million in unrealized potential revenue, the Council reviewed data for 31 free and discounted licenses for military members, landowners, youth, seniors, nonresident family members and the disabled. The Council also discussed the concepts of “free” and “discounted”, which members feel are two very different things. Within the context of hunter and angler recruitment and retention, the Council noted that if a license is *free*, it appears to have no value and requires no commitment on the part of the hunter or angler. If a license is *discounted*, the Council feels people must still have some motivation to participate. Most of the Council members are not in favor of free licenses as a general principle. The Council also believes that people who currently purchase full-priced licenses are subsidizing hunters and anglers who receive free or discounted licenses. If license prices are increased, the Council feels that hunters and anglers currently receiving free or discounted licenses should be expected to bear some of the burden as a matter of fairness and equity.

Recommendations

Overall, with the goals of simplifying license purchases and making them more customer-friendly, the Council believes it is appropriate to standardize the price of any discounted license to 50% of the equivalent, full-priced license. Details are as follows:

Youth Licenses

The Council made the following recommendations pertaining to youth licenses:

1. Consolidate the youth license structure from *three* age groups to *two*. Currently, there are three youth age groups: under 12, 12 to 15, and 16 to 17. The two new categories would be under 12 and 12 to 17.
2. Set youth discounted licenses (age 12 – 17) (deer, elk, fishing, turkey, upland game birds) at 50% of full-priced license. Youth under the age of 12 would not need a fishing license and would not be eligible for a hunting license.
3. Discontinue the free sportsman’s license for first-time resident youth hunters.

In making these recommendations, the Council considered that privacy issues have made it difficult to collect information on youth. Anecdotally, through the Hunter Education program, it appears that *free* licenses have not led to increased youth participation. Parental involvement (and mentoring) appears to have a greater effect on recruitment and retention of youth hunters and anglers. Council members believe discounts may provide a greater incentive for resident youth (compared to nonresident youth) to participate in fishing and hunting for the reason that resident youth may have less financial means to participate compared to nonresident youth.

If the proposed changes to youth licenses are implemented, the Council encourages the department to monitor their effect on recruitment and to develop other options if recruitment is not improved.

Senior Licenses

The Council made the following recommendations pertaining to senior licenses:

1. Increase the age at which seniors are eligible for discounted licenses from 62 to 67, which is more comparable to Social Security eligibility requirements.
2. Alter senior discounted licenses (deer, elk, fishing, turkey, upland game birds) so that they are priced at 50% of the full-priced licenses. Free licenses would no longer be available.

In making these recommendations, the Council discussed the use of free and discounted licenses in regard to recruitment and retention of seniors, agreeing that “free” things don’t have a perceived value. Council members differed in their opinions on whether seniors have more disposable income and can afford full-priced licenses. The Council notes that Montana has the lowest age criteria, 62, for becoming eligible for free or discounted senior licenses. Other states more commonly set the age at 65 or 70.

Disabled Licenses

The Council made the following recommendations pertaining to discounted licenses for the disabled:

1. Alter discounted licenses (deer, elk, fishing, turkey, upland game birds) so that they are priced at 50% of the full-priced licenses. Free licenses would no longer be available.
2. The Council believes the Fish and Wildlife Commission holds the authority under 87-2-803, MCA, to alter the definition of “disabled” for the purpose of determining eligibility for these discounted licenses.

In making these recommendations, the Council agreed to continue support for discounts for disabled hunters, but was not comfortable with the current definition of “disabled”. The Council believes it is too broad and, as currently used, includes some individuals who should be purchasing a full-priced license.

Nonresident Licenses

The Council made the following recommendations pertaining to discounted nonresident licenses:

1. Set the "Come Home to Hunt" (87-2-526, MCA) and "Nonresident Relative of a Resident" (87-2-514, MCA) licenses at 50% of the equivalent full-priced nonresident license.
2. Change the licenses available for "Nonresident Relatives of a Resident" from a Class B-7 nonresident deer A tag to a Class B-11 nonresident deer combination license and from a Class B-15 nonresident elk license to a nonresident elk combination license so that they are the same as the licenses available under the "Come Home to Hunt" program.

In making these recommendations, the Council noted that currently "Come Home to Hunt" licenses are full-priced and "Nonresident Relative of a Resident" licenses are four times the resident price. The Council also recognizes that the eligibility criteria for the two programs differ.

To be eligible to receive a license under the "Come Home to Hunt" program (87-2-526, MCA), a nonresident must:

- Be an adult, nonresident family member of a resident (mother, father, brother, sister, son, daughter, spouse, grandparent, grandchild, stepfather, stepmother, stepbrother, stepsister, stepson, stepdaughter, or brother-, sister-, son-, daughter-, father-, or mother-in-law;
- Have completed a Montana hunter safety and education course or have previously purchased a resident hunting license; and
- Be accompanied in the field by their qualifying resident relative, who is 18 years old or older and who possesses a current resident hunting license.

