MEMBERS OF THE OREGON LEGISLATURE:

On behalf of the HB 2402 Legislative Task Force, we submit the following report for your consideration.

The Task Force for funding for Fish, Wildlife and Related Outdoor Recreation and Education was created by HB 2402 in the 2015 Legislative Session. We were charged with developing recommendations to strengthen the State’s ability to conserve natural resources and connect Oregonians to nature through outdoor recreation and education opportunities.

The Task Force was comprised of 17 members from throughout Oregon, four non-voting legislators and two ex officio members (Oregon Fish and Wildlife Commission Chair Mike Finley and Oregon Department of Fish and Wildlife (ODFW) Director Curt Melcher). We met twelve times from January through November 2016, and convened two groups to develop draft recommendations for full Task Force consideration.

Our report to you provides a summary of several thousand hours of hard work by very dedicated and caring Oregonians. We took our Legislative charge very seriously by:

1. Identifying and recommending potential alternative, sustainable funding sources for ODFW.
2. Recommending potential budget adjustments to ensure relevant ODFW program areas are funded in accordance with Legislative direction.
3. Recommending opportunities for ODF&W to better achieve its mission through leveraging, coordinating and budgeting funds from alternate and existing sources.

We contacted and received reports from other states on how their fish and wildlife agencies are funded. We conducted a statistically valid survey of Oregonians to ask their opinion on how fish and wildlife should be funded and what their impressions were of the agency. We developed stringent criteria to evaluate potential funding options. In other words, we have done our homework.

But, we did not stop there. We took our draft ideas on a road show and asked others for their feedback and ideas and if we were on the right track. We listened carefully to what they had to say and incorporated their comments into this report. We talked to numerous groups such as the League of Oregon Cities, Association of Oregon Counties, Oregon Cattlemen’s Association, ODFW External Budget Advisory Committee, Oregon Outdoor Recreation and Parks Association, leaders of the Oregon outdoor recreation community, Oregon Land Trust Alliance, Oregon Association of Conservation Districts, Oregon Conservation Network, Oregon Audubon Society chapters, African American Outdoor Association/Center for Diversity & the Environment, Northwest Sports Fishing Industry Association, Oregon Hunters Association, Oregon Business Council/Oregon Business Alliance/Association of Oregon Industries, Oregon Restaurant and Lodging Association, Oregon Farm Bureau, Travel Oregon and others. We also provided updates on our draft recommendations.
to the Senate Committee on Environment and Natural Resources, House Committee on Agriculture and Natural Resources, and Coastal Caucus.

What we heard confirms the importance of acting now to address the increasing costs of conservation and management of fish, wildlife and habitat, as well as related recreational and educational opportunities. New and sustainable sources of revenue are needed to supplement existing funding and enable ODFW to better meet its statutory mission and Legislatively-assigned responsibilities. We also heard that Oregon’s future should not be limited by the traditional model of hunting and fishing fees, but by a more diversified source of revenues, which will allow a more holistic and equitable approach to fish and wildlife conservation, management, recreation and education. Our recommendations, however, are about much more than sustainable funding. Investing in the future is needed to ensure that our children and grandchildren can experience the natural world, to increase our understanding of the 900 species of fish and wildlife that make Oregon home, to improve fishing and hunting and reduce license fees that currently fund most conservation efforts, and to recognize our diversity by providing opportunities for all Oregonians to enjoy our rich outdoor heritage.

To respond to these challenges, we are recommending a new approach to sustainable, alternative funding for ODFW’s conservation efforts, an Oregon Conservation and Recreation Fund dedicated to conservation, management, research, habitat improvements, administration, enforcement and other activities that protect, maintain or enhance the native fish and wildlife of the state. The Fund also provides for improved hunting and fishing opportunities, while eliminating planned license fee increases; expanded efforts to engage youth, underserved communities and diverse audiences in outdoor recreation activities; and a program to address ODFW’s deferred maintenance backlog. Our recommendations further include a funding need (or goal) and funding mechanisms that are sufficient, sustainable and responsive to increasing program costs over time.

We considered close to one hundred potential funding options and, after sifting the options through our strict criteria over many meetings, we offer for your consideration two options for you to begin the discussion with your colleagues. We know you have difficult decisions to make in the upcoming Legislative session. We stand ready to assist you in your efforts to achieve the three charges you gave us in moving HB 2402 from concept to action.

Respectfully Submitted,

HB 2402 JOINT INTERIM TASK FORCE MEMBERS
# HB 2402 JOINT INTERIM TASK FORCE REPORT TO THE LEGISLATURE

## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Summary</td>
<td>1</td>
</tr>
<tr>
<td>A. Challenge and Charge</td>
<td>14</td>
</tr>
<tr>
<td>B. Process</td>
<td>16</td>
</tr>
<tr>
<td>C. Guiding Principles and Funding Objectives</td>
<td>21</td>
</tr>
<tr>
<td>D. Funding Need</td>
<td>23</td>
</tr>
<tr>
<td>E. Funding Direction</td>
<td>26</td>
</tr>
<tr>
<td>F. Task Force Recommendations</td>
<td>33</td>
</tr>
<tr>
<td>1. Alternative Funding</td>
<td>33</td>
</tr>
<tr>
<td>2. Program Adjustments</td>
<td>39</td>
</tr>
<tr>
<td>3. Leveraging / Partnerships</td>
<td>43</td>
</tr>
<tr>
<td>4. Additional Recommendations</td>
<td>46</td>
</tr>
<tr>
<td>a. Support for Federal Legislation for Conservation Program Funding</td>
<td>46</td>
</tr>
<tr>
<td>b. Monitoring and Measuring Outcomes</td>
<td>46</td>
</tr>
<tr>
<td>c. Indexing License Fees</td>
<td>47</td>
</tr>
<tr>
<td>d. Education/Engagement Program Feasibility Study</td>
<td>48</td>
</tr>
<tr>
<td>e. Updated Inventory of Deferred Maintenance Needs</td>
<td>48</td>
</tr>
<tr>
<td>f. House Bill 3315</td>
<td>48</td>
</tr>
<tr>
<td>Appendices</td>
<td>49</td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

CHARGE

The Joint Interim Task Force on Funding for Fish, Wildlife and Related Outdoor Recreation and Education (Task Force), established by the 2015 Legislature through HB 2402, has been tasked to address the unfunded and increasing costs of conservation and management and related recreational and educational opportunities by identifying new, diversified and sustainable sources of revenue to supplement existing funding. In establishing the Task Force, the Legislature directed it to:

1. “Identify and recommend potential alternative, sustainable funding sources for the State Department of Fish and Wildlife that are consistent with the intent and purposes set forth [in section 1 of the bill].”
2. “Develop recommendations on whether adjustments are necessary to ensure that relevant Department program areas are funded in accordance with the intent and purposes set forth in section 1[.]”
3. “Identify and recommend opportunities for the Department to better achieve its mission and conservation program objectives through leveraging, coordinating and budgeting funds from alternative sources and existing sources[.]”

CHALLENGE

Population growth, development, infrastructure needs, drought, climate change, ocean acidification, and many other natural and human-made changes are placing new pressures on Oregon’s fish, wildlife, and wild places. Meanwhile, public attitudes, uses and demands related to the recreational and aesthetic value of fish, wildlife and habitat have changed, reflecting increased needs and public expectations around conservation, recreation, and education. At the same time, society is becoming disconnected from the natural world. This lack of connection with nature profoundly affects public health, our well-being, and the future of fish and wildlife in Oregon.

To date, conservation and management of fish, wildlife and their habitats have been funded primarily through the sale of hunting and fishing licenses and associated federal excise taxes. Over time, however, participation in hunting and fishing nationally and in Oregon has declined, and even when stabilized, these fee payers continue to be asked, through fee increases, to shoulder costs tied to a management regime that is increasingly complex due to today’s legal requirements, overlapping jurisdictions, and changing public demands and engagement with nature.

Today’s challenges facing fish, wildlife and habitat are not being met by the current funding model. The ever increasing complexity and cost of conservation and management must be shared by all Oregonians. Meeting these challenges requires new, diversified and sustainable sources of revenue to supplement existing funding. Doing so will ensure that Oregon is a leader in terms of fish and wildlife management and conservation.
Early in its deliberations, the Task Force concluded that a more holistic and equitable approach to fish and wildlife conservation, management, recreation and education is needed. A broader public understanding is needed of the benefits, funding challenges, and opportunities associated with ODFW and its programs, as well as opportunities for enhancing ODFW’s programs, partnerships, and fiscal sustainability. Specific consideration needs to be given to how diverse and underserved communities benefit from fish, wildlife and habitat-related conservation, management, recreation or education programs. This is increasingly important as Oregon’s demographics change. Opportunities should be considered for partnerships that leverage state investments with other public agencies, non-profits, the private sector, and landowners, including in areas that highlight connections between outdoor recreation, conservation, economic and educational benefits, public health, and tourism.

PROCESS

HB 2402 identified a wide variety of interests to be represented on the Task Force, including: hunting, fishing and conservation groups, outdoor recreation businesses, tourism industry, outdoor education, and diverse/underserved communities. The task force included four non-voting legislative members (Senators Edwards and Whitsett / Representatives Helm and Krieger); two ex-officio members (Oregon Fish and Wildlife Commission Chair Mike Finley and ODFW Director Curt Melcher); and 17 members appointed by the Governor. Many of the Governor’s appointees had relatively little previous exposure to ODFW budget and policy issues or represented interests that have not traditionally been involved in those discussions. This broad cross-section was intended to bring new perspective to the funding issue that have confronted funding conservation and outdoor recreation for years.

Beginning in January 2016, the Task Force met at least monthly; its work included:

- Briefings on historic and projected funding for ODFW’s programs and Secretary of State audits of those programs.
- Research on conservation funding mechanisms in place elsewhere, including presentations from representatives of other states and the Association of Fish and Wildlife Agencies on successful funding models nationally.
- Briefing on legislation for sustainable conservation proposed by the Blue Ribbon Panel on Sustaining America’s Diverse Fish and Wildlife Resources convened by the Association of Fish and Wildlife Agencies.
- Contracting for a statistically-valid survey of 900 Oregon residents’ opinions on fish, wildlife and habitat values; ODFW management of those resources; the availability of and participation in fish and wildlife-related recreation opportunities, knowledge of how ODFW is funded; and other related topics. The survey confirmed the high value Oregonians place on conservation of the state’s fish and wildlife and opportunities for outdoor recreation. It also revealed a significant disconnect between these values (which are reflected in public support for ODFW and its mission) and the public’s understanding of how ODFW operates and the funding challenges the agency faces in the 21st century.
• Development of guiding principles to articulate the Task Force’s goals for alternative, sustainable funding for the State’s fish and wildlife program. As an underlying need, these Guiding Principles identified addressing the increasing costs of conservation and management and related recreational and educational opportunities by supplementing the traditional model of funding conservation through hunting and fishing fees with new and sustainable sources of revenue that complement existing funding and enable ODFW to better meet its statutory mission and Legislatively-assigned responsibilities.

• Defining tiers of funding need to meet Funding Objectives developed by the Task Force and an overall revenue target for any alternative funding option being considered.

• Development of criteria for assessing more than 100 alternative funding mechanisms identified by Task Force members and others.

• Through Working Groups, assessment of how potential funding mechanisms responded to the evaluation criteria and guiding principles, and development of specific programs to be funded through alternative funds.

• Outreach to more than 20 stakeholder groups and presentations to Senate and House committees to seek input on draft recommendations.

• Unanimous adoption of the recommendations below.

RECOMMENDATIONS

The following recommendations are organized to respond to the three tasks delineated in HB 2402. The Task Force notes that its funding recommendations have not been developed for the purpose of stabilizing or increasing ODFW’s budget, but rather enabling the agency to accomplish its mission to protect and enhance Oregon’s fish and wildlife and their habitats for use and enjoyment by present and future generations. The underpinning of these recommendations is:

Establishment of an OREGON CONSERVATION AND RECREATION FUND dedicated to conservation, management, research, habitat improvements, administration, enforcement and other activities that protect, maintain or enhance the native fish and wildlife of the state. The Fund also provides resources to improve hunting and fishing, expand opportunities for participation in outdoor recreation, and increase education and outreach to youth, families and diverse communities about conservation and outdoor recreation.
Task 1: Identify and recommend potential alternative, sustainable funding sources for ODFW.

- Establish an Oregon Conservation and Recreation Fund for the purposes described above, to be administered by ODFW and funded through an Oregon Income Tax Return Surcharge or a Wholesale Beverage Surcharge (details below). These funding mechanisms are recommended as the most viable alternatives to adequately finance the Fund based on evaluation criteria developed by the Task Force, especially that the funding be sufficient, sustainable and responsive to increasing program costs over time. The Task Force recognizes that the Legislature may identify alternative funding mechanisms. However, the recommended mechanisms most effectively met the Task Force criteria.

- Through the Fund, dedicate to ODFW a minimum of $86.9 million/biennium in new revenues, with no reduction or reallocation to other programs of current General Fund or Lottery Fund revenues allocated to the Department. Dedicate the new revenues to:
  - Expanded conservation efforts = $46.7 million/biennium
  - Improved hunting and fishing opportunities/elimination of scheduled license fee increases = $22.3 million/biennium
  - Connecting Oregonians with the Outdoors = $8.3 million/biennium
  - Deferred Maintenance = $9.6 million/biennium

- In addition to allocating additional funding to improving hunting and fishing opportunities, acknowledge the contribution of license fees to ODFW funding through program adjustments (see Task 2 below).

- Develop monitoring and reporting programs based on specific metrics and routinely assess and report on funding outcomes.

- In implementation of HB 3315, support the Department’s efforts to collect and analyze data on the costs of services provided to other state agencies, while acknowledging that insufficient information is available at this time to affect HB 2402 funding recommendations.

- Support federal legislation for conservation program funding developed by the national Association of Fish and Wildlife Agencies’ Blue Ribbon Panel.

Task 2: Develop recommendations on whether funding adjustments are necessary to ODFW program areas.

HB 2402 intent includes: “Prioritize actions and allocation of resources that provide for the long-term sustainability of the Department and its ability to meet its mission.” While the Legislation can be
interpreted to suggest a detailed review of specific ODFW programs and its associated budget allocations, the Task Force believes that such a micro-review is beyond the scope of its assignment and more properly the purview of the Fish and Wildlife Commission and the Legislature. Given the abbreviated timeframe established in HB 2402 for delivery of its recommendations to the Legislature, the Task Force has chosen to concentrate its energies on identification of alternative, sustainable funding, which it believes HB 2402 clearly establishes as its primary and priority assignment. At the same time, comprehensive program adjustments are inherent in the identified funding need and recommended allocations of alternative funding, the most significant being to allocate more than half of new alternative funding to expanded conservation efforts. In addition, the Task Force is recommending the following program adjustments to address the Legislative intent in HB 2402:

Programmatic Adjustments Generally

- In conjunction with establishment of the Oregon Conservation and Recreation Fund, establish an oversight process for ongoing review of the Department’s allocation of resources and for monitoring of Fund spending in accordance with the Department’s mission and these Task Force recommendations.

Expand Conservation Efforts (54% of funding target)

- Expand and improve the agency’s conservation efforts, with implementation of conservation programs and strategies identified in the Oregon Conservation Strategy and Nearshore Strategy as a priority use of alternative funding.
- Increase funding for science, research, monitoring and inventories of species and habitat to fill data gaps.
- Increase investments in data management, analysis and distribution.
- Increase efforts to restore ecosystems to resiliency.
- Expand enforcement of laws to protect and conserve natural resources.
- Expand conservation partnerships and dedicate a portion of new alternative funds for grants for on-the-ground conservation projects.

Improve Fishing and Hunting/Reduce License Fees (26% of funding target)

- Eliminate authorized second and third phases of license fee increases.
- Index future license fee increases to the cost of inflation or other similar measure.
- In consultation with hunting and fishing interests, target the use of new funding to improved hunting and fishing opportunities and to marketing those opportunities.
- Develop specific programs to provide additional fishing opportunities for urban and underserved communities, including but not limited to expanded fish stocking and new stocking locations.
- Secure additional and improve existing public fishing and hunting access and supporting infrastructure.
- Expand and improve research, monitoring and management of both game and non-game species.
- Expand collaborative efforts to improve and restore fish and wildlife habitat.
- Expand enforcement of fish and wildlife regulations, focusing on areas currently with limited enforcement presence.

**Connect Oregonians with the Outdoors (9% of funding target)**

- Expand and improve current communications and public outreach programs, focusing on underrepresented communities and urban areas.
- Develop additional wildlife viewing opportunities and facilities.
- Assess what communications and outreach efforts are better conducted by private and non-profit entities rather than by the Department.
- Expand and develop new conservation education programs.
- Develop a more comprehensive social media strategy that includes communication with a broader audience through the latest technologies.
- Expand localized outreach efforts, such as staff presence at public events, providing content in multiple languages, and partnering with key influencers to encourage participation.
- Build an internal culture and capacity to improve connections to diverse and underserved communities through a strong human resources program.
Deferred Maintenance (11% of funding target)

- Adopt a multi-biennial bonding approach to addressing deferred infrastructure needs.
- In the first biennium following Fund implementation, conduct a thorough assessment to determine more accurate deferred maintenance funding needs.

