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THE USER FEE APPROACH TO HUNTING AND FISHING FINANCE:
THE "TEAMING WITH WILDLIFE" PROPOSAL

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By R. Max Peterson, Executive Vice-President
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Introduction

There are two major facts about fish and wildlife management in the United States that are not well understood. The first is that the basic responsibility for management of fish and wildlife, with a few exceptions, has rested with the states since the establishment of the United States as a union of states more than 200 years ago. The second fact is that the funding for fish and wildlife management to carry out programs at the state level has been primarily provided by hunters and anglers, even though the public interest and appreciation for wildlife and the social and economic impact of that interest clearly is broader than hunting and fishing.

It has been difficult to find a way for those non-anglers and hunters to help pay for the programs that the public expects.

Background

The success of state-level fish and wildlife programs, financed primarily by hunters and anglers, is one of the great success stories in natural resources management in the United States in this century. If we had the time this morning, we could go back to the 1930s and 1940s to a time when the wild turkey, whitetail deer, elk, pronghorn antelope, Rocky Mountain sheep, ducks and geese, and a host of other species were at such low numbers that people were predicting that they would soon follow the passenger pigeon to extinction.

The good news, of course, is that this did not happen. Today we have thriving populations of wild turkey, whitetail deer, pronghorn antelope, elk, ducks, geese, etc. as the result of a lot of organizations, public and private, working together to make a difference. The rising conservation concern beginning about 1860 and continuing on through the administration of Theodore Roosevelt in 1910 helped awaken the nation to the need to do something to prevent the seemingly inexhaustible supply of natural resources which included forests, fish, wildlife, etc. from over-exploitation and unsustainable levels of use. Unfortunately, World War I, followed by the roaring '20s and the drought and depression of the early 1930s diverted much of the nation's attention from conservation problems.
The gripping social and unemployment problems of the early 1930s which caused establishment of organizations such as Roosevelt's "Free Army", the CCC's began to bring the country around to focusing on conservation problems. It was also during this era that non-profit organizations such as Ducks Unlimited, concerned with the serious plight of ducks, was formed to address serious problems of particular concern to hunters. These new organizations joined old organizations such as the Boone and Crockett Club, founded by Theodore Roosevelt to press for action. State fish and wildlife agencies, which had been established in the late 1800s and early 1900s, were primarily organizations concerned with law enforcement to prevent poaching, market hunting and wholesale decimation of wildlife populations. In the 1930s that included a lot of hungry people as well as things like free running dogs and massive habitat degradation, which presented difficult challenges to maintaining wildlife populations.

It is a tribute to a country plagued with drought and depression that in the midst of that misery and despair, several fairly small wildlife organizations that were mostly nothing more than local wildlife clubs, began to get concerned enough to say "we must do something now or the wildlife will simply disappear and our grandchildren will not be able to enjoy future wildlife opportunities." In Virginia, a Congressman Robertson, a member of a local club, joined with Senator Pittman from Nevada who had similar concerns, to introduce a landmark piece of legislation which today more than 60 years later still carries the name Pittman-Robertson Act, also known as the Wildlife Restoration Act of 1937.

Time does not permit any real discussion of the evolution of that Act, but let me point out that such unlikely allies as Henry A. Wallace, Secretary of Agriculture (where the Biological Survey predecessor of the Fish and Wildlife Service resided) and President Franklin Roosevelt joined with Robertson, the father of Pat Robertson, the radio evangelist, and the Senator from Nevada, in pushing the legislation. President Roosevelt had called and invited the conservationists of the nation to hold a North American Wildlife Conference in Washington in February of 1936. In his invitation he said "My purpose is to bring together organizations, individuals and agencies interested in the restoration and conservation of wildlife resources. My hope is that through this conference new cooperation between public and private interests and between Canada, Mexico and other countries will be developed, that from it will come constructive proposals for concrete actions, and through these proposals existing states, federal government agencies and conservation groups can work cooperatively for the common good." In opening the conference, Secretary Wallace read from the letter from the President in which he said "It has long been my feeling that there has been a lack of a full and complete public realization of our wildlife plight, of the urgency of it, of the many social and economic values that wildlife have to our people. This in my firm belief in the ability of the American people to face facts, to analyze problems
and to work out a program which might remedy the situation is what impelled me to call the North American Wildlife Conference."1