To be eligible to receive a license as a "Nonresident Relative of a Resident" (87-2-514, MCA), a nonresident must:

- Have been born in Montana or have been born to parents who were residents at the time of birth;
- Be the natural or adoptive child, sibling, or parent of a resident;
- Provide evidence that the nonresident previously held a resident hunting or fishing license or has passed a hunter safety course in Montana.

Retention of Service-Based Free and Discounted Licenses

After its discussion, the Council recommended retaining the following free or discounted licenses in recognition of service:

1. Free and reduced cost licenses for military service members and disabled veterans:
 - 87-2-102(1)(a)(ii), MCA: 30-day residency requirement for members of the regular armed forces and their live-in dependents or members of the armed forces of a foreign government attached to the regular armed forces of the US, if the person is currently stationed in and assigned to active duty in MT;
 - 87-2-801(3), MCA: Resident and nonresident legion of valor members may fish with a conservation license;
 - 87-2-801(4), MCA: Resident purple heart recipient may fish and hunt game birds (not wild turkeys) with a conservation license;

- 87-2-801(5), MCA: Nonresident purple heart recipient may fish and hunt game birds (not wild turkeys) with a conservation license during rehabilitative expeditions arranged by a nonprofit organization;
 - 87-2-802, MCA: Veterans in VA hospitals may fish without a license;
 - 87-2-803(5), MCA: Veteran, or member of the armed forces disabled by a combat-connected injury, may receive Class A-3, A-4, B-7, B-8 deer tags and a special antelope license at one-half the license fee (limit 50 each);
 - 87-2-803(12)(a)-(c), MCA: 5 years' worth of free fishing and resident wildlife conservation licenses or Class AAA resident combination sports licenses for a member of MT National Guard or federal reserve who participated in a contingency operation for at least 2 months outside of the state and has been discharged or released from active duty;
 - 87-2-815, MCA: Donation of hunting license to disabled veteran or disabled member of the armed forces.
2. Free big game combo/sportsman licenses for landowners participating in the block management program (87-1-266, MCA); and
 3. The agreement allowing the Confederated Salish and Kootenai Tribes to retain license fees paid on the reservation to fund the CSKT tribal wildlife management program (87-1-228, MCA).

LICENSE STRUCTURE

Background

The Council considered many ideas for altering the structure of Montana's license system for the purpose of simplification and generating sufficient revenue for fish and wildlife management.

Ideas included:

- Establishing a nonresident single-day fishing license for one day selected at time of purchase;
- Establishing a base conservation license to include an array of items;
- Establishing a menu of ala carte items for nonresident hunters;
- Requiring purchase of archery license as a pre-requisite for an archery elk or deer permit;
- Changing business practices such as the refund policy;
- Offering bonus points for purchasing licenses in successive years or sponsoring a new license buyer over 18 years old;
- Offering trophy area opportunities;
- Adding bear, wolf, and lion to the sportsman's package;
- Offering bonus points for resident sportsman and nonresident big game combination licenses; and
- Establish a multi-year hunting license.

Recommendations

Council members evaluated the ideas, some over the course of several meetings as the concepts evolved. The Council settled on the following recommendations related to license structure:

1. Alter nonresident fishing options. After reviewing data about the purchasing habits of nonresident anglers, the Council recommends retaining the 2-day and seasonal fishing licenses for residents and nonresidents. The Council also recommends converting the 10-day nonresident fishing license into a 7-day license. The recommendation was based on data showing that on average, nonresidents who purchased a 10-day license go fishing seven days.
2. Create a base hunting license. The base hunting license would be a prerequisite to purchasing individual species tags and the archery stamp. Council members feel this approach is preferable to increasing the prices of individual species tags, recognizes the value of core customers, spreads the financial impact across all hunters, provides equity between firearm and archery hunters who are paying for additional season opportunities, resolves the archery stamp compliance issue, contributes to FWP's financial stability, overcomes potential vulnerability in the number of licenses sold, and allows the conservation license to remain as a stand-alone item that could generate revenue from non-consumptive users in the future.
3. Retain B-10 and B-11 licenses. The Council considered creating more ala carte license options for nonresidents, but opted to recommend that the composition of the B-10 nonresident big game combination license or the B-11 nonresident deer combination license not be altered.

LICENSE FEES

Background

The Council evaluated current hunting and fishing license fees before recommending changes that would provide for a sufficient and stable source of funding for fish and wildlife management. As an introduction to this topic, legislative staff prepared data on how Montana's license prices² compare to those in 11 other states (Arizona, Colorado, Idaho, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming).