Task 3: Identify and recommend opportunities for leveraging, coordinating and budgeting funds from alternative and existing sources.

- Pursue landscape-level, cooperative efforts modeled after the Mule Deer Initiative that accomplish multiple conservation objectives.
- Expand volunteer education partnerships based on the Hunter Education program model.
- Investigate establishing a recreation and education partnership among agencies that reduces redundancies and improves connections to the public.
- Pursue partnerships with the academic community to coordinate conservation research.
- Continue to partner on projects to improve or restore habitat with public and private entities that own or manage land.
- Pursue opportunities to coordinate with the outdoor recreation community.

DESCRIPTION OF RECOMMENDED FUNDING MECHANISMS

After assessment of more than 100 funding options, the Task Force has concluded that two funding mechanisms for the Oregon Conservation and Recreation Fund -- an Oregon Income Tax Return Surcharge or a Wholesale Beverage Surcharge -- are the most viable alternatives to adequately finance the Fund at the revenue target of $86.9 million/biennium, based on evaluation criteria developed by the Task Force. The Task Force recognizes that the Legislature may consider other alternatives, but identified these two mechanisms as most effective in meeting Task Force criteria.

Projected revenue generated is based on adjusting to a first biennium that is 18 months long to match the revenue start date. Consequently, the projected revenue in the second biennium more closely matches the funding needed for the second biennium. Calculations include a roll back of the second and third tiers of approved hunting/fishing license fee increases. These estimates were developed by Legislative Revenue Office.
1. OREGON INCOME TAX RETURN SURCHARGE

Description
Surcharge on individual (non-corporate) tax returns based on percentage of taxable income, with the following considerations:

- Projected revenue is based on the number of returns filed (either individual or joint returns).
- An exemption for low income filers is assumed. Low income is defined as an Oregon tax return adjusted gross income less than $20,000 and EITC exempt.
- Apportionment for out-of-state and partial year tax filers is required in order to be constitutionally valid. This apportionment will automatically occur in the calculation of the base tax.

Funding Simulation

<table>
<thead>
<tr>
<th>Estimated Income Tax Return Surcharge Needed to Meet Funding Goal by Type of Return</th>
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<tbody>
<tr>
<td>Funding Generated (2017 – 2019 Revenue*)</td>
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<tr>
<td>Surcharge with low income exemption (&lt;$20K AGI and EITC Exempt)</td>
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</tbody>
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* The first number is for 18 months of the biennium (January 2018 – June 2019); the number in parenthesis is for the full two-year biennium.
AGI = average gross income
EITC = Earned Income Tax Credit

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<thead>
<tr>
<th>Estimated Income Tax Return Surcharge Needed to Meet Funding Goal by Type of Return</th>
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<tbody>
<tr>
<td>Surcharge</td>
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<table>
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<tr>
<th>Surcharge Based Upon Taxable Income</th>
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<tbody>
<tr>
<td><strong>Family of four</strong></td>
</tr>
<tr>
<td>$25,000</td>
</tr>
<tr>
<td>$50,000</td>
</tr>
<tr>
<td>$75,000</td>
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<td>$100,000</td>
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<tr>
<td>$150,000</td>
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<table>
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<tr>
<th>Married, filing jointly, no dependents</th>
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<tbody>
<tr>
<td>$25,000</td>
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<tr>
<td>$50,000</td>
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<tr>
<td>$75,000</td>
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<td>$100,000</td>
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<td>$150,000</td>
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<td>Single, no dependents</td>
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<td>$25,000</td>
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<td>$150,000</td>
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2. WHOLESALE BEVERAGE SURCHARGE

Description

Percentage rate surcharge assessed at the wholesale level on beverages subject to the Bottle Bill on 1/1/17, with the following considerations:

- Applied to the cost of a beverage, rather than as an increase to the beverage container redemption deposit.
- Revenue projections include beverages that are being added to the bottle deposit system on January 1, 2018.

Funding Simulation

<table>
<thead>
<tr>
<th>Estimated Beverage Surcharge Needed to Meet Funding Goal (2017-2019 Revenues)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Generated</td>
</tr>
<tr>
<td>Beverage Surcharge</td>
</tr>
</tbody>
</table>

* The first number is for 18 months of the biennium (January 2018 – June 2019); the number in parenthesis is for the full two-year biennium.

<table>
<thead>
<tr>
<th>Estimated Effects of Wholesale Beverage Surcharge on Cost of Beverages</th>
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<tbody>
<tr>
<td>Surcharge</td>
</tr>
<tr>
<td>Increase in retail price of 6 pack of soda</td>
</tr>
<tr>
<td>Increase in retail price of 6 pack domestic beer</td>
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<tr>
<td>Increase in retail price of 6 pack of microbrew beer</td>
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</tbody>
</table>
A. CHALLENGE AND CHARGE

Population growth, development, infrastructure needs, drought, climate change, ocean acidification, and many other natural and human-made changes are placing new pressures on Oregon’s fish, wildlife, and wild places. Meanwhile, public attitudes, uses and demands related to the recreational and aesthetic value of fish, wildlife and habitat have changed, reflecting increased needs and public expectations around conservation, recreation, and education. At the same time, society is becoming disconnected from the natural world. This lack of connection with nature profoundly affects public health, our well-being, and the future of fish and wildlife in Oregon.

To date, the efforts of the Oregon Department of Fish and Wildlife (ODFW), the agency tasked to conserve and manage fish, wildlife and habitat, have been funded primarily through the sale of hunting and fishing licenses and associated federal excise taxes. Over time, however, participation in hunting and fishing nationally and in Oregon has declined, and even when stabilized, these fee payers continue to be asked, through fee increases, to shoulder costs tied to management activities that are increasingly complex due to today’s legal requirements, overlapping jurisdictions, and changing public demands and
engagement with nature. These services, while associated with fish, wildlife and habitat, are not directly related to hunting and fishing, creating a disconnect between the source of funding and the services performed. The Legislature recognized this situation in 2015 when it increased the General Fund allocation to ODFW for fish and wildlife related services that benefit all Oregonians, not just hunters and anglers.

Today’s challenges facing fish, wildlife and habitat are not being met by this current funding model established in the 1930’s. A more holistic and equitable approach to fish and wildlife conservation, management, recreation and education is needed. A broader public understanding is also needed of the benefits, funding challenges, and opportunities associated with ODFW and its programs, as well as opportunities for enhancing ODFW’s programs, partnerships, and fiscal sustainability. Specific consideration needs to be given to how diverse and underserved communities benefit from fish, wildlife and habitat-related conservation, management, recreation or education programs. This is increasingly important as Oregon’s demographics change. Opportunities should be considered for partnerships that leverage state investments with other public agencies, non-profits, the private sector, and landowners, including in areas that highlight connections between outdoor recreation, conservation, economic and educational benefits, public health, and tourism.

The Joint Interim Task Force on Funding for Fish, Wildlife and Related Outdoor Recreation and Education (Task Force, Appendix A), established by the 2015 Legislature through HB 2402 (Appendix B), has been tasked to address the unfunded and increasing costs of conservation and management, as well as related recreational and educational opportunities, by identifying new, diversified and sustainable sources of revenue to supplement existing funding. Doing so will ensure that Oregon is a leader in terms of fish and wildlife management and conservation.

In establishing the Task Force, the Legislature directed it to:

1. “Identify and recommend potential alternative, sustainable funding sources for the State Department of Fish and Wildlife that are consistent with the intent and purposes set forth [in section 1 of the bill].”

Whereas Oregon residents have a strong and growing interest in healthy populations of native flora and fauna and the habitat that sustains them; and

Whereas it is in this state's interest to enhance the State Department of Fish and Wildlife's ability to conserve the natural resources under its jurisdiction and to connect a diversity of this state's residents to those natural resources through education and outdoor recreation opportunities that include, but are not limited to, hunting and angling programs; and

Whereas hunting and angling have supported this state's fish and wildlife conservation efforts for generations and continue to provide significant recreational opportunities and economic benefits to the people and communities of this state; and

Whereas it is in this state's interest to enhance the public's engagement in and understanding of hunting and angling and the values they support; and

Whereas it is in this state’s interest to diversify and broaden the base of the State Department of Fish and Wildlife’s revenue stream in a sustainable manner that ensures that individual beneficiaries of the Department’s services equitably contribute to the revenues of the Department based on the services they receive;

HB 2402
2. “Develop recommendations on whether adjustments are necessary to ensure that relevant Department program areas are funded in accordance with the intent and purposes set forth in section 1[.]”

3. “Identify and recommend opportunities for the Department to better achieve its mission and conservation program objectives through leveraging, coordinating and budgeting funds from alternative sources and existing sources[.]”

The stated Legislative intent (HB 2402 Section 1), with which the work of the Task Force is to be consistent, is:

- Non-game public benefits: Strengthen ODFW’s ability to carry out conservation, outdoor recreation and education efforts that benefit the non-hunting / non-angling public.

- Hunting and fishing equity and promotion: Equitable allocation and use of hunting and fishing license fees (and federal excise taxes), especially in maintaining and enhancing opportunities, improving habitat conservation programs, and improving public education directly related to hunting, fishing, and their benefits (including within urban and underserved communities).

- Equity in customer / benefit nexus: Ensure an equitable relationship exists between those who pay for existing and new revenue sources and the benefits produced / services provided through use of those funds.

- Sustainability: prioritizing actions and allocation of resources so as to best ensure the long-term ability of ODFW to achieve its entire mission.

In addition to the Legislative direction in HB 2402, the Task Force’s deliberations took into account Senate Bill 247, which increased fishing and hunting license fees incrementally over the next three biennia. Part of the intent of SB 247 is to repeal the final increment if the “Legislative Assembly adopts by law an alternative mechanism for funding the State Department of Fish and Wildlife that will result in a revenue increase to the Department that is equal to or greater than the revenue increase” anticipated in the final increment.

B. PROCESS

In HB 2402, the Legislature identified a wide variety of interests to be represented on the Task Force, including hunting, fishing and conservation groups; outdoor recreation businesses; tourism industry; outdoor education; and diverse/underserved communities. The makeup of the task force (Appendix A) represents the broad interest in fish and wildlife management and conservation. The task force included:

- Four non-voting legislative members (Senators Edwards and Whitsett / Representatives Helm and Krieger);

- Two ex-officio members (Oregon Fish and Wildlife Commission Chair Mike Finley and ODFW Director Curt Melcher); and

- 17 members appointed by the Governor (see Appendix B).
While the Governor’s appointees included some members who have been heavily involved in ODFW budget and policy issues, many task force members previously had relatively little exposure to ODFW budget or policy issues or represented interests that have not traditionally been involved in those discussions. This broad cross-section was intended to bring new perspective to an issue that has confronted ODFW and other fish and wildlife agencies for years. That said, Task Force members regularly consulted with individuals and organizations that closely monitor ODFW and natural resource issues.

Since its first meeting in January 2016, the Task Force met at least monthly to develop the assumptions, principles, evaluation criteria, and recommendations reported here. Early sessions focused on providing background on the issues that lead to creation of the Task Force; briefings on ODFW’s statutory responsibility, mission, funding, budget, and programs; and presentations on recently completed Secretary of State audits of the Department. As noted in the January 2016 Audit:

“One of the challenges ODFW faces is an extremely broad and sometimes conflicting wildlife policy (ORS 496.012). ODFW’s mission spans every acre of our state; the agency is responsible for management of all wildlife species in Oregon. The agency must both conserve species and regulate their harvest, as seen in the state’s seven co-equal goals...Meanwhile, the agency has a budget that has not kept pace with increasing expectations....”

(ODFW) “relies heavily on users to fund its broad range of fish, wildlife, and habitat activities....A steady decline in users...puts pressure license revenues. It will become more difficult to rely on user revenues if these trends continue.”

As illustrated in Figure 1, one-half of the Department’s 2015-17 revenue comes from hunters and anglers, either through license fees or federal excise taxes paid on fishing and hunting related equipment.

Figure 1: ODFW 2015-17 Budget
The Secretary of State audit notes that the Department’s future workload and demands on this narrow, limited scope of funding are likely to increase due to “Oregon’s growing population, worsening conditions of the ocean, increasing work related to the Endangered Species Act (ESA), and changing climate are likely to continue to impact ODFW’s workload. A recent study in the Journal Science found climate change as a threat to 1 in 6 species.” These findings are reflected in the Guiding Principles adopted by the Task Force to frame its recommendations (see Section C).

Early in its deliberations, the Task Force researched conservation funding mechanisms across the country and solicited input from other states and the national Association of Fish and Wildlife Agencies (Association) on successful funding models elsewhere. Task Force members were also briefed on federal legislation for sustainable conservation proposed by the Blue Ribbon Panel on Sustaining America’s Diverse Fish and Wildlife Resources convened by the Association. The Recovering America’s Wildlife Act (H.R. 5650) was introduced in Congress in July 2016 with bipartisan support. The measure called for dedicating $1.3 billion in existing revenue from the development of energy and mineral resources on federal lands and waters to the Wildlife Conservation Restoration Program. Under the proposal, Oregon could receive approximately $46 million in new federal funding per biennium to focus on conserving at-risk fish and wildlife species and increasing outdoor recreation opportunities. This new funding would require a 25% match in non-federal funding (approximately $11 million/biennium.) This legislation will be reintroduced in Congress in 2017.

The Task Force also contracted for a statistically-valid survey of 900 Oregon residents’ opinions on fish, wildlife and habitat values; ODFW management of those resources; the availability of and participation in fish and wildlife-related recreation opportunities; knowledge of how ODFW is funded; and other related topics. This survey has been beneficial in helping the Task Force better understand public awareness of the issues relating to and potential support for sustainable funding for conservation of fish, wildlife and habitat. Survey results are summarized in Appendix C and in the text box below. The complete survey report is available at: 
http://www.dfw.state.or.us/agency/docs/OR_2016_Legislative_Survey_Report_2017_01-05.pdf

The survey confirmed the high value Oregonians place on conservation of the state’s fish and wildlife and opportunities for outdoor recreation. It also revealed a significant disconnect between these values (which are reflected in public support for ODFW and its mission) and the public’s understanding of how ODFW operates and the funding challenges the agency faces in the 21st century. Most Oregonians believe ODFW’s highest priorities should be conservation-related and think they are already paying for that through their tax dollars. More than half say they know little or nothing about ODFW, and only 14% say they know “a great deal” about the agency.

Presented with an explanation of ODFW’s current funding sources, only 4% of Oregonians surveyed say they think the agency gets too much of their state tax dollars. More than 40% say ODFW receives too little, and almost two-thirds of these people say the Department is underfunded or deserves more taxpayer support because of the importance of conservation and wildlife.

Public input was an important part of the Task Force process, with comment periods provided at all meetings and targeted outreach to key stakeholders to seek input on preliminary recommendations. Among the groups that the Task Force consulted before finalizing its recommendations were the League of Oregon Cities, Association of Oregon Counties, Oregon Cattlemen’s Association, ODFW
External Budget Advisory Committee, Oregon Outdoor Recreation and Parks Association, leaders of the Oregon outdoor recreation community, Oregon Land Trust Alliance, Oregon Association of Conservation Districts, Oregon Conservation Network, Oregon Audubon Society chapters, African American Outdoor Association/Center for Diversity & the Environment, Northwest Sports Fishing Industry Association, Oregon Hunters Association, Oregon Business Council/Oregon Business Alliance/Association of Oregon Industries, Oregon Restaurant and Lodging Association, Oregon Farm Bureau, Travel Oregon and others. We also provided updates on our draft recommendations to the Senate Committee on Environment and Natural Resources, House Committee on Agriculture and Natural Resources, and Coastal Caucus.

News releases and public notices were distributed before all Task Force and work group meetings. All Task Force meetings were live-streamed. Video recordings and all task force presentations and documents are available on legislative website at https://olis.leg.state.or.us/liz/2015I1/Committees/JTFFW/Overview
KEY TASK FORCE SURVEY FINDINGS

- High satisfaction with the protection and management of fish, wildlife, and habitat in Oregon in general. Satisfaction (61% of residents) well exceeds dissatisfaction (18%). A top reason for being dissatisfied with the protection and management of fish, wildlife, and habitat in Oregon related to a lack of funding, including for the staffing of enforcement officers.

- Regarding ODFW specifically, slightly more than half of Oregon residents (56%) are able to correctly name the agency responsible for protecting and managing fish, wildlife, and habitat in the state. Satisfaction with the agency is also high, with 65% of Oregonians being satisfied compared to only 12% being dissatisfied with the agency.

