

Sustainable Funding for Conservation of Iowa's Natural Resources

**Raccoon River Park Nature Lodge
West Des Moines, IA
August 30, 2006**

- 9:30 AM** **Continental breakfast and visiting**
- 10:00 AM** **Welcome & introduction of new Committee
members; today's agenda—Ken/Diane**
- 10:15 AM** **Summary of Aug. 9 meeting--Doug**
- 10:30 AM** **Explanation of materials provided by staff--Doug**
- **Information from other states**
 - **Spreadsheet with matrix of current funding and
estimated needs**
- 11:00 AM** **Outline of revenue needed and what would be
accomplished if funding initiative is implemented—
Committee-as-a-whole discussion**
- Noon** **Lunch—provided for Committee members**
- 1:00 PM** **Continue Committee-as-a-whole discussion**
- 1:45 PM** **Subcommittee break-outs*, as determined by whole
Committee**
- 2:45 PM** **Wrap-up; set next meeting;
arrange for first public input meeting/methods?**
- 3:00 PM** **Adjourn—drive home safely!**

**(*If subcommittees wish to continue meeting after
whole Committee adjournment, building is available
until 5:00 PM)**

Sustainable Funding for Conservation of Iowa's Natural Resources Meeting Summary

**Raccoon River Park Nature Lodge
West Des Moines, IA
August 30, 2006**

Committee members present:

| | | | |
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| Mark | Ackelson | | Iowa Natural Heritage Foundation |
| Dan | Cohen | | IACCB |
| Dick | Dearden | | IA Senate-Democrat |
| Barbara | Finch | | Iowa Farm Bureau |
| Tammi | Kircher | | Ducks Unlimited |
| Rich | Leopold | | Iowa Environmental Council |
| Lola | Lopes | | The Nature Conservancy |
| Pauline | Novotny | | Izaak Walton League of Iowa |
| Marvin | Shirley | | Farmers Union |
| Ken | Tow | | Secretary of Agriculture |
| Dave | Van Waus | | Pheasants Forever |
| John | Whitaker | | IA House of Representatives-Democrat |
| Sarah | Kobliska | for Mary Lundby | Legislative Staff: IA Senate-Republican |
| Jane | Clark | | Sierra Club |
| Ken | Herring | for Jeff Vonk | IA DNR |
| Owen | Shunkwiler | | Iowa Renewable Fuels Association |
| Henry | Rayhons | | Iowa House of Representatives-Republican |

Committee members absent:

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| Deb | Ryun | Conservation Districts of Iowa |
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Committee Support Staff

| | | |
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| Diane | Ford-Shivvers | IA DNR Legislative Liaison / SF Support |
| Doug | Harr | IA DNR Program Coordinator/SF Facilitator |
| Kim | Rasler | IA DNR / SF Support |
| Sharon | Tahtinen | IA DNR Legislative Liaison / SF Support |
| Peter | Fritzell | IA DNR / SF Support |
| Chris | VanGorp | IA DNR |

Public present:

| | | |
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| Jace | Mikels | IA Senate |
| Tony | Phillips | Drake |
| Duane | Sand | INHF |
| Matt | Hare | The Nature Conservancy |
| Deb | Kozel | LSA |
| Tony | Phillips | Drake |
| Duane | Sand | INHF |
| Kristin | Gray | IA House of Representatives-Republican |
| Tommi | Makila | IAMU (IA Association of Municipal Utilities) |

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| 10:00 AM | Welcome and introduction of new Committee members Review today's agenda |
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| 10:15 AM | Summary of 08/09/06 meeting |
| - 08/09/06 meeting summary was reviewed. - Website update: The website is anticipated to be up and running in approximately 2 weeks under a stand-alone site that DNR and other agencies can link to. | |

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| 10:30 AM | Explanation of materials provided by staff – Doug Harr |
| Information from other states: - Handout of Summary of Selected State Natural Resource Funding prepared by Anthony Phillips was discussed. Per Mark Ackelson, the data is not an exhausted list but provides background and information for evaluation. A number of these states have constitutionally protected funds. Other states can be researched as the committee needs. | |
| Spreadsheet with draft matrix of current funding and estimated needs: - a draft of current funding numbers was clarified and discussed. | |