It is a tribute to conservationists including numerous members of hunting clubs that they were willing to support the idea of a manufacturer’s level excise tax on guns and ammunition to provide money for wildlife restoration. Without question, those funds combined with hunting and fishing license monies at the state level, provided the foundation for wildlife management at the state level. It allowed agencies to hire professional staff and go beyond law enforcement to habitat restoration and to the beginnings of professional wildlife management.

At the same time, the concern for conservation on public lands, particularly federal public lands such as National Forests, was being heard by individuals such as Aldo Leopold who at one time was a forest supervisor of the Forest Service in Colorado. Widely seen as the father of wildlife management, Leopold understood the importance of habitat restoration, enhancement and protection as important ideas on public and private land. The international undergirding of this effort included the Migratory Bird Treaty Act of 1916 and the establishment of the Duck Stamp, which spurred impetus for buying land to expand the Wildlife Refuges.

Let me quickly outline that immediately following the passage of the Pittman-Robertson Act, a similar undertaking for fisheries was taking shape. This culminated, interestingly enough, in 1949 with the passage of the Dingell-Johnson Act which similarly provided an excise tax on fishing tackle such as reels, rods, lures, etc. to fund the Act, which is formally the Sportfish Restoration Act. Unfortunately, President Truman from my home state of Missouri vetoed that Act because he was concerned about the loss of excise taxes on such products to the Federal Treasury. After being better "educated", the Act passed again in 1950 and was signed by President Truman. The evolution of that Act and the importance of such organizations such as the Izaak Walton League to that effort is another major story. Again, the theme is that we who are sportsmen need to invest in the resource in order to be sure it is sustainable over time.

A Dilemma for the States: How to provide the broad fish and wildlife program which serves a wide variety of users in addition to hunters and anglers with a funding base that is primarily from the portion of the population that are anglers or hunters.

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1 House Report No. 1572, 75th Congress, 1st Session.
Let me first place this in the context. According to the 1996 National Survey of Fishing, Hunting and Wildlife-Associated Recreation, which is done by the Census Bureau, there were 77 million participants in total wildlife-associated recreation with annual expenditures of $101 billion. Participating in angling and hunting were 39.7 million people who spent $73 billion, and 62.9 million wildlife watchers who spent $29 billion. Two things stand out in this: first, the large number of total participants and particularly the 62.9 million who are grouped together in this category of wildlife watching which of course includes photographers, birders, and those who actively feed birds or take trips to specifically observe some form of fish and wildlife. Note if you add the 62.9 million wildlife watchers to the 39.7 million anglers and hunters, you would get more than the 72 million total participants. That is because most hunters and anglers engage in other of wildlife-related activities such as wildlife photography, birding, etc.

With this background of the enormous number of users who spend over $100 billion to pursue their activities, let us see who pays for these programs that are enjoyed by so many.

Explanation of Funding at the State Level
Funding for fish and wildlife agencies in the last 16 years has increased more than threefold from $661 million to $1.96 billion, or more than threefold.

During that time, fish and wildlife agency dependence on license fees has declined slightly as a percent of the total but remains the dominant source of revenue – about 50% of the total. License fees nationally went from 347 to 943 million, not quite a threefold increase.

The funding that has grown the fastest is Wallop-Breaux, the Sportfish Restoration Account, from $27 million in 1979 to $200 million in 1995, a more than seven-fold increase. This large increase occurred because of the 1994 Wallop-Breaux amendments to the Dingell-Johnson Act, which added not only more types of fishing equipment, but also the gas tax attributable to motorboats.