- ODFW is widely viewed as a credible agency, with about 9 out of 10 Oregon residents describing it as such (more than half say the agency is very credible).

- Respondents were asked to rate the importance of eight fish and wildlife values. The top two values in the ranking -- “that healthy fish and wildlife populations exist in Oregon” and “that Oregon’s water resources are safe and well protected” -- are purely ecological rather than utilitarian. While providing opportunities for hunting, fishing, and viewing wildlife, were considered important, they were ranked lower by Oregon residents.

- Respondents ranked “conserving and restoring fish and wildlife habitat,” “protecting endangered species,” and “protecting and restoring native fish and wildlife species in Oregon” as high priorities for ODFW. Human-centered efforts, such as the provision of opportunities for wildlife-related recreation and providing information and education, ranked lower.

- Regarding the Department’s current performance, “providing opportunities for fish- and wildlife-related recreation” (a human-centered effort) was ranked highest, closely followed by “protecting endangered species” (an ecological effort).

- Residents think the primary source of funding for ODFW should be general taxes (33%) followed by hunting and fishing licenses (19%).

- After being told that only 9% of the Department’s funding comes from general state tax revenues, residents were asked whether they thought that amount was too little, too much, or about right. The most common responses are that it is too little (41%) or that it is about the right amount (40%); only a small percentage of Oregon residents say that it is too much (4%).
C. GUIDING PRINCIPLES AND FUNDING OBJECTIVES

GUIDING PRINCIPLES

To help frame the need for alternative, sustainable funding for the State’s fish and wildlife program, early in its deliberations the Task Force defined a set of guiding principles. It identified as an underlying objective addressing the increasing costs of conservation and management and related recreational and educational opportunities through new, and sustainable sources of revenue that supplement existing funding and enable ODFW to better meet its statutory mission and Legislately-assigned responsibilities. It concluded that Oregon’s future should not be limited by the traditional model of hunting and fishing fees, but by a more diversified source of revenues, which will allow a more holistic and equitable approach to fish and wildlife conservation, management, recreation and education. Additional guiding principles included:

- **Balancing the needs of fish and wildlife and humans** is becoming increasingly challenging. Population growth, development, drought, climate change, ocean acidification, and many other changes are putting new pressure on Oregon’s fish, wildlife, and wild places. At the same time, society is becoming increasingly disconnected from the natural world.

- This lack of connection with nature profoundly affects public health, our well-being, and the future of fish and wildlife in Oregon. A communication strategy, and public outreach are essential to **developing a broader public understanding** of the benefits, funding challenges, and opportunities associated with ODFW and its programs, as well as opportunities for enhancing ODFW’s programs, partnerships, and fiscal sustainability.

- The benefits of ODFW’s programs are shared broadly by both Oregonians and visitors to the state, and **the costs should be shared by all**. Conservation work currently is funded in large part through fishing and hunting license sales. This financing model, established in the 1930’s, is simply insufficient to sustain, conserve and manage healthy fish, wildlife and habitats, expand hunting and fishing opportunities, or to engage Oregonians in related recreation and education opportunities in the face of 21st century conservation challenges, changes in demographics, resource demands, and a changing ecological landscape.

- Funding strategies need to **consider how diverse and underserved communities would benefit** from fish, wildlife and habitat-related conservation, management, recreation or education programs associated with the funding. This is increasingly important as Oregon’s demographics change.

- Funding strategies should **consider opportunities for partnerships** with other public agencies, non-profits, the private sector, and landowners, including in areas that highlight connections between outdoor recreation, conservation, economic and educational benefits, public health, and tourism. These partnerships will leverage state investments and increase likelihood of success.

- **Monitoring and measurable outcomes** must be part of funding strategies.
FUNDING OBJECTIVES

Based on the legislative direction provided in HB 2402 and its guiding principles, the Task Force identified five key objectives for alternative, sustainable funding:

1. **Ensure the health of Oregon’s ecosystems and native species through proactive approaches intended to avoid problems before they become such** by implementing conservation programs and strategies identified in the Oregon Conservation Strategy and its accompanying Nearshore Strategy.

2. **Enhance hunting and fishing-related engagement and related recreational, economic, conservation and educational values; reduce reliance on license fees through reduction or elimination of authorized fee increases.** These actions, which include increasing public access, activities to improve fishing and hunting, and reductions in scheduled fee increases, are intended to acknowledge the historic and ongoing contribution of hunters and anglers to funding conservation and management of fish, wildlife and habitat.

3. Recognizing that access and opportunity around healthy outdoor places and experiences is a top Oregon value and why we live here, **improve engagement of the public in outdoor recreation opportunities related to and in support of healthy fish, wildlife, and habitats.** Help Oregonians become more engaged in healthy outdoor places and experiences as an alternative to becoming a state and nation that is increasingly more disconnected from nature and natural processes.

4. **Improve educational outreach and engagement of the public related to and in support of healthy fish, wildlife, and habitats.**

5. **Engage diverse and underserved communities** by ensuring that ODFW has the internal culture and capacity to improve connections to diverse and underserved communities, including the disability community.
D. FUNDING NEED

Funding Need = $86.9 million/biennium.

To help determine the types of funding mechanisms to consider, the Task Force first needed to establish a revenue target, or funding need. As a starting point, the Task Force requested that ODFW identify funding amounts needed at differing tiers of implementation of its mission and responsibilities. In response, three tiers of funding need were identified. The first tier – maintaining current operations – identified the bare minimum amount needed to avoid a license fee increase scheduled for 2020 ($6 million). The second tier provided only sufficient funding to maintain current service levels, shift the cost of current conservation efforts off license fees and address deferred maintenance needs ($21.2 million). The Task Force did not feel that these two approaches, while potentially more politically feasible, met Legislative intent outlined in HB 2402. Therefore, it focused its efforts on the third tier which identified the funding necessary to fulfill the department’s statutory mission.

After review by two work groups, the Task Force adopted a total revenue target of $86.9 million/biennium that supports implementation of ODFW’s statutory mission and incremental funding for deferred maintenance. Programs to achieve these objectives are summarized in Table 1 and detailed in Section D.

The recommended funding target is further based on the following assumptions:

- General Fund and Lottery Fund monies allocated to ODFW remain consistent in future biennia. In 2015-17, 8% ($31.5 million) of the ODFW budget was from the General Fund and 1% ($4.92 million) was from Lottery Funds. ODFW would continue to receive federal excise tax revenue ($48.9 million; 13%) and other federal funds ($93.9 million; 25%) at approximately the current levels.

- New funding obtained for ODFW through alternative funding sources would be dedicated to the Department and not subject to reduction or reallocation by the Legislature.

- Implementation of conservation programs and strategies identified in the Oregon Conservation Strategy and Nearshore Strategy are the highest priority for use of alternative funding.

- Funding implementation of conservation programs enhances fishing and hunting opportunities and other outdoor recreation programs on ODFW lands.

- The second and third phases of license fee increases approved by the 2015 Legislature are eliminated. These increases are scheduled to take effect in 2018 and 2020.

- The funding target includes an expanded communications and public education/outreach program, with a focus on underrepresented communities and urban areas.
The funding target does not take into account any revenue ODFW might eventually receive through full implementation of House Bill 3315 approved in the 2015 Legislative session, primarily due to lack of information. (See Section F.4 for background and recommendations specific to HB 3315.)

The Task Force recognizes that the recommended funding level represents a significant commitment of additional funds for conservation, fish and wildlife management, and outdoor recreation. While the funding levels identified in Tier 1 and Tier 2 above may be more immediately achievable, the Task Force believes they do not satisfy the legislative direction provided in HB 2402 or the Guiding Principles and Funding Objectives it has adopted. Therefore, the Task Force recommends the higher funding level. It views this funding as an investment in the future of the state and for future generations and necessary to ensure Oregon’s position as a recognized leader in conservation and responsible use of its natural resources.

### Table 1: Recommended Funding Need (Revenue Target)

<table>
<thead>
<tr>
<th>Total Funding Need</th>
<th>$86.9 million / biennium</th>
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</thead>
<tbody>
<tr>
<td>Objective</td>
<td>Implement ODFW’s broad statutory mission to protect and enhance Oregon’s fish and wildlife and their habitats for use and enjoyment by present and future generations by investing in four key areas. Also, initiate a bond program over six biennia to address deferred maintenance.</td>
</tr>
<tr>
<td>Area of Investment</td>
<td>Recommended Level of Funding *</td>
</tr>
<tr>
<td>Expanded Conservation Efforts</td>
<td>$46.7 million / biennium</td>
</tr>
<tr>
<td>Improved Fishing and Hunting / Reductions in License Fees</td>
<td>$22.3 million / biennium</td>
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</tbody>
</table>
2020. Subsequent fee increases would be indexed to inflation to avoid significant price increases in the future.

<table>
<thead>
<tr>
<th>Connecting Oregonians with the Outdoors</th>
<th>$8.3 million / biennium</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Oregonians are becoming increasingly disconnected from the natural world. Children spend more time online than outdoors. Urban residents have little time for outdoor recreation. This profoundly affects our health and our well-being. In addition, fishing and hunting participation is flat or declining. Increased participation generates additional license revenue to fund fish and wildlife conservation and management.</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deferred Maintenance</th>
<th>$9.6 million / biennium</th>
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</thead>
<tbody>
<tr>
<td><strong>Secretary of State audit identified significant deferred maintenance issues. A 2005 consultant report contracted by ODFW calculated $94-million in deferred maintenance on Department facilities, including offices, buildings, hatcheries, wildlife areas and other properties. Although this report has not been updated, it serves as the basis for the concept to issue $16-million in ten-year bonds per biennium for six consecutive biennium ($2.4-million in debt service for $16-million bonds.) Debt service would increase each biennia and peak at a total of $14.4 million in debt service for biennium six through ten. The recommendation provides $9.6 million in funding/biennium for debt service in the first biennia. In early years, excess funding would be held in reserve for future debt service. In later years, the debt service would begin declining as bonds mature, allowing the difference to be used for maintenance.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Task Force members noted that because ODFW facilities are located throughout the state, addressing deferred maintenance could result in additional employment and spending in rural communities.</strong></td>
<td></td>
</tr>
</tbody>
</table>

Calculations based on 2015-17 personnel costs.

As noted above, the Task Force recommends investments in four key areas in order to meet the Department’s statutory responsibility and the direction in HB 2402. If fully funded and implemented, these investments would result in:

- 23% increase in the Department’s 2015-17 budget. (Even with the additional investment of $86.9 million in alternative funding, revenue from fishing and hunting license sales would continue to be the largest single source of funding for fish and wildlife management.)
- An additional 179 FTE to ODFW and 16 FTE to Oregon State Police Fish and Wildlife Division. This would represent a 15% increase in FTE over the 2015-17 ODFW budget.
E. FUNDING DIRECTION

In defining a funding need of $86.9 million/biennium, Task Force work groups, in coordination with ODFW, identified detailed direction for the use of alternative funding in four program areas. Funding objectives and targeting are summarized below. More detailed budget work sheets can be reviewed at: https://olis.leg.state.or.us/liz/2015I1/Downloads/CommitteeMeetingDocument/94184

1. Expanded Conservation Efforts: ($46.7 million/biennium; 54% of Funding)

The recently updated Oregon Conservation Strategy, and accompanying Nearshore Strategy, provide a strong foundation and clear direction for ODFW’s conservation programs, but the Department’s budget falls far short of the levels needed to implement the conservation measures defined in the Strategy. New programmatic investments are necessary to more fully achieve the Department’s conservation mission. These investments will create a profoundly different agency, better prepared to address the challenges involved in fish and wildlife conservation in a more diverse and growing Oregon.

Programmatic objectives for the expanded conservation efforts include:

- Proactive, effective conservation efforts built around the Oregon Conservation Strategy and its marine component, the Oregon Nearshore Strategy, to ensure healthy, sustainable populations for fish and wildlife. (See OregonConservationStrategy.org for additional information.) Taking proactive steps to address threats to fish and wildlife minimizes the need for expensive emergency actions to avoid them becoming listed as threatened or endangered. When species reach this state, the federal government, rather than the state, manages them, reducing the ability to develop collaborative, local solutions. Additionally, proactive conservation minimizes the regulatory burden for farmers, ranchers, and other landowners and land managers.

- Investments in science, research, monitoring and inventories of species and habitat to provide a stronger foundation for sound, informed decisions about how best to manage fish, wildlife and habitat.

- Restoration of healthy ecosystems to benefit Oregon’s fish and wildlife and to improve the environment for future generations.

- Opportunities for all Oregonians to take voluntary, proactive steps to conserve and protect fish, wildlife and habitat.

- Increasing partnerships with private landowners, public land managers, universities, non-governmental conservation organizations, businesses, industry, government agencies, and citizens for on-the-ground projects to benefit fish and wildlife and their habitats.

- Expanded enforcement of laws to protect and conserve natural resources, including native species and habitats.
Specific conservation investments include resources committed to the following areas:

**Species Monitoring, Management and Recovery**

Research, monitoring and inventory is needed to fill data gaps on more than 280 strategy species regarding their distribution, population trends, habitat requirements, movement pathways, and disease issues. This information is critical to determine what is limiting populations, develop restoration plans, and keep them off the Threatened and Endangered Species list. Significant information gaps exist in Oregon’s nearshore environment (0-3 miles.) Lack of information on species status and system health significantly limits the ability to quickly detect and respond to population trends that may be due to human activities (for example, fishing, climate change, etc.) or due to shifts in ocean conditions (for example, El Nino, ocean acidification, etc.). Funding would be provided for:

- Strategy Species Coordinators to develop and coordinate species monitoring, research and recovery.
- Wildlife Conservation Biologists to implement priority species monitoring and habitat restoration efforts, and collaborate with landowners and local partners for on-the-ground conservation activities.
- Nearshore Research Teams to increase the understanding of population trends, ecosystem health, and impacts of human activities.
- Estuary Research Teams to increase monitoring of estuaries to assess shellfish and ecosystem health to inform decisions on aquaculture siting, and updates to county general plans, and Oregon estuary plans.
- Stable and expanded Native Fish Research Monitoring and Evaluation.
- Stable and expanded Fish Conservation and Recovery programs.
- “Living with Wildlife” biologists implementing a proactive approach to minimize human-wildlife conflict through education, problem solving and, where appropriate, intervention.
- Dedicated Oregon State Police Fish and Wildlife enforcement focusing on Strategy Species, Strategy Habitats and other natural resource laws.

There are 11 Strategy Habitats in Oregon, which are native habitats of conservation concern that provide important benefits to many Strategy Species and have experienced high degrees of loss since European settlement. Healthy habitats benefit all fish and wildlife (both game and nongame) and provide recreational opportunities for wildlife viewers, hikers, campers, bikers, paddlers, photographers, and other outdoor enthusiasts. Healthy habitats also provide foundation for cool, clean water and associated natural processes. Funding is provided for:
- Strategy Habitat Coordinators to coordinate and implement statewide habitat management plans and restoration efforts in partnership with private and public landowners and managers, NGOs, government agencies, and individuals.
- Stream restoration technical support for restoring critical habitat and review of water use permits.
- Fish screens maintenance to expand existing programs and enhance conservation programs statewide through partnerships with landowners, land managers and others. Additional funding provides resources to expand the program statewide.

**Data Analysis, Management and Sharing**

Effective collection, management, analysis and distribution of data on fish, wildlife and habitat is critical to effective conservation efforts. ODFW capabilities to conduct complex data analysis and distribute large datasets is limited. Resources are provided to:

- Employ innovations in data collection, hardware, geographic and statistical software and information technology
- Improve how data is collected in the field, managed within ODFW, and distributed and presented to partners, stakeholders, and the general public.
- Enhance analysis of the economic and social impact of fish and wildlife management on nearshore and terrestrial ecosystems, Oregon communities, and stakeholders.

**Expanded Conservation Partnerships**

While ODFW is charged with managing Oregon’s fish and wildlife, it does not own or manage habitat that is critical to survival of most of those species. Private landowners are critical conservation partners. Public land managers also play an important role in providing healthy habitat. And, while ODFW has the specific statutory responsibility for conservation, other organizations and agencies also have an interest and expertise in ensuring sustainable populations of fish and wildlife. Effective conservation efforts require close, collaborative working relationships with non-governmental organizations, private landowners, public land managers, universities, businesses, industry, government agencies, volunteers and other stakeholders. Resources are provided for:

- Conservation Partnership Grants – $12-million in new alternative funding is set aside for a grant program to fund on-the-ground conservation projects by organizations, communities, landowners, government agencies, and others.
Wildlife Rehabilitation Investments – strengthen partnerships in rehabilitating wildlife through training, certification, and grants to wildlife rehabilitation facilities for infrastructure and operational needs.