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| 11:00 AM | Committee-as-a-whole discussion |
| - General discussion was held regarding the future needs of the committee to fulfill their charge. The committee suggested and brainstormed the following needs/clarifications: | |
| | <ul style="list-style-type: none">* Have the current funding spreadsheet revised to include reference documents and where the numbers/figures came. Also, revise spreadsheet to reflect uniformity of numbers/figures (ie \$873 million over 25 years versus annual figures).* On the current funding spreadsheet, list what is the state funding / budgeting only, separating out funding that may be coming in from other sources (ie federal dollars). We cannot always assume the state will always receive federal dollars. It could be noted separately what funding COULD be available. Would like to see “real” numbers that are being used. (Herring: Would it be helpful for the committee to identify specific sources of federal money for programs you want to know about? Committee: Yes. This will, also, identify the public’s support due to their interest in participating in these programs.)* It was identified that some of the program funding includes staffing costs and many of the programs relate to practices vs staffing. The current funding spreadsheet may need to be re-evaluated to break out staffing costs.* Regarding Other section, trails money may need to be identified. There, also, is an educational component within these programs/numbers that may need to be teased out. There has to be an urban component that we need to pull out of here, also, as well as preserves (ie Open Spaces).* Regarding water quality – how much money is used to solve problems or maintain water quality? (General discussion held.) |

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| | <ul style="list-style-type: none"> * Look at how we can use funds to “get ahead” of problems and/or solve issues before they adversely affect the environment. * Would like to look at the tax code. It would be helpful to look at information on incentives being offered to industries. (Regarding the tax code, 2 years ago, the Governor’s staff did work on the cumulative effects of the tax incentives which may be a resource to get that information.) * Useful for DNR to put together information describing REAP, Environment First, and Fish and Game Trust Fund – ie: where the money comes from, how it’s legislated, how the money’s spent for presentation at the next meeting. * Would like Deb (Kozel) to locate fiscal note regarding what the 2% sales tax did. * Do all counties have sales tax that dedicates part of it for county betterment? Could betterment be defined? (General discussion held.) * Need a whiteboard or flip chart for future meetings to draw out ideas, discuss, and determine pros and cons. * Provide any ideas on how to dedicate funds such as constitutional funds. (ie like school board approves funds with specific ways to spend money noted.) |
| | <p>General Discussion:</p> <ul style="list-style-type: none"> * Need to be aware of the original source of funding (ie general fund) and how it may be affected by hard times and we need to consider how the new sources may need to be able to grow. * Process of passing legislation was discussed (minimum 3 years with a 4th year for public to vote on it). |

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| <p>- The committee summarized their need to identify new funding sources, reallocation of current funds, and how to dedicate the funds. The committee chose to devote this meeting to brainstorming possible ideas of new funding sources and methods to analyze funding source feasibility, which includes public input.</p> | |
| | <p>DNR support staff will create a survey for the committee to identify their top 5 choices of ideas brainstormed. The top 10 choices of the compiled surveys will be presented to the committee for their review and exploration of the sources’ feasibility.</p> |
| | <p>Committee will determine subcommittee to look at these ideas to determine what sources may be explored further.</p> |
| | <p>The committee discussed using CARD to assist with the public survey. A motion was made and approved: Utilize the CARD staff to work with a subcommittee to prepare a survey of ample size of Iowa's public for willingness to pay and have this presentation ready for the next meeting reflecting the top 10 ideas voted on by the committee.</p> |
| | <p>A subcommittee was defined today and they will begin work on creating a public survey on the public’s “willingness to pay” regarding the identified funding</p> |

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| | sources and/or in aspects of natural resource issues. (Subcommittee members: Barbara Finch, Owen Shunkwiler, Tony Phillips/Mark Ackelson, Dave VanWaus, Peter Fritzell.) The subcommittee will meet via teleconference after receiving the survey data to review. The conference call is scheduled for 2pm 9/15/06 initiating from the Wallace Building. |
| | The committee and the DNR will work together to create ballpark ideas of what income the top 10 sources identified could generate. |
| | The DNR is to talk with CARD this week on what CARD will need and what we can provide to create a survey. |

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| 2:45 PM | Discuss/Arrange public input meeting/methods. |
| | The committee discussed ways to survey the public. One method would be to provide them with the “best” options identified, with information explaining those options so they could make an informed decision. This will be formalized after the committee reviews the new sources of funding survey results and CARD’s response regarding conducting the willingness to pay public survey. |

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| NEXT FULL COMMITTEE MEETING: Wednesday, September 20, 2006, 10am – 3pm Location - Forest Park Nature Center, Perry, Iowa | |
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| 3:00 PM | Meeting Adjourned |
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Tony Phillips
2/3/06

Retail Sales Tax:

- According to the information provided by the Department of Revenue, the state collected **\$1,488,849,637** in retail sales tax for the fiscal year 2005. This number does not include local taxes or use taxes.
- Using that number, I've figured that each cent of state sales tax produced **\$297,769,927**.
- Further refining it, each 1/10th of a cent produced **\$29.8 million**
 - It should be noted that I didn't use the gross sales tax collection number provided by the state which is significantly higher. This is because that figure includes local option sales tax and hotel/motel tax collections.