Montana's resident license pricing fell below the 11-state *average* and *median* prices in all categories (antelope, bison, black bear, deer, elk, fishing, moose, mountain goat, mountain lion, mountain sheep, turkey, and upland game birds) except for wolf licenses. Montana was \$1.08 above average for resident wolf licenses and was at the median price.

Montana's nonresident license pricing was a mixed bag when compared to the other states. Montana was below the average and median for antelope, bison, moose, mountain goat,

² Prices were calculated as a "total cost to hunt" in each state and included any prerequisite costs such as Montana's conservation license and hunter access enhancement fee that must be paid before an individual species license may be purchased.

mountain sheep, turkey, wolf, and most fishing licenses. Montana was above the average and median for black bear, deer, elk, mountain lion, and upland game birds.

Recommendations

The Council developed recommendations based on the license price comparison data and discussion of a variety of pricing options. The Council took into account concerns about turning hunting in Montana into a “rich man’s sport”, while also recognizing that some of Montana’s hunting and fishing opportunities are currently undervalued. Instead of proposing to increase all license prices to meet FWP’s financial needs, the Council recommends increasing some, capping others, and creating a base hunting license to spread the impact across all hunters. The Council’s license fee recommendations are as follows:

1. Prices for bison, moose, mountain goat, and mountain sheep *nonresident* licenses should be increased from \$750 to \$1250.
2. Prices for fishing licenses should be increased as follows:
 - a) Increase the price of the *resident* 2-day fishing license to \$8 (currently at \$5), and increase the *resident* season license to \$24 (currently at \$18);
 - b) Increase the price of the *nonresident* 2-day fishing license to \$26 (currently at \$15), and increase the *nonresident* season license to \$86 (currently at \$60);
 - c) Change the *nonresident* 10-day fishing license, currently priced at \$43.50, to a 7-day license, priced at \$56.
3. Set the price of the proposed base hunting license at \$10 for residents and \$15 for nonresidents. This would include the Hunting Access Enhancement Fee of \$2/resident and \$10/nonresident, making the net cost of the base hunting license \$8 for residents and \$5 for nonresidents. The archery stamp could be purchased after the base hunting license and would remain priced at \$10 for residents and nonresidents.
4. Cap the price of the B-10 nonresident big game combination license and the B-11 nonresident deer combination license, including purchase of the new base hunting license and application fees, at \$999 and \$625 respectively. Revenue from the sale of these nonresident licenses accounts for almost two-thirds of FWP’s funding for fish and wildlife management programs that benefit everyone. Statute requires the B-10 and B-11 license prices to be adjusted annually based on the Consumer Price Index. Currently, the price of the B-10 license is nearing \$1,000. The Council believes that there will be significant buyer resistance if the price exceeds this amount. FWP has already observed a decline in the sale of nonresident combination licenses as the price has increased.

NONRESIDENT REFUND POLICY

Background

The Council observed that FWP’s recent and as yet incomplete experience with the new nonrefundable application fee for moose, goat, and sheep permits (adopted in 2013) suggests that the Department can create incentive (or decrease disincentive) for license purchasers through

how the drawing fees and refund policies are structured. The Council discussed briefly what authority the Commission holds to make changes to the application fees or refund policy for nonresident combination licenses. A nonrefundable application fee for nonresident combination licenses would require a change in statute to implement. The Commission does have the authority to alter the percent of a refund. Currently, the Fish and Wildlife Commission allows FWP to retain 20% of license fees if a nonresident returns a B-10 big game combination license in its entirety for lack of drawing the desired elk tag. This amounts to about \$200 per year for a nonresident who does not get to hunt in Montana. In 87-2-511(6)(b), the legislature said FWP may retain 10% of the license fee when a nonresident chooses to return only the elk tag portion of the license and keeps the deer tag portion.

The Council believes FWP is not in the business of making money on refunds, but instead is in the business of selling quality opportunities. The Council feels adjusting the Fish and Wildlife Commission's refund policy would reduce customer dissatisfaction and resistance to applying for a license. The Council believes the financial impact of changing the policy is small compared to the positive benefits for the customer and that creating a greater incentive for early license returns will provide FWP greater opportunity to re-sell returned licenses.

Recommendations

The Council recommends that, as soon as possible, the Fish and Wildlife Commission change its refund policy for nonresidents who are unsuccessful in drawing a permit in the March 15 drawing. The Council recommends that unsuccessful applicants be eligible to receive a 95% refund, with FWP retaining 5% to help cover the cost of administering the drawing (unsuccessful applicants are currently eligible for an 80% refund). Furthermore, the Council recommends that nonresidents be eligible for an 80% refund until June 1, and a 50% refund from June 2 to the beginning of the general archery season. The council believes that these recommendations would be revenue positive. If brought before the Commission soon, these changes could be in place for the 2015 big game season.