Fish Screens and Passage – expand this voluntary incentive programs for water users to screen water diversions to keep fish in stream while allowing use of water for irrigation and domestic use. Expansion of this program would increase the number of partners involved in resolving issues related to diversions and fish passage.

2. Improved Hunting and Fishing / Reductions in License Fees ($22.3 million/biennium; 26% of Funding)

Fishing and hunting has been, and will continue to be, a core responsibility for ODFW. Hunters and anglers make significant contributions to the conservation and management of Oregon’s fish and wildlife through their license fees and the federal excise taxes charged on hunting and fishing equipment. The Task Force recognizes the contribution by hunters and anglers to conservation and recommends strategies to ensure hunting and fishing continue to provide significant base funding for ODFW. The Task Force recommends ODFW make significant investment in programs to improve hunting and fishing in order to increase hunter/angler satisfaction and increase participation (and license sales) providing additional, sustainable funding for fish and wildlife management.

Proposed actions include:

- Repeal of the third increment of the scheduled license fee increase which is scheduled to take effect January 1, 2020 (per Legislative intent in SB 247.)
- Repeal of the second increment of the scheduled license fee increase which is scheduled to take effect January 1, 2018.
- Indexing of future license fees to inflation or another clear measure (see Section F.4: Additional Recommendations).
- Development of additional fishing opportunities through enhanced trout stocking, with specific emphasis on providing additional fishing opportunities for urban, Hispanic, and underserved communities.
- Continued reduction of barriers to participation in hunting and fishing by simplifying regulations, providing quality experiences, and making information more readily available, including through development of a mobile friendly mapping tool that provides information on regulations, facilities, and other nearby recreational opportunities.
- Enhanced public fishing and hunting access, including development of ADA accessible fishing docks, piers, blinds, trails and other facilities. Such facilities could be developed in conjunction with State and local parks; ports; state, federal and local governments; NGO’s and volunteers.

- Development of new hunter access to private lands, particularly forest lands, through A & H program partnerships.

- Increased funding for private land habitat projects intended to increase capacity and tolerance for wildlife through the Green Forage and Deer Enhancement program.

- Improvements to public facilities, parking signage and access at wildlife areas, hatcheries, and other Department owned or managed properties.

- Expanded research, monitoring and management of game species to improve fishing and hunting opportunities.

- Expansion of the Mule Deer Initiative and other collaborative efforts intended to improve and restore important wildlife habitat for keystone species.

- Improved marine fishery monitoring to provide more reliable fishery stock assessments and related access to fishing opportunities.

- Conduct of sport fishing gear studies to limit bycatch of constraining marine species such as Yelloweye Rockfish.

- Implementation of a Nearshore Harmful algal bloom (HAB) monitoring program to provide real- time information for anticipating the timing and spatial extent of harmful algal blooms.

- Expanded enforcement of fish and wildlife regulations by the Oregon State Police Fish and Wildlife Division. Particular emphasis would be placed on seasons and areas currently with limited enforcement presence.

3. Connecting Oregonians with the Outdoors
($8.3 million/biennium; 9% of Funding)

The Task Force identified this as a critical program to help ODFW meet its mission and to ensure long-term financial stability and support for conservation. Connecting people to nature is an important element of successful implementation of the Oregon Conservation Strategy and other conservation efforts. Providing individuals with the knowledge, skills, and motives to conserve Oregon’s native fish and wildlife enables them to work together to take strategic actions to benefit fish and wildlife.

Additional effort is also needed to engage youth, underserved communities, and diverse audiences. Current participants in outdoor recreational activities such as hunting, fishing and wildlife viewing do not always reflect Oregon’s diversity. The Department’s workforce should also reflect the diversity of cultures that it serves. This would significantly enhance the Department’s ability to reach out to diverse audiences to encourage them to participate in outdoor recreation or to work for the agency.
Finally, while ODFW has had success with efforts to increase fishing and hunting license sales, more marketing is needed to reverse a long-term decline in fishing and hunting. The Task Force recommends that, to the extent possible, ODFW contract with outside vendors for professional marketing and outreach services.

Historically, funding for outreach efforts has been cut in tight budgets. While these reductions save money in the short-term, they have long-term consequences. This is reflected in the survey conducted for the Task Force. The public rates these activities as a high priority, but feel the department’s performance in these areas needs improvement. The Task Force recommends reinvesting in education, outreach and marketing. It views efforts to Connect Oregonians with the Outdoors as important investments in the long-term sustainability of Oregon’s fish and wildlife. The Task Force recommendation includes resources for:

- Development of conservation education programs with particular emphasis on urban areas and engaging NGO’s, agencies and partners in delivering these programs.

- Addressing education / outreach gaps by building on already successful models and lessons learned (e.g., ODFW’s hunter education program).

- Capitalizing on social media and new technologies to communicate in new ways to reach new, broader and diverse audiences (especially youth and millennials). Use of technology to better enable the public to access outdoor activities and to provide public education about conservation values and fish and hunting opportunities.

- Increased use of volunteers, with particular emphasis on “Citizen Science” in which volunteers help collect important scientific data.

- Evaluation of lessons learned from benchmark campaigns by Travel Oregon (e.g., Seven Wonders campaign), Oregon Parks and Recreation, Metro, and other agencies.

- Expansion of education programs in a variety of settings, including traditional classrooms, workshops and clinics, as well as through interpretive programs and nature trails at wildlife areas, hatcheries and other ODFW facilities.

- Development of external strategies focused on localized outreach, including staff presence at public events, schools, etc.

- Providing content in multiple languages; identifying potential key influencers and champions to encourage participation; and developing partnerships with NGO’s and others with shared interests.

- Instituting a strong, internal Human Resources program to develop recruitment and outreach material to reach more diverse audiences; actively recruit qualified candidates; regularly
provide cultural competency training; strengthen career/workforce development; ensure students are exposed to career opportunities at a young age; and encourage STEM education and internships.

4. Deferred Maintenance ($9.6 million/biennium; 11% of Funding)

As noted in the preceding section, a January 2016 Secretary of State audit identified significant deferred maintenance issues. Maintenance and repair of ODFW offices, storage buildings, maintenance shops, road systems, hatcheries and wildlife areas was deferred when license funding was limited during lean budget years. As a result, a significant investment is needed to ensure these facilities are able to maintain current operational goals and effectively meet Department and public needs. ODFW has estimated a total of $94 million in deferred maintenance based upon a 2005 consultant report. Given that this estimate is based on a study now more than 10 years old, the Task Force recommends a more thorough assessment of deferred maintenance be developed in the first biennium following implementation of the Oregon Conservation and Recreation Fund.

Addressing all of ODFW’s infrastructure needs at once is not feasible. Therefore, a multi-biennial approach is recommended, with the issuance of $16 million in ten-year bonds per biennium for six consecutive biennia ($2.4 million in debt service for $16-million bonds.) Debt service would increase each biennium and peak at $14.4 million in debt service for biennia six through ten. Debt service would begin declining as bonds mature in biennia 11 through 15. The Task Force recommends providing $9.6 million/biennium for debt service beginning in the first biennium.

In early years, the difference between debt service and budget would be held in reserve for future bond payments. Later, as bonds mature, the difference between the amount budgeted for debt service and the actual bond payment would be used for maintenance. Bonding will allow ODFW to immediately begin addressing maintenance needs and avoid more expensive replacement costs later. This approach resolves outstanding deferred maintenance needs identified in the Secretary of State audit and ensures ODFW has the infrastructure in place to effectively manage Oregon’s natural resources. The Task Force also noted that, since ODFW facilities are located throughout the state, addressing deferred maintenance at those facilities could lead to additional employment and spending in rural communities.
F. TASK FORCE RECOMMENDATIONS

In response to the Legislative direction in HB 2402, the Guiding Principles and Objectives it has adopted, and the funding need it has identified, the Task Force unanimously adopted the recommendations that follow. These are organized to respond to the three tasks delineated in HB 2402.

1. ALTERNATIVE FUNDING (Task 1)

The Task Force notes that the alternative funding recommendations that follow have not been developed for the purpose of stabilizing or increasing ODFW’s budget, but rather enabling the agency to accomplish its mission to protect and enhance Oregon’s fish and wildlife and their habitats for use and enjoyment by present and future generations.

Alternative Funding Recommendations

- Establish an OREGON CONSERVATION AND RECREATION FUND dedicated to conservation, management, research, habitat improvements, administration, enforcement and other activities that protect, maintain or enhance the native fish and wildlife of the state. The Fund also provides resources to improve hunting and fishing, expand opportunities for participation in outdoor recreation, and increase education and outreach to youth, families and diverse communities about conservation and outdoor recreation.

  The Fund should be administered by ODFW and funded through an Oregon Income Tax Return Surcharge or a Wholesale Beverage Surcharge (details below). These funding mechanisms are recommended as the most viable alternatives to adequately finance the Fund based on evaluation criteria developed by the Task Force, especially that the funding be sufficient, sustainable and responsive to increasing program costs over time.

- Through the Fund, dedicate to ODFW a minimum of $86.9 million/biennium in new revenues, with no reduction or reallocation to other programs of current General Fund or Lottery Fund revenues allocated to the Department. Dedicate the new revenues to:
  - Expanded conservation efforts = $46.7 million/biennium
  - Improved hunting and fishing opportunities/elimination of scheduled license fee increases = $22.3 million/biennium
  - Connecting Oregonians with the Outdoors = $8.3 million/biennium
  - Deferred Maintenance = $9.6 million/biennium

Develop recommendations on potential alternative, sustainable funding sources for the State Department of Fish and Wildlife that are consistent with the intent and purposes set forth (in...this bill).

HB 2402
In addition to allocating additional funding to improving hunting and fishing opportunities, acknowledge the contribution of license fees to ODFW funding through program adjustments (see Task 2 below).

Develop monitoring and reporting programs based on specific metrics and routinely assess and report on funding outcomes.

In implementation of HB 3315, support the Department’s efforts to collect and analyze data on the costs of services provided to other state agencies, while acknowledging that insufficient information is available at this time to affect HB 2402 funding recommendations.

Support federal legislation for conservation program funding developed by the national Association of Fish and Wildlife Agencies’ Blue Ribbon Panel.

Basis for Alternative Funding Recommendations

In developing its recommendations for potential sources of alternative, sustainable funding, the Task Force considered more than 100 funding alternatives. To assess the feasibility of these alternatives, it developed screening criteria based on recommendations from the national Association of Fish and Wildlife Agencies and other states that have conducted similar efforts (see box).

**TASK FORCE FUNDING EVALUATION CRITERIA**

- **Is the funding sufficient to meet the needs?** Is it sufficient to address not just current needs but unanticipated future needs (including environmental changes) and to leverage future opportunities?
- **Is the funding sustainable?** Does it generate continuous, dedicated funding that can grow/adapt over time (versus one-time funding)?
- **Is the funding stable and flexible?** Is it likely to fluctuate year to year? Is it flexible enough to adapt to changing circumstances including economic downturns, changes in the Legislature or Governor’s Office, new regulations, etc.?
- **Is the funding diverse and equitable?** Does it spread the cost of fish and wildlife management and conservation over a broader base? Does it involve all those who benefit, directly and indirectly, from the agency’s services and programs?
- **Does the funding diversify or enhance engagement?** Does it positively or adversely affect the engagement of diverse and/or underrepresented individuals, groups or communities in current and future potential programs?
- **Is the funding cost effective?** Does it require setting up costly new procedures that could reduce the net revenue? Will it be easy to collect, administer and track?
- **Is the funding defensible?** Is there a connection between the funding source and the need? Will supporters be ready and willing to make the case that this funding should go to fish and wildlife management and conservation rather than for some other purpose?
- **Is the funding politically feasible?** What will it take to implement this proposal? How likely is it to be approved, given Oregon’s political climate? Are there champions that will lobby for it?
- **Is the funding politically insulated?** Is it a funding source that cannot be diverted or diluted by political entities, particularly if it’s a new funding source?
The Task Force also considered how well proposed alternatives met the funding need and objectives, focusing on:

- How well do alternative funding proposals implement ODFW’s conservation mission as expressed in the Oregon Conservation Strategy and Nearshore Strategy?
- How well do alternative funding proposals improve Oregonians’ access to and engagement in outdoor recreation and education opportunities?
- Do alternative funding proposals enable shifting part of ODFW’s current conservation efforts or programs that provide broad public benefit off license dollars and onto alternative funding sources?

Task Force members and others cast a wide net to identify potential funding ideas. Alternative funding sources used or considered by other states were also reviewed. Initial discussions identified more than 100 potential funding options. This large set of options was evaluated based on the preceding criteria and the Task Force actively considered approximately 40 funding alternatives. The initial set of alternatives focused on allocations of existing fees or taxes, new funding sources, and several voluntary contributions. Among these were an allocation of a portion of the marijuana tax, recreational equipment tax, a portion of unclaimed bottle deposit funds, wild bird seed excise tax, airport boarding fee, real estate transfer tax, dedication of a portion of corporate gross tax receipts, lottery fund allocation, wildlife license plate, rental car fee, etc. Through an iterative review process, the list was narrowed and researched by legislative staff, including the Legislative Revenue Office and Legislative Counsel.

**Among the More than 100 Funding Options Considered.**

- Marijuana Tax
- Recreational Equipment Tax
- Beverage Container Surcharge
- Unredeemed Bottle Deposits
- Wildlife License Plate
- General Fund/Lottery Fund Allotments
- Income Tax Return Surcharge
- Rental Car Fee
- Wild Bird Seed Tax
- Recreational Vehicle Tag
- Real Estate Transfer Tax
- Fee on Agricultural Chemicals
- Voluntary Contributions
Recommended Funding Approach

Based on its analysis of the funding need and a wide range of funding options, to respond to the charge in HB 2402 the Task Force recommends establishment of an **OREGON CONSERVATION AND RECREATION FUND**. The Fund would be dedicated to conservation, management, research, habitat improvements, administration, enforcement, and other activities that protect, maintain, or enhance the native fish and wildlife of the state. The Fund would also provide resources to improve fishing and hunting, expand opportunities for participation in outdoor recreation, and increase education and outreach to youth, families and diverse communities about conservation and outdoor recreation. Among its objectives, the Fund is intended to support:

- Proactive, effective conservation built around the Oregon Conservation Strategy to restore healthy ecosystems to benefit Oregon’s fish and wildlife and improve the health of our environment for future generations. The Strategy, and its marine component, the Oregon Nearshore Strategy, is a comprehensive, science-based approach to improve the health of Oregon’s fish, wildlife and habitat.
- Increased and improved fishing and hunting opportunities, while eliminating approved license fee increases.
- Investments in the science and research needed to increase our understanding of the natural world and to support sound, informed decisions regarding fish, wildlife and habitat.
- Connecting youth, families and diverse communities to the outdoors by expanding opportunities for participation in and education about outdoor recreation.

The Fund would be similar in structure and design to the State Wildlife Fund (ORS 496.300) or the Commercial Fisheries Fund (ORS 508.326(1)), both of which continuously appropriate all moneys in the fund to the State Fish and Wildlife Commission for the intended purposes. In addition, all interest earned on moneys in the fund are retained in the fund.

Two funding mechanisms (Table 2) are forwarded for the Legislature’s consideration. Both mechanisms will require Legislative action, either as legislation or referral to the voters as a ballot measure(s).

The revenue projections for these funding alternatives have been developed in consultation with the Legislative Revenue Office. Legislative Counsel has been consulted on Constitutionality issues. Of note:

- Projections are gross estimates that will need to be further refined.
- Calculations are based on a recommended funding target of $86.9 million, which includes cancelling the second and third tiers of approved hunting/fishing license fee increases.
- Projected revenue would be expected to be lower in at least the first biennium and would increase over time with inflation.

- Projections do not reflect costs to the state to collect and administer the new revenues.
- Projected revenue generated is based on adjusting to a first biennium that is 18 months long to match the revenue start date. Consequently, the projected revenue in the second biennium more closely matches the funding needed for the second biennium.
**Table 2: OREGON CONSERVATION AND RECREATION FUND -- RECOMMENDED ALTERNATIVE FUNDING MECHANISMS**

<table>
<thead>
<tr>
<th><strong>OREGON INCOME TAX SURCHARGE</strong> (individual tax returns)</th>
<th>Type of Surcharge</th>
<th>Surcharge</th>
<th>Projected Revenue Generated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percentage of Oregon Taxable Income</td>
<td>0.62%</td>
<td>2017-2019 revenue = $65 million</td>
</tr>
<tr>
<td></td>
<td>Low income filers exemption holders</td>
<td></td>
<td>2019-2021 revenue = $86.9 million</td>
</tr>
<tr>
<td></td>
<td>BEVERAGE CONTAINER SURCHARGE (at wholesale level)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage on beverage containers</td>
<td>2.19%</td>
<td>2017-2019 revenue = $65 million</td>
</tr>
<tr>
<td></td>
<td>subject to the Bottle Bill on 1/1/17</td>
<td></td>
<td>2019-2021 revenue = $86.9 million</td>
</tr>
</tbody>
</table>

**OREGON INCOME TAX RETURN SURCHARGE**

**Description**

Surcharge on individual (non-corporate) tax returns based on percentage of taxable income, with the following considerations:

- Projected revenue is based on the number of returns filed (either individual or joint returns).
- An exemption for low income filers is assumed. Low income is defined as an Oregon tax return adjusted gross income less than $20,000 and EITC exempt.
- Apportionment for out-of-state and partial year tax filers is required in order to be constitutionally valid. This apportionment automatically occurs in the calculation of the base tax.