Real Estate Transfer Tax:

- The tax rate is **80¢ for each \$500** or fractional part of \$500 in excess of \$500 paid for the real property transferred.
- **82.75%** of that goes to the state, with **95%** of that going to the State General Fund and **5%** going to the Shelter Assistance Fund.
- The amount collected for the fiscal year 2005 was **\$16,673,481.45** (this number reflects only the amount that goes to the state).

Iowa Environmental Protection Charge (EPC):

- The EPC is the tax imposed on all deposits of petroleum products into non-exempt underground and non-exempt aboveground storage tanks in Iowa.
- The tax rate is **1¢/gallon** of petroleum products deposited in qualifying tanks.
- The funds are deposited into the Iowa Comprehensive Petroleum Underground Storage Tank Fund. This fund is administered by a six member board that uses the fund to cleanup the release of any petroleum products and also to investigate and cleanup past contamination.
- The amount collected for the fiscal year 2005 was **\$20,995,594.55**.

Summary of Selected State Natural Resource Funding

August 2006

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Arkansas: Quick Fact Sheet

State Characteristics

- Population of 2.8 million
 - **52% urban**; 48% rural
- 52,068 square miles in size
- 51 State parks

Arkansas Conservation Sales Tax

- Constitutional amendment passed in 1996
- Mechanism: 1/8th percent sales tax
- Revenue split four ways;
 - 45% to Arkansas Game and Fish Commission
 - 45% to Department of Parks & Tourism
 - 9% to Department of Arkansas Heritage
 - 1% to Keep Arkansas Beautiful
- Revenue: **FY 2004 \$21 million** for the Arkansas Game & Fish Commission and the Dept. of Parks & Tourism each.
- It may be important to note that the constitutional amendment passed with only 50.6% of the vote.
 - It took three tries to get the amendment passed.
 - Polls showed that support was markedly higher in urban areas.

Real Estate Transfer Tax

- Rate: \$3.30 per \$1,000
- Revenue: approximately **\$12 million** annually
- 80% of the funds collected are allocated to the Natural and Cultural Resources Council for acquisition and preservation of state owned lands and historic sites.

Colorado: Quick Fact Sheet

State Characteristics

- Population of over 4.6 million
 - **85% urban**; 15% rural
- 103,718 square miles in size
- 44 State Parks

Great Outdoors Colorado Trust Fund(GOCO)

- Constitutional amendment passed in 1992
- Measure passed with **58%** of the vote.
- Mechanism: lottery proceeds
- Goal: To fund “projects that preserve, protect, and enhance Colorado’s wildlife, parks, rivers, trails and open spaces.”
- Revenue: **FY 2004-2005 \$50.1 million**
 - 50% of Colorado lottery proceeds with a cap originally set at \$35 million
 - Cap is adjusted for inflation each year
 - Remaining funds directed to the Public School Fund
- Funds split among wildlife, outdoor recreation, open space, and local government in substantially equal portions over time.
- Motivation for this program sprung from past experiences of the Legislature reallocating lottery proceeds intended for greenways and open space

Illinois: Quick Fact Sheet

State Characteristics

- Population of 12.8 million
 - **88% urban**; 12% rural
- 55,584 square miles in size
- 186 State Parks and public use areas

Open Space Lands Acquisition and Development (OSLAD)

- Dedicated funding source statutorily enacted in 1989
- Goal: Provide grants to local government for acquisition and development of parks and open spaces.
- Mechanism: 35% of Real Estate Transfer Tax apportioned to OSLAD
 - Illinois transfer tax rate is 0.10% or 50¢ per \$500
- Revenue: **FY 2005 \$38 million**

Natural Areas Acquisition Fund (NAAF)

- Dedicated funding source statutorily enacted in 1989
- Goal: Protection of natural areas, wetlands, and other high quality natural communities.
- Mechanism: 15% of Real Estate Transfer Tax apportion to NAAF
- Revenue: **FY 2005 \$16.3 million**

Note

- Although statutorily protected, both of the funds have come under attack as of late.
 - The governor proposed a one year “vacation” from the program at one point, but this was defeated.
 - The legislature has also proposed measures to reduce the percentage of the Real Estate Transfer Tax that these programs receive.
- It appears that it has taken some vigilance to protect these dedicated funds in times of budget shortfalls.