EARMARKED FUNDS

Background

Approximately \$14 million of FWP's budget each year is directed by earmarks. Earmarks are statutory requirements to put funds into special accounts for special uses. There are more than 60 earmarks for FWP funds. The largest earmark programs include Block Management, Habitat Montana, Search and Rescue support to local governments, and the Upland Game Bird program. Each earmark has a constituency (people who support a particular earmark). Many of the earmarks included sunset dates when they were passed originally, but have since been made permanent. The dollar amounts of the earmarks don't always align with what FWP can spend so in some cases funds accumulate because they can only be spent on certain things. Some of the earmarks are a percentage of a license price while others are a set dollar amount. FWP may *add* general license dollars to an earmarked program, but may not *remove* earmarked funds and spend them for other purposes. It is possible that some legislators might prefer to get rid of existing earmarks to free up funds for other purposes, rather than increasing FWP's revenues in other ways.

As a part of discussing the topic of earmarks, the Council reviewed earmarked allocations to various programs by license type for the License Year 2014. The Council was also provided with an explanation of the earmark programs.

Recommendation

The Council reviewed the current earmarks and noted that each earmark has a constituency, and that earmarks are inherently political. The Council members concluded that it would be difficult for them to recommend changes to specific earmarked funds without input from the various constituent groups that support each earmark. The Council determined that the subject of earmarked funds would be better addressed by the legislature working with its constituents.

ALTERNATIVE FUNDING SOURCES

Background

Part of the Council's charge was to provide a recommendation on whether additional sources of revenue should be developed for FWP. The Council was not asked to develop recommendations on the *mechanisms* for obtaining additional sources of revenue; that discussion would need to include a broader set of interests that includes those who might be affected by such changes.

The Council discussed that while everyone in the state, including visitors to Montana, benefit from FWP's fish and wildlife management, the costs of that management are primarily borne by license buyers. The Council noted that hunters and anglers ("consumptive users") have been divided in the past on the subject of establishing additional sources of revenue because of the perception that if non-hunting and non-angling interests ("non-consumptive users") contribute financially there would be an accompanying expectation of input and influence on fish and wildlife management decisions. Some people have expressed concern that hunting and angling interests might not be as strongly represented in decision-making if other interests are contributing financially.

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

Recommendation

The Council adopted the following statement on the topic of developing additional sources of revenue for fish and wildlife management:

"All Montanans and visitors benefit from the management activities of Montana Fish, Wildlife, and Parks. FWP's management is currently paid for largely by people who purchase hunting and fishing licenses. Of those who do not purchase a license, some benefit in ways that have a

physical presence creating impacts that FWP must manage. Others benefit without a physical presence and do not create impacts. Because of the above, FWP and the legislature need to develop/provide mechanisms in addition to license dollars to fund the management and maintenance of the resources that provide these benefits.”

The Council believes future discussions of this topic could consider requiring non-consumptive users to purchase a conservation license to generate additional funding for fish and wildlife management, which would create greater equity amongst all fish and wildlife users.

CONCLUSION

The Licensing and Funding Advisory Council recognizes that Montana’s fishing and hunting constituents value the current level of services provided by FWP. The Council notes that the Department cannot maintain these services with the income generated by current license fees. There is a projected \$5.75 million annual shortfall in the general license account beginning FY 2017 if FWP is to maintain current services. The Council’s recommendations would produce enough revenue to address this annual shortfall and sustain current services through FY 2021. The Council discussed the fact that there are some unknowns on the revenue projection side, and noted the conservative nature of the Department’s expenditure projections. For example, the Department’s expenditure projections don’t consider unfunded new mandates that could arise in the future, such as management of wildlife species that are removed from the endangered species list and can no longer be managed with federal funds. Based on this discussion, the Council’s recommendations would establish a \$500,000 contingency each year (in addition to the \$5.7 million generated annually) for a total increase in revenue to FWP of \$6.2 million. Lastly, in order for the public to understand the choices before them, the Council asked the Department to outline what service and/or program reductions would occur if the revenue shortfall is not addressed.

NEXT STEPS

FWP will invite the public to provide comments on the final recommendations of the Licensing and Funding Advisory Council through a several month public comment period. The department is hosting public meetings in nine cities across the state as well as making presentations and soliciting comments from FWP regional Citizen’s Advisory Committees, hunter and angler organizations, service clubs and others as time allows. FWP is also soliciting public comment via the department’s web page.

The Council will reconvene in early summer once the public comment period has closed to review and evaluate the comments received. The Council may choose to develop an addendum to its recommendations for the purpose of addressing public comments and/or clarifying or modifying the recommendations. The Council’s recommendations and the public’s comments will be presented to the FWP Director and the Legislative Environmental Quality Council for consideration in the development of legislative proposals for the 2015 Legislative Session.

QUESTIONS?

For additional information, to view or download the draft recommendations, or to comment, visit FWP's website at fwp.mt.gov. Click "[Licensing and Funding Advisory Council](#)".