**Funding Simulation**

<table>
<thead>
<tr>
<th>Estimated Income Tax Return Surcharge Needed to Meet Funding Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Generated (2017 – 2019 Revenue*)</td>
</tr>
<tr>
<td>Surcharge with low income exemption (&lt;$20K AGI and EITC Exempt)</td>
</tr>
</tbody>
</table>

* The first number is for 18 months of the biennium (January 2018 – June 2019); the number in parenthesis is for the full two-year biennium.

AGI = average gross income
EITC = Earned Income Tax Credit

<table>
<thead>
<tr>
<th>Estimated Income Tax Return Surcharge Needed to Meet Funding Goal by Type of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surcharge</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Surcharge Based Upon Taxable Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family of four</td>
</tr>
<tr>
<td>$25,000</td>
</tr>
</tbody>
</table>
### WHOLESALE BEVERAGE SURCHARGE

**Description**

Percentage rate surcharge assessed at the wholesale level on beverages subject to the Bottle Bill on 1/1/17, with the following considerations:

- Applied at the retail level to the cost of a beverage, rather than as an increase to the beverage container redemption deposit.
- Revenue projections include beverages that are being added to the bottle deposit system on January 1, 2018.

**Funding Simulation**

| Estimated Beverage Surcharge Needed to Meet Funding Goal (2017-2019 Revenues) |
|-----------------------------|-----------------|
| Funding Generated           | $65M ($86.9M)   |
| Beverage Surcharge          | 2.19%           |

* The first number is for 18 months of the biennium (January 2018 – June 2019); the number in parenthesis is for the full two-year biennium.

| Estimated Effects of Wholesale Beverage Surcharge on Cost of Beverages |
|-----------------------------|-----------------|
| Surcharge                   | 2.19%           |
| Increase in retail price of 6 pack of soda | 7 cents |
Response to Criteria

Of all of the funding alternatives considered, the Task Force feels the two options described above best meet the criteria outlined earlier in this section. They provide sufficient revenue to meet the projected need. Revenue is projected to increase with population growth. They are broad based and have minimal financial impact on any group of individuals, communities, or interests. Both options appear to be cost effective, although the Task Force recognizes additional analysis is needed if either of these proposals advances. Most important, there is a strong connection between the source of the funding and the benefit received. Healthy fish, wildlife and habitats enhance our quality of life and the state’s economy. Proactive steps to address threats to fish and wildlife avoids more costly actions, and the associated regulatory burden necessary if they become threatened or endangered. The Wholesale Beverage Tax also captures revenue from out of state visitors.

While a combination or package of multiple funding mechanisms could potentially meet the projected revenue target, the Task Force felt that the political challenges involved in getting approval of many new fees or taxes render such an approach politically and administratively infeasible.

The Task Force recognizes that the Legislature may choose other funding mechanisms. However, the Task Force encourages the Legislature to consider the Task Force criteria as it evaluates various funding mechanisms.

2. PROGRAM ADJUSTMENTS (Task 2)

The Task Force’s recommendations include program adjustments necessary to ensure ODFW meets its statutory mission and the objectives outlined in House Bill 2402. Significant program adjustments are inherent in the funding objectives and outcomes outlined above, as well as in the assumptions behind the identified funding need. For example, the identified funding need is based on additional staff being dedicated to implementation of Oregon Conservation Strategy/Nearshore Strategy programs.

While HB 2402 can be interpreted to require a detailed review of specific ODFW programs and its associated budget allocations, the Task Force believes that such a micro-review is beyond the scope of its assignment and more properly the purview of the Fish and Wildlife Commission and the Legislature. Given the abbreviated timeframe established in HB 2402 for delivery of its recommendations to the Legislature, the Task Force has chosen to concentrate its energies on identification of alternative, sustainable funding, which it believes HB 2402 clearly establishes as its primary and priority assignment. At the same time, comprehensive program adjustments are inherent in the identified funding need and recommended allocations of alternative
funding, the most significant being to allocate more than half of new alternative funding to expanded conservation efforts. In addition, the Task Force is recommending the following program adjustments to address the Legislative intent in HB 2402:

**Programmatic Adjustments Generally**

- In conjunction with establishment of the Oregon Conservation and Recreation Fund, establish an oversight process for ongoing review of the Department’s allocation of resources and for monitoring of Fund spending in accordance with the Department’s mission and these Task Force recommendations.

**Expand Conservation Efforts (54% of funding target)**

- Expand and improve the agency’s conservation efforts, with implementation of conservation programs and strategies identified in the Oregon Conservation Strategy and Nearshore Strategy as a priority use of alternative funding.
- Increase funding for science, research, monitoring and inventories of species and habitat to fill data gaps.
- Increase investments in data management, analysis and distribution.
- Increase efforts to restore ecosystems to resiliency.
- Expand enforcement of laws to protect and conserve natural resources.
- Expand conservation partnerships and dedicate a portion of new alternative funds for grants for on-the-ground conservation projects.

**Improve Fishing and Hunting (26% of funding target)**

- Eliminate authorized second and third phases of license fee increases.
- Index future license fee increases to the cost of inflation or other similar measure.
- In consultation with hunting and fishing interests, target the use of new funding to improved hunting and fishing opportunities and to marketing those opportunities.
- Develop specific programs to provide additional fishing opportunities for urban and underserved communities, including but not limited to expanded fish stocking and new stocking locations.
- Secure additional and improve existing public fishing and hunting access and supporting infrastructure.
- Expand and improve research, monitoring and management of both game and non-game species.
- Expand collaborative efforts to improve and restore fish and wildlife habitat.
- Expand enforcement of fish and wildlife regulations, focusing on areas currently with limited enforcement presence.

**Connect Oregonians with the Outdoors (9% of funding target)**

- Expand and improve current communications and public outreach programs, focusing on underrepresented communities and urban areas.
- Develop additional wildlife viewing opportunities and facilities.
- Assess what communications and outreach efforts are better conducted by private and non-profit entities rather than by the Department.
- Expand and develop new conservation education programs.
- Develop a more comprehensive social media strategy that includes communication with a broader audience through the latest technologies.
- Expand localized outreach efforts, such as staff presence at public events, providing content in multiple languages, and partnering with key influencers to encourage participation.
- Build an internal culture and capacity to improve connections to diverse and underserved communities through a strong human resources program.

**Deferred Maintenance (11% of funding target)**

- Adopt a multi-biennial bonding approach to addressing deferred infrastructure needs.
- In the first biennium following Fund implementation, conduct a thorough assessment to determine more accurate deferred maintenance funding needs.

As part of the development of the tiers of funding need, the Department provided the Task Force with programming details that, while very preliminary, are illustrative of program adjustments and staffing needs. Key program adjustments include:
• Expansion of the Department’s science capacity, including data collection, data management and adaptive implementation.

• Prioritization of basic species and habitat monitoring.

• Engagement of all positions, from biologists to administration to enforcement, in outreach / education.

• Potential contracting with the Oregon Watershed Enhancement Board (OWEB) or another entity for administration of future grants programs. ODFW would provide policy guidance, criteria, and evaluate grant proposals. Issuance of grants, accounting and administration would be provided by OWEB. This approach increases efficiency by avoiding duplication of efforts by ODFW and OWEB and improves customer service since many of the potential grantees already work with OWEB on grants.

• Centralized and/or networked data bases which make species information more accessible for all agencies and partners to conduct analyses, collaborate on prioritized actions and work strategically toward common goals.

• Better engagement with diverse and underrepresented communities and expanded contracting with underrepresented groups. While the state currently makes an effort to encourage bids from minority and women owned businesses, ODFW should do more, especially for deferred maintenance. Additionally, RFP’s could be issued for contracts for outreach and education tasks. The expanded use of internships from underrepresented communities could build career path opportunities and relevancy for the next generation of biologists.

• Establishment of specific equity positions within the agency to develop recruitment and outreach material; regularly provide cultural competency training for Department staff; and recruit qualified candidates.

• Expansion of the existing program of technical assistance to private landowners through direct involvement of conservation program biologists as well as information availability, FAQ documents and project coordination with partner agencies and NGO’s.

• Development of a more comprehensive social media strategy that includes: media portals, increased social media presence, campaign-oriented advertising / marketing, and engagement of those with expertise in social media. Contracting for expertise in marketing and education, rather than hiring staff to conduct these programs.

Some members of the public and the task force have suggested that HB 2402 requires the Task Force to conduct a thorough review of ODFW programs as part of its responsibilities. As noted earlier, the Task Force discussed at length the intent of the legislation in this regard and believes that a macro approach to program adjustments is the appropriate response to this portion of its charge. A micro approach, e.g. line item budget adjustments to ODFW programs, is beyond the scope of the Task Force’s assignment and more properly assigned to the Fish and Wildlife Commission and the Legislature. Development of the ODFW budget is a lengthy process and includes extensive involvement of the 50-member External Budget Advisory Committee representing a wide variety of interests. In addition, public comments are received at budget meetings throughout the state and before the Fish and Wildlife Commission.

Department budget proposals, especially those including recommended increases in license fees (as in
As part of the 2015-17 budget process, ODFW significantly reduced spending. The 2015-17 FTE count is 5% lower than in the preceding biennium (2013-15 – 1258.99 FTE / 2015-17 - 1198.26 FTE.) In addition, ODFW took other steps to reduce costs, including streamlining administrative processes and consolidating programs.

While the Task Force recognizes that further cost savings may be possible and additional analysis may be desirable, its ability to engage in detailed program evaluations has been limited by the schedule established in HB 2402 for delivery of its recommendations to the Legislature.

3. **LEVERAGING/PARTNERSHIPS (Task 3)**

Partnerships and leveraging of available funding and staffing is critical to successful fish and wildlife management and conservation. As the January 2016 Secretary of State audit notes, while ODFW has the statutory responsibility to manage the state’s fish and wildlife, it “only directly manages 3% of Oregon’s lands. It has limited authority to regulate how landowners manage their lands, a challenge given that private lands comprise almost half of the state. In order to accomplish its mission, ODFW must work cooperatively with private landowners and other government agencies.” This cooperative approach is especially important in Oregon’s nearshore environment. The Secretary of State audit includes a graphic representation of the complexity of this effort which requires ODFW to coordinate its work with “at least 19 different partners, not including cities and counties.”

In its initial presentation to the Task Force, ODFW highlighted an example of partnership efforts to restore and improve habitat. The Mule Deer Initiative was a collaborative effort involving private landowners, public land managers, organizations, and numerous volunteers. While the focus of this effort was on mule deer, it benefitted many other species as well. In five years, the initiative improved more than 260,000 acres of habitat. The Task Force recommends that ODFW aggressively pursue additional landscape level conservation efforts to benefit native fish and wildlife.

Another partnership example is the Department’s Hunter Education program, which relies on volunteer instructors to provide the training. As noted in the Department’s 2015 Volunteer Program Annual Report on the ODFW website, 527 volunteer hunter education instructors provided 28,776 hours of instruction valued at more than $1-million. According to that same report, in 2015, nearly 14,000 volunteers contributed nearly 220,000 hours of service valued at $6.3 million. This figure does not include the value of collaborative efforts with other state, federal and local government agencies.
Many other existing partnerships could be cited, such as working with Travel Oregon and its contractors on development of a new, customer focused website and with Travel Lane County on a guide to fishing locations in the area. There are also numerous examples of ongoing partnerships and cooperation with landowners on habitat restoration and fish screening projects, providing access and easements through Access and Habitat and Restoration and Enhancement programs. Cooperation with state and federal agencies, universities, and organizations resulted in the delisting of Oregon Chub (the first fish to be recovered and removed from endangered species list) and precluded the need for listing of sage grouse under the federal Endangered Species Act.

The Task Force recommends ODFW expand these efforts to gain maximum benefit from state investments and engage more Oregonians in conservation. It recognizes that to best meet the objectives it has identified for alternative, sustainable funding, leveraging and coordinating with existing programs and with new and existing partners will be essential. Other recommendations include:

- Pursue landscape-level, cooperative efforts modeled after the Mule Deer Initiative that accomplish multiple conservation objectives.
- Expand volunteer education partnerships such as the Hunter Education program.
- Investigate establishing a recreation and education partnership among agencies that reduces redundancies and improves connections to the public.
- Pursue partnerships with the academic community to coordinate conservation research.
- Continue to partner on projects to improve or restore habitat with public and private entities that own or manage land.
- Pursue opportunities to coordinate with the outdoor recreation community.

Specific opportunities to implement these recommendations include:

- Leverage funds at the federal level available for conservation, engaging the public in outdoor recreation, engaging diverse and underrepresented communities, enhancing hunting and fishing opportunities, and other related aspects of these recommendations. Examples include:
  - Conservation funding proposed by the national Association of Fish and Wildlife Agencies (if Legislation is successful, 3:1 match) (see Section F.4 below.)
  - Federal Cooperative Endangered Species grants
  - Farm Bill programs that provide financial and technical assistance to landowners, tribes and others
• Leverage funds and expand partnerships with other state agencies, such as providing technical assistance to agencies like DEQ and Oregon Parks and Recreation that have not historically been partners with ODFW in conservation efforts. Potential examples include establishing a Recreation and Education Partnership program among agencies that reduces redundancy as well as improves connections to the public.

• Pursue partnerships with the academic community including internships, field activities, and coordinated research efforts in science and human dimensions.

• Continue to partner with public and private entities that own or manage land on projects to improve or restore habitat. ODFW has jurisdiction over fish and wildlife species (unless federal intervention, i.e., ESA) but not the habitat (aside from state wildlife areas). ODFW has had some success in developing these partnerships (ex. Mule Deer Initiative to restore mule deer habitat.) Additional effort should be made to develop similar partnerships to leverage available funding. Potential partners include: federal land management agencies (USFS, BLM, USFWS); state agencies; regional and local governments (METRO, counties); tribes; NGO’s; watershed councils; and soil and water conservation districts.

• Increase opportunities to coordinate with the outdoor recreation industry. For example, ODFW currently partners with Dicks, Cabelas and BiMart to highlight fishing opportunities by using a customized end-cap display. The display is located in the same area where people can purchase fishing gear associated with panfish and trout fishing. The end-caps also include ODFW branding and “how-to” information. Industry has expressed interest in expanding these promotional efforts to include other fishing, hunting and wildlife viewing activities. ODFW also partners with Cabelas to conduct classes on deer, turkey and bird hunting, as well as fishing. With more resources, these successful efforts could be expanded and could include non-hunting and fishing related activities.

• For public education and outreach, recognize that others may have a greater reach and ability to engage broader audiences (especially in communities without a strong existing ODFW connection). Specific strategies include:
  • Collaborate with conservation organizations to educate the public about ODFW and conservation issues.
  • Identify key influencers and partner directly with them to build trust and effectively deliver conservation education.
  • Partner in outreach content and curricula. For example, cooperate with the Oregon Department of Education in content development that satisfies state curriculum criteria for teaching and OSU Extension in Outdoor School type curriculum.
  • Coordinate funding / cross-pollinate positions with other agencies on outdoor engagement
(e.g., graphic designer that works across agencies).

- Build from / learn from existing programs, such as the Youth Conservation Corps, Salmon in the Classroom, etc. ODFW currently is involved in small scale efforts like these, such as use of YCC at Ladd Marsh Wildlife Area, but expansion of these efforts is limited by available staffing in the respective area.

- To best engage diverse and underrepresented communities, partner (including contract) with entities that represent underserved audiences and that can help grow relationships.