Kansas: Quick Fact Sheet

State Characteristics

- Population of 2.7 million
 - **71% urban**; 29% rural
- 81,815 square miles in size
- 24 State parks

Funding

- Kansas relies heavily upon user fees to fund its natural resources programming
 - In 2003, roughly 60% of the operating costs of the Kansas Department of Wildlife and Parks was covered by user fees.
 - Another 22% in funding came from federal aid.
 - A general fund allocation accounted for under 10% of the Department's budget.
- Kansas has seen a great reduction in general fund allocations over the years, this has marked a shift from a time when general fund dollars accounted for the majority of the Department's budget to the current user fee reliant system.
- Kansas state parks have become under funded and it would appear that Kansas, much like Iowa, is exploring their options.

Minnesota: Quick Fact Sheet

State Characteristics

- Population of 5.1 million
 - **71% urban**; 29% rural
- 79,610 square miles in size
- 66 State parks

Nongame Wildlife Checkoff Fund

- Mechanism: Check-off on state tax forms
- Statutorily enacted in 1980
- Revenue: approximately \$1 million annually
 - Since its inception, the Fund has raised over \$22 million.
- While other states have similar funds, Minnesota has had the highest participation rate in the U.S. at 3.6%.
 - This has been somewhat credited to the resistance to add further check offs on the state tax forms.

Environment and Natural Resources Trust Fund

- Constitutionally protected funding enacted in 1988, and then renewed in 1998 through 2024.
- Mechanism: Lottery proceeds
- Goal: To fund projects of long-term benefit to Minnesota's environment and natural resources.
- Revenue: **FY 2005 \$28 million**
- Since enactment the fund has received more than \$366.5 million.

In-Lieu-of-Sales Tax

- Minnesota lottery is exempt from general sales taxes so the state imposes a 6.5% in-lieu-of-sales tax on lottery tickets.
- The Game & Fish fund received 36.2% of this tax in FY 2004, amounting to over \$9 million.
- Parks & Trails received 32.6% of this tax in FY 2004, amounting to over \$8 million.
- The rest of the tax revenue goes to the General Fund.

Missouri: Quick Fact Sheet

State Characteristics

- Population of 5.6 million
 - Nearly **70% urban**; 30% rural
- 69,704 square miles in size
- 81 State parks (including historical sites)

Missouri Conservation Sales Tax

- Passed in 1976, constitutionally protected
- Mechanism: 1/8th percent sales tax
- Revenue: **FY 2004 \$93 million**
 - To date, program has raised over \$1.6 billion.
- Sales tax accounts for over **60%** of Dept. of Conservation's annual budget.
 - Another 20% comes from hunting and fishing licenses.
- Money goes to the Department of Conservation, which manages fish, forest, and wildlife resources.
- Money is administered by the Conservation Commission
 - Members appointed by the Governor

Parks & Soil Sales Tax (PSST)

- In 1984 Missouri passed a 1/10th percent sales tax to support soil and water conservation along with state parks.
- The PSST produced nearly **\$75 million in the FY 2004**
 - The revenue is split 50/50 between soil/water and the parks
- Unlike the Conservation Sales Tax, the PSST contains a sunset provision
 - This tax is set to be voted on for renewal in the fall of 2006.
 - If passed, it would be renewed for another ten years.

Nebraska: Quick Fact Sheet

State Characteristics

- Population of 1,758,787 million
 - **70% urban**; 30% rural
- 76,872 square miles in size
- 87 State parks

Nebraska Resources Development Fund

- Created in 1974 to assist with the development and wise use of water and land resources.
- Mechanism: General Fund appropriation
- Revenue: **\$3.6 million in 2004**

Nebraska Environmental Trust Fund

- **Passed in 1992** with the purpose of conserving, enhancing, and restoring the natural physical and biological environment in Nebraska.
- Mechanism: Lottery proceeds
- 44.5% of lottery proceeds go to the fund.
- Revenue: **\$10 million in FY 2005**

Other Funding

- Lifetime hunting, fishing, and habitat stamps sales produced \$814,500 in revenue in 2005. This represented an 82% increase over the previous year.
- The Nebraska Game & Parks Commission otherwise relies upon user fees quite heavily.
 - Of the Commission's **\$57 million 2005 budget**, only 15% came from the state's General Fund.
 - Another 25% came from State & Federal reimbursements and direct Federal Funds.
 - Nearly **50%** of revenue came from various forms of user fees.