4. ADDITIONAL RECOMMENDATIONS

During its deliberations, the Task Force identified several additional related recommendations for consideration by the Legislature, Oregon Fish and Wildlife Commission, and ODFW. These include:

a. SUPPORT FOR FEDERAL LEGISLATION FOR CONSERVATION PROGRAM FUNDING

HB 2402 authorizes the Task Force to make recommendations on additional issues that “may impact the Department’s funding or ability to achieve its mission.” In developing these recommendations, the Task Force recognizes that there are national efforts underway to identify new federal funding for state conservation programs. At the national level, a Blue Ribbon Panel, convened by the National Association of Fish and Wildlife Agencies, is recommending Congress approve legislation providing $1.3-billion per year in funding for conservation programs that would, among other things, help avoid federal Endangered Species Act listings. Legislation was introduced in 2016 and will be reintroduced in 2017. If this legislation is successful, Oregon could receive approximately $46 million per biennium in new federal funds for conservation efforts. This would require a 25% match by the State, approximately $11.5 million in non-federal funds. This match could come from funding sources identified by the Task Force. In developing its recommendation on the funding need, the Task Force did not consider any new federal funding in recognition of the challenges inherent in securing successful Congressional approval of the Blue Ribbon Panel recommendations. The Task Force recommends that the ODFW Commission and Oregon legislature support the national effort.

b. MONITORING AND MEASURING OUTCOMES

A Guiding Principle in the Task Force’s recommendations is that monitoring and measurable outcomes be instituted as part of any alternative funding program. The abbreviated timeframe for delivery of its recommendations to the Legislature has limited the Task Force’s ability to define measures for monitoring and measuring outcomes of the additional funding proposed. However, the Task Force believes that it is essential that monitoring programs and clearly-defined measures be developed and that there is regular reporting on whether and how the funding objectives are being met.

The Task Force recommends that, as an initial action following approval of alternative funding, appropriate monitoring and reporting programs be developed based upon specific metrics developed by the Department in consultation with stakeholder groups. Additional suggestions include:
• By statute, ODFW is mandated to manage fish and wildlife to prevent the serious depletion of any indigenous species, and to maintain all species at optimum levels. The vast majority of species in Oregon are not Strategy Species. In order to carry out this mandate, it should develop a program for regularly assessing the status of those species, recommending conservation actions as necessary, developing metrics for measuring the results of those actions, and coordinating efforts of all partners (state, federal, private, etc.) in implementing the program.

• By statute, ODFW is required to provide reports to each legislative session regarding the Access and Habitat and the Restoration and Enhancement programs. Similar reports on implementation of Task Force recommendations should be required.

• The Oregon Conservation Strategy identifies seven Key Conservation Issues, which are large, landscape scale issues that threaten or potentially affect many species and habitats. These issues can also affect people by reducing land productivity, reducing opportunities for recreation, altering water supplies, or increasing risk of severe wildfires. The Conservation Strategy establishes goals to address each of these issues. Performance metrics should be developed to monitor progress.

• ODFW regularly provides updates to the Legislature on Key Performance Measures (KPMs). Some of these measures could be modified to more closely reflect new efforts. For example, KPM 4 & 5 specifically reference species of concern (Threatened, Endangered or Sensitive) being monitored. These KPMs should be modified to reflect progress on monitoring Strategy Species (and Strategy Habitats) identified in the Oregon Conservation Strategy.

c. INDEXING LICENSE FEES

To provide more certainty for license buyers and the department, the Task Force recommends that future hunting/fishing license fees be indexed to the cost of inflation or some other clear measure. HB 2402 was approved as part of a divisive debate over a proposed increase in license fees. Approval of SB 247, which increased license fees, provided a short-term solution to ODFW’s funding needs. HB 2402 recognized that a long term funding solution was needed. Shifting the cost of current conservation efforts off license fees onto alternative funding, and funding new conservation programs with alternative funding, reduces the pressure on license fees. However, as the Department’s costs increase in the future, additional license fee increases will be necessary. The Task Force recommends that future fee increases be implemented gradually, rather than all at once as has occurred in the past and led to immediate declines in license sales. Indexing future fee increases to the cost of inflation is consistent with the approach taken by SB 247, which implemented incremental fee increases over three biennia. License sales in 2016 were above the 4-year average and showed little effect of the incremental fee increases. This is a stark contrast to previous fee increases in which license sales decreased significantly the year following a fee increase.
d. **EDUCATION/ENGAGEMENT PROGRAM FEASIBILITY STUDY**

As part of its efforts to more effectively connect Oregonians to the outdoors, the Task Force recommends that ODFW conduct a feasibility study on the components of and process for implementation of an expanded education and engagement program. This study will be useful in developing comprehensive strategies, executed in collaboration with partners, to implement this element of HB 2402.

e. **UPDATED INVENTORY OF DEFERRED MAINTENANCE NEEDS**

As discussed in Section D (Funding Need), the estimate of the Department’s deferred maintenance costs is based on a consultant study more than 10 years old (2005). The Task Force recommends a more thorough assessment of deferred maintenance needs be developed in the first biennium following implementation of the Oregon Conservation and Recreation Fund.

f. **HOUSE BILL 3315**

The Task Force recommends the Department continue to develop and refine tools and analysis of data collected for implementation of HB 3315. The Task Force commends the Department for expanding this effort beyond the narrow requirement outlined in HB 3315 to include additional activities. This information will be invaluable to the Department and policy makers in understanding the time and cost involved in performing a number of activities, some of which may be reimbursable under HB 3315.

HB 3315, approved by the 2015 Legislature, outlines a process whereby ODFW may eventually invoice other state agencies for biological consultation on projects or efforts undertaken, permitted or authorized by those agencies. Those costs can be significant and are generally not covered or reimbursed by the permit applicants, authorizing agency or general fund. Rather, these costs are typically covered by license revenues, which fund the salaries of staff who become engaged in performing these services. In 2015, the Department estimated that ODFW field staff spent 10-25% of their time responding to either required or requested input from other state agencies. Due to the timelines involved in the other agency’s regulatory process, this often requires ODFW staff to make these review requests a high priority, meaning other work directly related to management of fish and wildlife is delayed or not done. The Department has begun tracking hours and personnel costs associated with these reviews and, in 2019, will begin invoicing other state agencies for these services. It presented the Task Force with an initial estimate of hours worked and personnel costs associated with work for and with other agencies and organizations. Only about one percent would be subject to reimbursement under HB 3315. Because complete information was not available at the time the Task Force developed its recommendations, it opted to not include any potential revenue resulting from HB 3315 in its identification of a revenue target. Also, should this revenue eventually become available, it will not provide sufficient resources to more fully implement the Department’s mission.
APPENDICES

APPENDIX A: Task Force Roster

APPENDIX B: HB 2402

APPENDIX C: Summary of survey of 900 Oregonian residents’ opinions on and values related to ODFW

APPENDIX D: June 7, 2016 Memo from Beth Patrino, Committee Services: Information on Funding Alternatives: Response to information requested on 11 funding alternatives identified for further study
APPENDIX A:

**FUNDING FOR FISH, WILDLIFE AND RELATED OUTDOOR RECREATION AND EDUCATION TASK FORCE ROSTER**

<table>
<thead>
<tr>
<th>NAME</th>
<th>AFFILIATION</th>
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<tbody>
<tr>
<td><strong>Members</strong></td>
<td></td>
</tr>
<tr>
<td>Scott Welch</td>
<td>Columbia Sportswear</td>
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<tr>
<td>Rob Morrison</td>
<td>Leupold &amp; Stevens Corp.</td>
</tr>
<tr>
<td>Claire Puchy</td>
<td>Retired, Portland Bureau of Environmental Services</td>
</tr>
<tr>
<td>Robb Ball</td>
<td>The Nature Conservancy</td>
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<tr>
<td>Kenji Sugahara</td>
<td>OR Bicycle Racing Association</td>
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<tr>
<td>Meryl Redisch</td>
<td>Retired, Portland Audubon Society</td>
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<tr>
<td>Bruce Taylor</td>
<td>OR Habitat Joint Venture</td>
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<td>James Nash</td>
<td>6 Ranch Fly Fishing</td>
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<td>Mark Labhart</td>
<td>Tillamook Co. Board of Commissioners</td>
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<td>Tricia Tillman</td>
<td>Multnomah Co. Health Dept.</td>
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<tr>
<td>Queta Gonzalez</td>
<td>Center for Diversity &amp; Environment</td>
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<td>Kari Westlund</td>
<td>Travel Lane County</td>
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<td>Nancy Bales</td>
<td>Gray Family Foundation</td>
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<td>Jim Martin</td>
<td>Retired, Pure Fishing Company</td>
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<td>Brad Pettinger</td>
<td>Oregon Trawl Commission</td>
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<td>Mike Herbel</td>
<td>Neskowin Store</td>
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<td>Paul Donheffner</td>
<td>OR Hunters Association</td>
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<td><strong>EX-OFFICIO</strong></td>
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<td>Sen. Chris Edwards</td>
<td>OR Legislature</td>
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<td>Sen. Doug Whitsett</td>
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<td>Rep. Ken Helm</td>
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<td>Rep. Wayne Krieger</td>
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<td>Mike Finley</td>
<td>ODFW Commission Chair</td>
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<td>Curt Melcher</td>
<td>ODFW Director</td>
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<td><strong>STAFF</strong></td>
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<td>Jim Owens</td>
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<td>Cogan Owens Greene</td>
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<td>Brett Browncombe</td>
<td>Natural Resource Policy Advisor</td>
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<td>Beth Patrino</td>
<td>Legislative Services</td>
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<td>Roger Fuhrman</td>
<td>Administrator, Information &amp; Education Division</td>
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<td>ODFW</td>
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House Bill 2402

Introduced and printed pursuant to House Rule 12.00. Presession filed (at the request of Governor John A. Kitzhaber, M.D.)

CHAPTER .................................................

AN ACT

Relating to State Department of Fish and Wildlife funding; and declaring an emergency.

Whereas Oregon residents have a strong and growing interest in healthy populations of native flora and fauna and the habitat that sustains them; and
Whereas it is in this state's interest to enhance the State Department of Fish and Wildlife's ability to conserve the natural resources under its jurisdiction and to connect a diversity of this state's residents to those natural resources through education and outdoor recreation opportunities that include, but are not limited to, hunting and angling programs; and
Whereas hunting and angling have supported this state's fish and wildlife conservation efforts for generations and continue to provide significant recreational opportunities and economic benefits to the people and communities of this state; and
Whereas it is in this state's interest to enhance the public's engagement in and understanding of hunting and angling and the values they support; and
Whereas it is in this state's interest to diversify and broaden the base of the State Department of Fish and Wildlife's revenue stream in a sustainable manner that ensures that individual beneficiaries of the Department's services equitably contribute to the revenues of the Department based on the services they receive; now, therefore,

Be It Enacted by the People of the State of Oregon:

SECTION 1. It is the intent of the Legislative Assembly that the task force established under section 2 of this 2015 Act develop recommendations for legislation that will carry out the following purposes:
(1) Strengthen the State Department of Fish and Wildlife's ability to carry out conservation and related outdoor recreation and education programs that benefit the nonhunting and nonangling members of the public whose values and pursuits are connected to healthy native fish and wildlife and healthy fish and wildlife habitat;
(2) Maintain and enhance hunting and angling opportunities, improve public access and habitat conservation programs related to hunting and angling, and improve public education about the recreational, economic and conservation benefits of hunting and angling, including within urban and underserved communities, through employing hunting and angling license fee funds and associated federal funds in a manner that is fair and equitable to the fee payers;
(3) Ensure, to the greatest extent possible, that future fee increases, new fees or other new revenue streams for the funding of the Department are developed and implemented in
a manner that ensures that individual beneficiaries of the Department's services equitably contribute to the revenues of the Department based on the services they receive; and
(4) Prioritize actions and allocation of resources that provide for the long-term sustainability of the Department and its ability to achieve its mission.

SECTION 2. (l)(a) The Task Force on Funding for Fish, Wildlife and Related Outdoor Recreation and Education is established, consisting of not fewer than 16 or more than 22 members appointed as follows:
(A) The President of the Senate shall appoint two nonvoting members from among members of the Senate.
(B) The Speaker of the House of Representatives shall appoint two nonvoting members from among members of the House of Representatives.
(C) The State Fish and Wildlife Commission shall appoint one nonvoting member from among the members of the commission.
(D) The Governor shall appoint not fewer than 11 or more than 17 members. All members of the task force appointed by the Governor shall have a general knowledge, understanding and interest in fish, wildlife and fish and wildlife habitat-related natural resource issues. In making appointments, the Governor shall endeavor, to the extent the Governor deems practicable, to ensure that each of the following are represented on the task force:
(i) The outdoor recreation business community;
(ii) Conservation interests;
(iii) Hunting interests;
(iv) Angling interests;
(v) Outdoor recreation interests other than hunting and fishing;
(vi) Members of the general public interested in the health of Oregon's fish, wildlife and fish and wildlife habitat and outdoor recreation and who represent members of Oregon's diverse communities that may be underserved or underrepresented by the State Department of Fish and Wildlife's current operations;
(vii) The travel and tourism industry;
(viii) Counties and tribal governments;
(ix) The outdoor education community;
(x) The sport fishing industry; and
(xi) The commercial fishing industry.
(b) The State Fish and Wildlife Director, or the director's designee, shall serve ex officio as a nonvoting member of the task force.
(2) The task force shall:
(a) Identify and recommend potential alternative, sustainable funding sources for the State Department of Fish and Wildlife that are consistent with the intent and purposes set forth in section 1 of this 2015 Act and that may include:
(A) The taxation of the sale of recreational outdoor equipment, clothing or related goods; (B) Contributions from businesses, organizations and individuals to support the protection and conservation of native nongame wildlife and nongame wildlife habitat;
(C) Fees for services provided by the Department to other agencies, organizations or interests;
(D) Fees levied on activities and uses of natural resources that provide commercial benefits and impact fish, wildlife or fish or wildlife habitat;
(E) Endowments, trust funds or other instruments capable of providing stable funding in perpetuity; or
(F) Other funding models, mechanisms or partnerships.
(b) Develop recommendations on whether adjustments are necessary to ensure that relevant Department program areas are funded in accordance with the intent and purposes set forth in section 1 of this 2015 Act, while taking into consideration for each relevant program:
(A) The public services provided through the program;
(B) The funding necessary for the program to provide optimal benefits; and
(C) The sources of funding for the program.

c) Identify and recommend opportunities for the Department to better achieve its
mission and conservation program objectives through leveraging, coordinating and budgeting
funds from alternative sources and existing sources including, but not limited to, federal
funds, licenses and permits, lottery funds and mitigation funds.

3 In carrying out its duties under subsection (2) of this section, the task force shall:
(a) Solicit, collect and consider testimony and recommendations from a wide variety of
stakeholders;
(b) Ensure that any recommendations made by the task force comply with the
Department’s mission, the Oregon Constitution and federal law;
(c) Identify, procure and consider any research, surveys and other information that the task
force deems necessary for developing informed recommendations;
(d) Consider the practicality of proposed options, including, but not limited to, the logistics
of implementation and administration; and
(e) Identify and develop strategies for informing and educating the public about:
(A) The long-term funding needs of the Department;
(B) The benefits of providing stable, alternative funding for the management and
conservation of fish, wildlife and fish and wildlife habitat; and
(C) The net economic benefits to Oregon’s economy of fishing, hunting and other wildlife-related
recreation and habitat improvement and protection efforts.

4 The task force may:
(a) Accept comments and exhibits from public and private sources, examine Department
records and take other actions reasonable for carrying out the work of the task force; and
(b) Make recommendations on other issues that may impact the Department’s funding or
ability to achieve its mission, including but not limited to the recruitment and retention of
hunters and anglers, promotion of the Department’s programs, predation, and habitat
improvement.

5 A majority of the voting members of the task force constitutes a quorum for the
transaction of business.

6 Official action by the task force, including adoption of the report and recommendations
described in subsection (11) of this section, requires the approval of a majority of the voting
members of the task force.

7 The task force shall meet at times and places specified by the call of the chairperson or of
a majority of the voting members of the task force.

8 The task force may adopt procedures necessary for the operation of the task force.

9 The task force shall submit a report in the manner provided by ORS 192.245, and
may include recommendations for legislation, to the interim committees of the Legislative
Assembly related to the environment and natural resources no later than September 15, 2016.

10 The Legislative Administration Committee shall provide staff support to the task
force.

11 The Legislative Administration Committee may accept, on behalf of the task force, contributions
of moneys and assistance from the United States Government or its agencies or from any
other source, public or private, and agree to conditions placed on the moneys not inconsistent
with the duties of the task force. All moneys received by the Legislative Administration
Committee under this subsection shall be deposited into the Fish, Wildlife and Related
Outdoor Recreation and Education Fund established under section 3 of this 2015
Act to be used for the purposes of carrying out the duties of the task force.
Members of the task force who are not members of the Legislative Assembly are not entitled to compensation, but may be reimbursed for actual and necessary travel and other expenses incurred by them in the performance of their official duties in the manner and amounts provided for in ORS 292.495. Claims for expenses incurred in performing functions of the task force shall be paid out of funds appropriated to the Legislative Administration Committee for purposes of the task force under this section.

All agencies of state government, as defined in ORS 174.111, are directed to assist the task force in the performance of its duties and, to the extent permitted by laws relating to confidentiality, to furnish such information and advice as the members of the task force consider necessary to perform their duties.

SECTION 3. The Fish, Wildlife and Related Outdoor Recreation and Education Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Fish, Wildlife and Related Outdoor Recreation and Education Fund shall be credited to the fund. All moneys in the Fish, Wildlife and Related Outdoor Recreation and Education Fund are continuously appropriated to the Legislative Administration Committee for the purposes of carrying out the duties of the task force established under section 2 of this 2015 Act.

SECTION 4. (1) Sections 1 to 3 of this 2015 Act are repealed on December 31, 2016.
(2) Any moneys remaining in the Fish, Wildlife and Related Outdoor Recreation and Education Fund on December 31, 2016, that are unexpended, unobligated and not subject to any conditions shall revert to the General Fund.

SECTION 5. This 2015 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect on its passage.

Passed by House June 26, 2015
Passed by Senate June 30, 2015

Jeanne P. Atkins, Secretary of State
Uncertain future trends in hunting and fishing participation have caused many agencies to begin to explore potential alternative sources of funding. While hunting and fishing license dollars make up the primary means of support for most agencies, the conservation and management services provided by state fish and wildlife Departments benefit all citizens, not just hunters and anglers. As a result, there is growing interest in measuring the attitudes of the general population (including non-hunters and non-anglers) with regard to their awareness and understanding of the work of their state fish and wildlife agency and its value to their daily lives. Knowing this information is the first step to broadening agency funding support down the road.

Responsive Management recently completed a new study for the Oregon Legislative Task Force on Funding for Fish, Wildlife, and Related Outdoor Recreation and Education to determine Oregon residents’ attitudes toward wildlife and wildlife-related funding, as well as their knowledge of and opinions on the Oregon Department of Fish and Wildlife and its efforts. The study entailed a scientific telephone survey of Oregon residents, with landlines and cell phones called in their exact proportions. In addition to exploring knowledge and impressions of the Oregon Department of Fish and Wildlife, the survey examined opinions related to the protection of fish, wildlife, and habitat; satisfaction with the Department overall; opinions on Department priorities; knowledge of Department funding; and information sources about fish, wildlife, recreation, and conservation. The research also explored respondents’ participation in outdoor recreation, including any constraints to participation experienced.
Ecological Values More Important to Oregonians Than Utilitarian Values

A few basic findings from the survey affirm the importance of wildlife and their habitat to Oregon residents. An early question asked respondents to rate the importance of eight fish and wildlife values using a 0 to 10 scale. The top two values in the ranking—"that healthy fish and wildlife populations exist in Oregon" and "that Oregon's water resources are safe and well protected"—are purely ecological rather than utilitarian. The more utilitarian values, such as the provision of opportunities for hunting, fishing, and viewing wildlife, received lower ratings of importance from Oregon residents.

An open-ended question then asked about the most important fish, wildlife, or habitat issue in Oregon (residents could say anything that came to mind). The top issues are habitat loss, lack of water, low/declining fish populations, urban sprawl, and conservation/management of resources in general.

High Ratings for the Oregon Department of Fish and Wildlife

Before focusing on the Department specifically, the survey measured satisfaction with the protection and management of fish, wildlife, and habitat in Oregon in general. Satisfaction (61% of residents) well exceeds dissatisfaction (18%). (Interestingly, a top reason for being dissatisfied with the protection and management of fish, wildlife, and habitat in Oregon is related to a lack of funding, including for the staffing of enforcement officers.)

Regarding the Department specifically, slightly more than half of Oregon residents (56%) are able to correctly name the agency responsible for protecting and managing fish, wildlife, and habitat in the state. Satisfaction with the agency is also high, with 65% of Oregonians being satisfied compared to only 12% being dissatisfied with the agency. The Department is also widely viewed as a credible agency, with about 9 out of 10 Oregon residents describing it as such (more than half say the agency is very credible).

Importance of Ecological Values Translates to Preferred Department Priorities

The survey presented ten efforts of the Department and asked residents to rate how important each one should be for the agency on a 0 to 10 scale. Residents were then asked to rate the performance of the Department in the same areas.

Regarding how important the efforts should be, ecological efforts are again at the top of the ranking: "conserving and restoring fish and wildlife habitat," "protecting endangered species," and "protecting and restoring native fish and wildlife species in Oregon."
Comparatively human-centered efforts, such as the provision of opportunities for wildlife-related recreation and providing information and education, rank lower.

Regarding the Department’s current performance, the effort with the highest mean rating is "providing opportunities for fish- and wildlife-related recreation" (a human-centered effort), closely followed by "protecting endangered species" (an ecological effort). After these, ecological efforts tend to be rated higher than the more human-centered efforts.

**Diverging Opinions on Department Funding.**

In an open-ended question (respondents could answer with anything that came to mind), residents were asked how they thought the Department was funded. The most common response was taxes in general (53% named this). This answer, of course, is not entirely correct, as relatively little of the agency's funding comes from general taxes. The next most common response was a correct funding source: hunting and fishing licenses (30% named this source). Meanwhile, just 4% of residents named excise taxes on hunting and fishing equipment (an important funding source).

Another open-ended question asked what residents think should be the primary source of funding for the Department. General taxes was the top response (33% gave this answer), with no elaboration on the type of taxes or otherwise more specifically defining the taxes. The second most common response was hunting and fishing licenses (19%). General state taxes (7%) was third, but this response is nearly the same as the top response (taxes in general), suggesting that 40% of respondents think that general state taxes should be the primary source of funding for the Oregon Department of Fish and Wildlife.

After being informed that only 9% of the Department's funding comes from general state tax revenues, residents were asked whether they thought that amount was too little, too much, or about right. The most common responses are that it is too little (41%) or that it is about the right amount (40%); only a small percentage of Oregon residents say that it is too much (4%).

**Complete Survey Findings and Cross tabulations Available Online**

The survey data were analyzed by key demographics, including county of residence, gender, and age. To examine the differences in attitudes among Oregon residents who were familiar or unfamiliar with the Oregon Department of Fish and Wildlife, Responsive Management also cross tabulated the data by awareness of the agency. The full survey report is available here.

**Additional Research to Explore Attitudes Toward Specific Funding Mechanisms**

Responsive Management will be working with the Oregon Legislative Task Force on Funding for Fish, Wildlife, and Related Outdoor Recreation and Education again this fall to conduct a survey that will examine opinions on specific funding mechanisms and options for the Department and its efforts.
June 7, 2016

TO: Task Force on Funding for Fish, Wildlife and Related Outdoor Recreation and Education

FROM: Beth Patrino, Committee Services

SUBJECT: Information on Funding Alternatives

At its meeting on May 17, 2016, the Task Force on Funding for Fish, Wildlife and Related Outdoor Recreation and Education (Task Force) identified the following 11 funding alternatives for further study and requested additional information about each alternative:

1. Marijuana tax revenue
2. Tax on recreational equipment
3. 5-cents of Bottle Bill deposit
4. New bottled water fee
5. General Fund
6. Lottery Fund
7. Wildlife license plate
8. Personal income tax return surcharge
9. Lodging tax
10. Rental car fee
11. 1% for Wildlife Program

The information requested is presented below along with some basic background information on each funding source.
CONCEPT 1: MARIJUANA TAX REVENUE

Background: Measure 91 (2014) legalized the sale and use of marijuana for recreational purposes. HB 2041 (2015) established a 17 percent tax on the retail sale of marijuana-related items beginning January 1, 2016. The tax is collected by marijuana retailers at the point of sale and remitted to the Department of Revenue (DOR) on a quarterly basis. Retailers are allowed to retain 2 percent of their gross collections in order to cover costs. After covering its administrative costs DOR deposits the remaining revenue in the Oregon Marijuana Account.1

Task Force Questions and Answers:
1. Revenue available for distribution (LRO May 2016 estimate):
   - 2015-2017: $43 million
   - 2017-2019: $60 million

2. Who receives these revenues? The current distribution from the account (as set in Ballot Measure 91):
   - 40% to the Common School Fund
   - 20% to mental health
   - 15% to State Police
   - 10% to cities
   - 10% to counties
   - 5% to the Oregon Health Authority

3. Who else may be interested in this revenue? Everyone included in the current revenue distribution formula above, but especially local governments, law enforcement and mental health advocates.

4. Cost of implementation (collection mechanism, ease of administration): Redirecting revenues to a different program is a budget decision. The collection mechanism is in place.

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1 Revenue Measures Passed by the 78th Legislature - 2015 Session - Research Report #3-15 prepared by the Legislative Revenue Office
5. **What is the certainty of this revenue stream going forward?** “… (t)he revenue stream and cost expenditures are likely to stabilize and become more predictable during the 2015-2017 biennium and the succeeding four biennia.”

6. **What is the legality of the marijuana program going forward?** At the federal level, marijuana continues to be classified as a Schedule I substance under the Controlled Substances Act. Schedule I substances are considered to have a high potential for dependency and no accepted medical use. Distribution of marijuana remains a federal offense.

7. **Which counties have opted out of selling recreational marijuana?** Here is a map of local control of marijuana businesses in Oregon (see page 7 of this presentation).

8. **What is the effect of marijuana growing operations on conservation values (i.e., habitat, water quality, etc.)?** The answer to this question largely depends on the type of marijuana grow. Illegal grow sites are essentially unregulated, and have the potential to have more negative impacts on natural resources. Legal grow sites in Oregon will be treated similarly to other agricultural operations. Currently, the Oregon Water Resources Department is engaging with the industry over water issues, and the Oregon Department of Agriculture regarding pesticide applications. There is also a task force studying best practices for the marijuana industry.

   A specific example of the effect of marijuana grow sites on wildlife has been identified for the West Coast Fisher. Federal biologists have recognized the use and prevalence of anticoagulant rodenticides (AR) within fisher habitat as a major threat to the species. According to the U.S. Fish and Wildlife Service, the proximity of a large number of marijuana cultivation sites to fisher populations in California and Oregon have led researchers to implicate marijuana cultivation sites as likely the most significant source of AR exposure in fishers.

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2 *Updated Marijuana Tax Revenue Estimates – Research Brief #4016, May 2016* prepared by the Legislative Revenue Office
3 *State Medical Marijuana Laws, National Conference of State Legislatures, April 2016*
4 *Fisher Toxicant Fact Sheet, U.S. Fish and Wildlife Service, October 2014*
CONCEPT #2: TAX ON RECREATIONAL EQUIPMENT

**Background:** A tax on equipment such as hiking packs, stoves, mountain bikes, snow shoes, skis, snowboards, tents, sleeping bags, boots, and the like would expand the funding base beyond the traditional hunting and angling population. Items that are typically subject to an excise tax under the Dingell-Johnson and Pittman-Robertson Acts (DJ/PR) would be excluded from this tax. Additionally, there would be no taxes on services related to these outdoor activities. The taxation of apparel could be difficult due to the ability of the apparel to be used in situations other than outdoor recreation.

**Task Force Questions and Answers:**

1. *What equipment would be taxed?* The type of gear that would be taxed would be gear that is used for the following categories of outdoor recreation: Trail-based sports, bicycling, camping, snow-based sports, water-based sports, and wildlife viewing. To a lesser extent, some outdoor gear used for hunting and fishing would be subject to the tax. This estimate would include all of the equipment used in these sports (This likely includes products in the following list: skis, ski, snowshoe, and hiking poles, boots, bindings, canoes, kayaks, rafts, stand up paddle boards, trail running shoes, biking shoes, boots, bicycles, helmets, lights, binoculars, spotting scopes, field guides, technical backpacks, hydration systems, tents, sleeping bags, sleeping pads, stoves, water purification products, hammocks, coolers, wind/kite surfing equipment, head lamps, lanterns, technical tarp systems, camping chairs, snow shoes, compasses, maps, knives, multi-tools, avalanche safety equipment) The list may be refined as the concept develops.

2. It is important to note that detailed information is not available on the sales of these types of products. As a preliminary approach, surveys of outdoor recreation are utilized to estimate the size of the market for outdoor gear. Respondents who participate in these types of activities report on their gear expenditures in a given year. If respondents don’t participate in outdoor activities, their expenditures will not be counted. It is possible that some types of gear will be used by individuals who do not report participating in outdoor recreational activities. The survey is likely to capture a subset of the market for outdoor gear. The uncaptured portion of the market is the gear purchased by individuals for purposes other than outdoor recreation. Examples of this would be travelers who purchase hiking boots for their trip or students who purchase a high-tech backpack suitable for outdoor recreation but use it only for books.

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5 Information provided by Christine Broniak, Economist, Legislative Revenue Office
3. **Surveys of Expenditures**

4. In an Outdoor Industry Association Survey conducted by Southwick Associates entitled “The Economic Contributions of Outdoor Recreation, 2013,” respondents reported on their expenditures to participate in various types of outdoor activities. The expenditures were divided into three major categories of motorized sports, non-motorized sports, and wildlife-related recreation. The non-motorized category includes trail-based sports, bicycling, camping, snow-based sports, and water-based sports. The motorized category includes motorcycling, off-road riding, boating, snowmobiling, and RVing. Expenditures are reported for equipment and accessories associated with non-motorized recreation. Expenditures are omitted for apparel and services, as these items would not be taxed.

5. Estimates for wildlife watching expenditures can be added to the non-motorized category from the separate “National Survey of Fishing, Hunting, and Wildlife Related Recreation.” Certain expenditures for fishing and hunting were omitted because they are already subject to DJ/PR taxes and apparel was excluded as a taxable item for all categories due to the difficulty in separating out sport specific apparel from more casual apparel. A ten percent portion of apparel was then added back to account for applying the tax to outdoor footwear. The non-motorized recreation (excluding wildlife-watching) expenditures are allocated to Oregon as follows:

<table>
<thead>
<tr>
<th>Expenditures $Thousands</th>
<th>Trail</th>
<th>Biking</th>
<th>Camping</th>
<th>Snow</th>
<th>Water</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oregon Expenditures on Trips and Equipment</td>
<td>1,407,990</td>
<td>973,629</td>
<td>2,786,438</td>
<td>842,903</td>
<td>631,569</td>
<td>6,642,528</td>
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<td>U.S. Total Expenditures on Trips and Equipment</td>
<td>61,992,868</td>
<td>72,341,361</td>
<td>121,358,059</td>
<td>45,540,009</td>
<td>30,665,486</td>
<td>331,897,784</td>
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<tr>
<td>Oregon Percentage</td>
<td>2.3%</td>
<td>1.3%</td>
<td>2.3%</td>
<td>1.9%</td>
<td>2.1%</td>
<td>2.0%</td>
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</table>

<table>
<thead>
<tr>
<th>U.S. Total Equipment and Accessories Expenditures $Thousands</th>
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<tr>
<td>Equipment Expenditures</td>
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<tr>
<td>Accessory Expenditures</td>
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<tr>
<td>10% of Apparel Expenditures (Footwear)</td>
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<tr>
<td>Total</td>
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<tr>
<td>x 2.3%</td>
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<tr>
<td>=</td>
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<tr>
<td>Oregon Total Equipment and Accessory Expenditures $Thousands</td>
</tr>
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</table>

The 2011 USFWS “National Survey of Fishing, Hunting, and Wildlife-Associated Recreation” reports on the various types of equipment that may be used for wildlife related recreation. Certain hunting and fishing expenditures, labelled “Auxiliary Equipment” by the survey, include sleeping bags, packs, duffel bags, tents, binoculars and field glasses, special fishing and hunting clothing, foul weather gear, boots and waders, maintenance and repair of equipment, processing and taxidermy costs, and electronic equipment such as GPS devices. These categories of expenditures in state total $46.0 million for hunting
and fishing combined. (FHWAR Survey, Table 23) It is assumed that 70 percent of these expenditures would be for taxable items. The total that would be taxable is estimated to be $32.2 million.

This estimate is admittedly imperfect, but more detailed breakdowns within this category are not available. For wildlife watching, further equipment breakdowns are available (FHWAR Survey, Table 33.)

- Binoculars and spotting scopes: $26.0 million
- Day Packs, Carrying Cases and Special Clothing: $22.5 million (less 1/3 for clothing): $15.0 million
- Auxiliary equipment: $29.5 million
- Total Wildlife Watching Equipment Expenditures: $70.5 million

The total expenditures for wildlife-related recreation are $102.7 million. In addition to the $384 million spent on gear for the other sports, the total of the expenditures for taxed equipment is $486.7 million. A tax of 1 percent on this equipment would yield $4.9 million per year.

6. How would such a tax be administered and what would the administrative costs be? Sales taxes are collected by retailers (including online retailers) on relevant items and remitted to the Department of Revenue on a periodic basis. Costs apply to enforce the payment of this tax and to set up the required forms and online infrastructure to collect the taxes.

Administrative costs are generally estimated to be roughly 1 percent of the amount of sales tax collected. Administrative costs for the collection of this type of tax are therefore estimated to be $50,000 per year. It is possible that the costs could be slightly higher because the 1 percent figure reflects economies of scale involved in collection of a more comprehensive sales tax.