South Dakota: Quick Fact Sheet

State Characteristics

- Population of 775,933
 - **52% urban**; 48% rural
- 75,885 square miles in size
- 12 State parks

State Natural Resource Funding

- Total budget for South Dakota DENR for FY 2006 is approximately \$16 million.
 - \$5.8 million from the state General Fund
 - \$5.3 million from federal funds
 - \$5 million from other sources
- The South Dakota Department of Fish, Game, and Parks Division of Wildlife manages the states wildlife and fishing resources.
 - The department's 2005 budget was approximately **\$36 million**.
 - Nearly **70%** came from hunting and fishing license sales
 - Another **24%** came from federal aid
 - The rest came from miscellaneous revenue items

Texas: Quick Fact Sheet

State Characteristics

- Population of approximately 23 million
 - **82% urban**; 18% rural
- 261,797 square miles in size
- 120 State parks

Sporting Goods Sales Tax

- Passed in 1993 and statutorily dedicates funds to the Texas Parks and Wildlife Department
- Revenue: **FY 2003 \$24 million allocated**
- The cap for the fund is set at \$32 million
- With no cap, the sporting goods sales tax would generate approximately \$100 million annually.
- While the cap is set at \$32 million, the legislation does not mandate that the full amount be allocated.
 - Indeed, the full amount has not been allocated by the legislature.
 - This has led to a yearly struggle to secure funding.
- The Texas legislature saw a proposal in 2005 to raise the cap to \$85 million, but the idea didn't make it out of committee.
- Texas had formerly relied on a cigarette tax to fund their parks
 - Declining sales of cigarettes led the state to find a new funding source

Wisconsin: Quick Fact Sheet

State Characteristics

- Population of 5.5 million
 - **68% urban**; 32% rural
- 54,310 square miles in size
- 93 State parks & recreation areas

Fishing and Wildlife Funding

- This is done through the Department of Natural Resources
- **Wisconsin ranks 1st** amongst Midwestern states in fishing and wildlife activity funding.
- The department spent \$120 million on fishing and wildlife activities for the FY 2004-05.
 - **\$68 million** of that money came from the sale of hunting and fishing licenses
 - \$20 million came from federal aid
 - \$18 million came from bonds that were used to acquire hunting and fishing land
 - \$8 million came from the state General Fund
- Wisconsin has become increasingly reliant on user fees and has begun to search for other sources of funding for the DNR.
- The reliance on user fees has led to a pattern of raising fees to maintain funding levels. This has had the effect of causing resentment in the gaming and fishing community who feel they bear too much of the burden.

PRESS RELEASE
RE 08/30/06 SUSTAINABLE FUNDING MEETING

For immediate release

Committee to Meet Aug. 30 to Discuss Sustainable Funding for Natural Resources

DES MOINES — A committee requested by the Iowa Legislature to explore sustainable funding for natural resources in Iowa has set its second meeting for Wednesday, Aug. 30. Discussions will begin at 10 a.m. and continue until 3 p.m., at Raccoon River Park, 2500 Grand Avenue in West Des Moines. The committee met recently to organize and determine tasks to accomplish over the next four months.

New legislation called for creation of the committee during the 2006 session. Specifically, the legislature directed the committee to develop a report containing the following components:

- A sustainable funding plan for the conservation of Iowa's natural resources;
- A summary of sustainable funding initiatives implemented in surrounding states;
- The estimated revenue needed to implement the plan and accomplishments that would be achieved if it is implemented; and
- An analysis of Iowan's willingness to pay for identified conservation actions.

This report must be completed and submitted to the legislature before it convenes again on Jan. 10, 2007.

The committee, as directed by legislation, is headed by DNR Director Jeff Vonk. Other committee representatives members of both houses and both parties of the Legislature, Conservation Districts of Iowa, Ducks Unlimited, Farmers Union, Iowa Association of County Conservation Boards, Iowa Environmental Council, Iowa Farm Bureau, Iowa Natural Heritage Foundation, Iowa Renewable Fuels Association, Izaak Walton League of Iowa, Pheasants Forever, Iowa Department of Agriculture and Land Stewardship, the Sierra Club and The Nature Conservancy.

The public is invited to attend and hear committee deliberations on Aug. 30. Opportunities for public input or comments will be arranged for this fall, with details to be announced later. For additional information, contact Doug Harr, DNR staff assistant to committee, at 515-275-4815, or email doug.harr@dnr.state.ia.us.