7. How much revenue would this tax raise? A tax of 1 percent on this equipment would yield $4.9 million per year.

CONCEPT 3: 5-CENTS OF BOTTLE BILL DEPOSIT

6 Information provided by Mazen Malik, Senior Economist, Legislative Revenue Office
soft drinks. All redeemable containers are labeled with the OR 5¢ refund value on the label. Container sizes are up to and including 3 fluid liters. Effective January 1, 2018, all beverage containers except distilled liquor, wine, dairy or plant-based milk, and infant formula will include a deposit. The expansion is expected to increase containers with a deposit by 200 million per year.⁷

- Consumers then pay the 5-cent container deposit to the retailer when they make a purchase. When they’re finished, the consumer can return the containers to retail stores or BottleDrop centers in Oregon to redeem their 5-cents. In 2011, the Legislative Assembly passed House Bill 3145, which set a trigger for the deposit to increase to 10-cents if the recycling rate falls below 80 percent for two consecutive years, but not before 2017. It is expected that the Oregon Liquor Control Commission will decide in August 2016 to increase the deposit to 10-cents effective April 1, 2017. The 2014 redemption rate for all container types was 68.28%; 2015 data will be available after July 1.⁸

- Distributors pay retail stores the 5-cent redemption for each container returned to the distributor for recycling. Deposits on containers not returned for a refund (unredeemed deposits) are kept by the distributors.

- Beverage distributors or their contractors who collect containers from stores keep the income from the sale of recyclable material.

**Task Force Questions and Answers:**

1. *What is the annual dollar value of beverage container deposits?* Slightly more than $100 million.

2. *What is the value of unredeemed bottle deposits in Oregon?* The Oregon Beverage Recycling Cooperative (OBRC), a cooperative corporation owned by Oregon beverage distributors and grocery retailers, estimates the current value of unredeemed deposits is approximately $25 million/year.

3. *How are unredeemed deposits currently used?* Under the Bottle Bill, any unclaimed deposits remain with the distributors. OBRC manages the bottle deposit flow, reimburses retailers for refunds paid to the public, picks up and processes returned beverage containers across

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⁷ “Oregon’s Bottle Bill Operations & Recent Legislation, Presentation to AOR Forum, April 14, 2016, John Anderson, President, OBRC

the state, and builds and operates the BottleDrop redemption centers. There are currently 15 Bottle Drop centers in operation, with plans to add 4 new centers each year until there are 45 locations by 2023. The addition of 4 centers each year is expected to increase the OBRC annual budget by $2.5 million. The current OBRC annual operating budget is $26 million.

4. *When the deposit increases to 10-cents, what is the expected percentage of unredeemed deposits?* The increase is likely to shrink the unredeemed amount as a result of the higher reward to redeem. OBRC estimates that the redemption rate will move up to 85%.\(^9\) At that rate, the value of the unredeemed deposits would remain approximately $25 million/year. If the rate goes higher (92% - 95%), the value of unredeemed deposits would fall to $5 - $7 million/year.

5. *When the bottle bill deposit goes from 5-cents to 10-cents where will the additional five-cents go that isn’t redeemed by consumers?* Under the current bottle bill system, unredeemed deposits are kept by the distributors.

**CONCEPT 4: NEW BOTTLED WATER FEE**

**Background:** Collect a fee of $0.01 per bottle of water sold in the state.

**Task Force Questions and Answers:**

1. *How many bottles of water are sold in Oregon each year?* There is not data collected on the number of bottles of water sold in Oregon. Based on data generated in 2009 when water bottles were added to the Bottle Bill deposit system, it was estimated that between 200 and 220 million bottles were sold.\(^{10}\)

2. *How much revenue would a new per bottled water fee generate?* A $0.01 fee per bottle would yield an estimated $2.2 million/year if 220 million bottles are sold. Bottled water consumption has been growing at a rate of 4.31% per year, so the revenue stream is projected to increase.

3. *How might a bottled water fee be administered? Would this fee be assessed and collected at the distributor/wholesale level?* The system by which distributors collect the funds from the bottle bill is already in place. A diversion of these funds would likely have some

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\(^9\)Oregon’s Bottle Bill Operations & Recent Legislation, Presentation to AOR Forum, April 14, 2016, John Anderson, President, OBRC

\(^{10}\)Information provided by Mazen Malik, Senior Economist, Legislative Revenue Office
administrative costs, but these would be reduced somewhat by the enforcement in place for the current bottle bill.

CONCEPT 5: GENERAL FUND

Task Force Questions and Answers:
1. What percentage of the General Fund would be required to yield a goal of $20 million/year in funding for fish and wildlife programs?
   0.111 percent

2. Is it possible to dedicate a portion of the General Fund? While it is possible to dedicate a portion of the General Fund to a particular agency or program, there isn’t a lot of difference between doing so and the regular budgeting process. One legislature can’t bind a future legislature to a budget decision as there is nothing to prevent a future legislature from changing a previous dedication.

3. What is the General Fund appropriation to ODFW in the 2015 – 2017 budget?
   $31,162,079

CONCEPT 6: LOTTERY FUND

Background: Oregon voters first approved the establishment of a state lottery in 1984 with funds dedicated to economic development purposes. Since that time, voters have approved constitutional amendments directing Lottery funds to be used for public education (1995) and natural resources (1998 and 2010). The Oregon Legislature transfers 1 percent of Lottery revenues every biennium to fund problem gambling treatment. The current funding allocation (net proceeds after costs of administration and payment of prizes) is:

- **Public education** (57 percent) - Lottery dollars are distributed into four areas within education: the Education Stability Fund, the State School Fund, colleges and universities and bonds. Lottery funds allocated to public education are administered by the Department of Education and Oregon University Systems.
- **Economic development/job creation** (27 percent) - Lottery funds are allocated for job creation and economic development, providing assistance for a variety of Oregon’s industries such as: manufacturing, high-tech, agriculture, fisheries, solar, medical, tourism, as well as small businesses. Business Oregon administers these funds and programs.

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11 Information provided by Paul Siebert, Principal Legislative Analyst, Legislative Fiscal Office
• **State parks & natural resources** (15 percent) - Lottery funds allocated to state parks and natural resources are administered through the Parks and Natural Resources Fund and divided equally between state parks (7.5%) and watershed enhancement/salmon restoration (7.5%). The Oregon Watershed Enhancement Board administers most of the funds for watershed enhancement and restoration.

• **Problem gambling treatment** (1 percent) - Lottery funds allocated for problem gambling treatment are administered by the Oregon Department of Human Services and are distributed to programs throughout the state.  

**Task Force Questions and Answers:**

1. *How much revenue would a 1% dedication of Lottery funds equal?*  
   Based on the current revenue forecast, 1% of total lottery revenue is about $13.1 million per biennium.

2. *What is the Lottery Fund appropriation to ODFW in the 2015-2017 budget?*  
   $4,917,581

3. *Does the Oregon Constitution dictate the allocation of available Lottery revenue between the prize pool and the funds available for other purposes?*  
   Article XV, section 4, of the Oregon Constitution requires that at least 84 percent of the total annual revenues from the sale of lottery tickets be returned to the public in the form of prizes and net revenues benefitting the public purpose. ORS 461.500 directs that at least 50% of total annual revenues be returned to the public in the form of prizes.

**CONCEPT 7: WILDLIFE LICENSE PLATE**

**Background:** In 2015, the Legislature approved two new special registration plates and changed the laws regarding these plates (House Bill 2730). The bill repealed laws limiting the number of specialty license plates that may be issued by the Oregon Department of Transportation (ODOT) and directs ODOT to establish procedures for the creation of future specialty plates. New plates cannot be created or issued until ODOT receives the amount necessary to cover costs of initiating a plate program. The bill also specifies that if, once a plate is issued, ODOT does not issue at least 2,000 sets in any year, that particular set will cease production. The new program for creation of new specialty plates is scheduled to begin on July 1, 2017.
**Task Force Questions and Answers:**

1. *What is the cost of establishing a new license plate and who pays?* To apply, an organization must submit an application, a digital copy of their proposed plate design and a $5,000 preapproval fee. The Department of Motor Vehicles (DMV) will review each application and plate design for compliance with state laws and DMV rules. Since this is not an allowable use of the highway fund, an organization requesting a specialty plate must pay the upfront costs. Prior to the production and issuance of a new special registration plate, an organization must collect at least 3,000 pre-sale vouchers and $120,000 in surcharge fees (3,000 X $40/each) from individuals wishing to purchase the organization’s proposed special registration plate. Once the organization has collected at least 3,000 vouchers and $120,000 in surcharge fees, it must also submit the balance of the start-up costs to DMV; the amount will depend on various factors, especially plate design, but is estimated to be in the $80,000 ballpark.

2. *How much revenue do specialty plates generate?* A breakdown of the different specialty license plate types and FY 2014 revenue is provided in the chart below. Some existing specialty plates require a one-time fee, others charge a fee at both issuance and renewal. With the new program, the fees will be the same for all new specialty plates: $40 at issuance and renewal. In its analysis of HB 2730 (2015), the Legislative Revenue Office noted: “The specialty plate program seems to have a stable portion out of the total plate market. It seems that the introduction of any new plate (depending on success) will potentially slice away a piece of that market share.”

<table>
<thead>
<tr>
<th>Specialty Plates (year established)</th>
<th>Surcharge</th>
<th>Fund Recipients</th>
<th>Revenue for FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salmon (1998)</td>
<td>$54 per set ($34 surcharge at issuance and renewal)</td>
<td>OWEB and OPRD</td>
<td>$486,947.20</td>
</tr>
<tr>
<td>Crater Lake (2002)</td>
<td>$44 per set ($20 surcharge is a one-time fee)</td>
<td>Crater Lake National Park</td>
<td>$203,762.75</td>
</tr>
</tbody>
</table>

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15 Information provided by Amy Joyce, Legislative Liaison, ODOT
<table>
<thead>
<tr>
<th>Organization</th>
<th>Vanity Plate Details</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural Trust (2006)</td>
<td>$54 per set ($30 surcharge at issuance and renewal)</td>
<td>Oregon Cultural Trust</td>
</tr>
<tr>
<td>Pacific Wonderland (2009)</td>
<td>$124 per set ($100 surcharge is one-time fee) *Limited to 80,000 sets</td>
<td>Oregon State Capitol Foundation and Oregon Historical Society</td>
</tr>
<tr>
<td>Wine Country (2012)</td>
<td>$54 per set ($30 surcharge at issuance and renewal)</td>
<td>Oregon Tourism Commission</td>
</tr>
<tr>
<td>Portland Trail Blazers*</td>
<td>$20 per year of registration</td>
<td>Trail Blazers Foundation</td>
</tr>
<tr>
<td>Breast Cancer Awareness*</td>
<td>$20 per year of registration</td>
<td>Oregon Health Authority-managed fund</td>
</tr>
<tr>
<td></td>
<td>Combined for FY 2014: $1,838,816.96</td>
<td></td>
</tr>
</tbody>
</table>

3. Can organizations access a list of vanity plate purchasers to further its mission? No, organizations cannot get a list of people with certain plates due to privacy laws for DMV records.

CONCEPT 8: PERSONAL TAX RETURN SURCHARGE

Background: A $10 surcharge on individual tax returns. Individuals with a hunting or fishing license would be exempt from this charge.

Task Force Questions and Answers:

1. What revenue would be generated by this surcharge? In 2013, 1,942,678 tax returns were filed with the Department of Revenue. Of those returns, it is estimated that 370,000 unique annual license holders will be exempt from the charge. Therefore, the revenue is estimated to be $15.7 million per year.

16 Information provided by Christine Broniak, Economist, Legislative Revenue Office
2. *Could tiers be created to make more progressive? Or subject to means test? Yes.*

3. *Might the use of income tax surcharge funds affect the receipt of federal funds by ODFW?*

   The US Fish and Wildlife Service will provide information responding to this question prior to the next Task Force meeting on June 30, 2016.

**CONCEPT 9: LODGING TAX**

**Background:** In 2003 the Oregon Legislature established a state lodging tax to provide funding for Travel Oregon. The law required at least 80 percent of net lodging tax receipts be spent on state tourism marketing programs. For new or increased local taxes, the 2003 state law required 70 percent of net revenue to be spent to fund tourism promotion or tourism-related facilities. No new additional taxes can be levied by local governments, unless those taxes are used to fund local tourism programs.

In 2016 the Oregon Legislature passed HB 4146, which included two changes to the state lodging tax rate. Beginning July 1, 2016, the tax rate will be 1.8 percent of the total price charged for lodging. The rate will drop to 1.5 percent on July 1, 2020. Additional taxes can be levied by local governments, and these taxes fund local programs. The measure also established a Transient Lodging Work Group to study issues related to the lodging tax. A report is due in December 2016.

The 2016 law also changed how Travel Oregon is required to spend lodging tax proceeds. The amount required to be spent on state tourism programs decreases from 80 to 65 percent of net lodging tax revenue, while the amount to be spent on regional tourism programs goes to at least 20 percent from a previous maximum of 15 percent. A new dedication of ten percent is to be spent on a competitive grant program “to help develop and improve the economies of communities throughout Oregon by means of the improvement, expansion, and promotion of the visitor industry.” The law specifies that the grants may be spent on “tourism-related facilities and tourism-generating events, including sporting events.”

State lodging taxes apply to “transient lodging” for periods of less than 30 consecutive days, and lodging providers and lodging intermediaries must collect and remit the tax. Transient lodging includes:

- Hotels and motels;
- Bed and breakfast facilities;
- RV sites in RV parks or campgrounds;
- Resorts and inns;
- Lodges and guest ranches;
- Cabins;
• Condominiums;
• Short-term rental apartments and duplexes;
• Vacation rental houses;
• Tent sites and yurts in private and public campgrounds; and
• Any other dwelling unit, or portion of a dwelling unit, used for temporary overnight stays.

Oregon law allows entities to withhold 5 percent of the state lodging taxes collected to cover the costs for record keeping, reporting, and collecting the tax.17

State Lodging Receipts

Oregon has collected approximately $145 million in statewide lodging tax since the program began in 2004. Lodging receipts have grown steadily each year with the exception of a decline in 2009, and receipts for calendar year 2015 were $17.8 million, a 14.8 percent increase from $15.5 million in 2014. The Portland Metro region was the source of $7.2 million of the net lodging tax receipts, or 42 percent, with an additional 12% coming from the rest of the Willamette Valley. Hotels and motels account for 75 percent of statewide net receipts, which vary by quarter and are highest July-September.18

Task Force Question and Answer:
1. **How much revenue would a higher lodging tax generate?** A 0.1% increase will generate $1.6 million in the coming year. A one percent increase in the state lodging tax would generate approximately $16 million/year.

CONCEPT 10: RENTAL CAR FEE19

**Background:** In total, more than 40 states levy a charge on rental cars, either by imposing an additional tax, daily fee, or both. At least 15 states authorize local governments to impose their own taxes or fees and rental car companies add on charges for off-site rentals, airport fees, and insurance coverage.20

Oregon does not have a statewide surcharge on car rentals. In 2009, Multnomah County increased its surcharge on rental cars and moving trucks from 12.5 percent to 17 percent. The increase was expected to increase the average county car rental tax from about $10 a day to about $13.45, and raise close to

19 Information provided by Mazen Malik, Senior Economist, Legislative Revenue Office
20 National Conference of State Legislatures
$5 million per year. In the fiscal year ending on June 30, 2013 Multnomah County took in over $21 million dollars in revenue from its car rental tax. However, a tax on vehicles may have some restrictions imposed on sources of the highway fund.

**Task Force Question and Answer:**

1. *How much revenue would a new car rental fee generate?* A 1% state car rental tax would likely generate $1.4 million/year.

**CONCEPT 11: 1 PERCENT FOR OREGON’S WILDLIFE – VOLUNTARY MARKET BASED FUNDING PROPOSAL**

**Background:** 1% for the Planet (1% FTP) is an international nonprofit founded by Yvon Chouinard (founder of Patagonia) and Craig Mathews (owner of Blue Ribbon Flies) comprised of businesses that donate at least one percent of annual sales to environmental causes. 1% FTP officially launched in 2002 and today consists of more than 1,200 member companies in 48 countries, supporting more than 3,300 nonprofits, with donations exceeding $100 million. 1% FTP’s mission is to build, support and activate an alliance of businesses financially committed to creating a healthy planet. Member companies can display the 1% FTP logo on their products.

Approved nonprofit partners are primarily focused on environmental issues and have been referred by one of the member companies. Member businesses give 1% of their sales directly to the nonprofit(s) of their choosing, and 1% FTP monitors the nonprofit partners to track their impact and annually verifies that members are making their contributions.

**Task Force Questions and Answers:** Answers to the following questions are dependent upon the type and scope of program that is established by a private entity or NGO.

1. *What would outdoor industry association reaction be?*
2. *How would 1% funding be spent?*
3. *What is the collection entity? What is the administrative mechanism?*