The general fund portion has increased from $57 million to $195 million, or about threefold. Most of that has been in a few states such as Missouri, Alaska, Florida, Georgia, Washington, South Carolina and New York. Of course, here in Colorado there has been a special infusion of lottery money as part of Great

\[\text{2} \quad 1996 \text{ National Survey of Fishing, Hunting and Wildlife-Associated Recreation. Bureau of the Census}\]
Outdoors Colorado, which I am sure will be discussed in more detail tomorrow by Laurie Mathews. Arizona also receives a portion of lottery funds.

The General Fund as the percent of the total has gone from 9% to 10%, but the high point was reached in 1996 when it was almost 14%.

Chart #3 is the same as chart #2 except it shows even more plainly the extent of state dependence on fishing and hunting license revenue. Except for about a dozen states, sportsmen pay almost the entire bill; that is more than 90% either through purchase of hunting license or through federal excise taxes under Pittman-Robertson and Wallop-Breaux.

Chart #4 shows what happens in a state such as Missouri where most of the funding is shown as "Other" which is basically their 1/8% sales tax. Recently by a ballot initiative amending the constitution, the state of Arkansas adopted a similar 1/8% sales tax.

Chart #5 is a look at the West and Northeast compared to the rest of the country.

Chart #6 adds $350 million annually that is the goal of the Teaming with Wildlife initiative. This graph also adds $123 million growth in Wallop-Breaux reflecting normal growth including recovery of the full 6.8 cents of gas taxes attributable to motorboat which remains in the general fund. The recent action of the Congress as a part of the Transportation Equity Act will restore 2 of that 6.8 cents over time.

Chart #7 is basically the same as #6 except it is a pie chart that shows the distribution of funding.

The Teaming with Wildlife Proposal

The Teaming with Wildlife proposal grew out of a few simple facts of life:

1. The public is expecting and demanding, in fact, a broader fish and wildlife program to meet a wider variety of wildlife-associated recreation needs. In fact, wildlife-associated recreation is the most rapidly growing form of outdoor recreation in the United States.

2. In spite of the successes which I have enumerated for fish and wildlife programs primarily as a result of the Pittman-Robertson and Wallop-Breaux programs, there is a disturbing number of wildlife species which continue to decline significantly and many reach the threatened and
endangered species list. Significantly these species are virtually all from the so-called "non-game" segment of species.

3. Many of these species in decline are birds which are migratory and therefore action is needed throughout sometimes large areas of private and public land in order to deal with the life cycle of the species. Many bird species migrate long distance across Canada, US, Mexico, as well as a number of Latin and South American countries.

4. Polls in a number of states consistently show that wildlife-associated recreation users are highly interested in that form of recreation and are willing to pay to be sure that they can continue to enjoy their interaction with wildlife.

Pressure on the general fund at both the state and national level make it very difficult to successfully compete over time for funding for such activities.

It is both unrealistic and inequitable to expect sportsmen who as a percent of the population continues to decrease, to carry the costs of these increasing public needs for wildlife-associated recreation, even though many of them are in fact involved in wildlife observation in addition to hunting and fishing.

For the last 30 Years, there have been numerous studies trying to address this funding dilemma without success. For example, user fees which charge a fee for entrance to specific land areas are both very costly to administer and also usually dedicated to operation and maintenance of facilities and services for that particular land. Some programs do not usually contribute significantly to wildlife habitat or management programs. In fact, in some cases increased public use that is brought on by such fees can, if not carefully planned, be detrimental to wildlife. Other sources of revenue include such things as state-level income tax checkoff, sale of special vanity license plates or wildlife art, campaigns to secure special contributions from major organizations, etc. All of these efforts have two things in common.

1. It takes a great deal of effort to continue a campaign year after year and more importantly, they don’t raise very much money. For example, income tax checkoffs tend to raise quite a bit of money initially, but then in a few years there are other causes such as heat for low-income people, homes for the homeless, AIDS, etc. that tend to split up that voluntary pie to a point where there is not much money available.

2. The Fish and Wildlife Service did a number of studies and the states have assembled all of the different sources of funding that have been tried over
the years. After reviewing those studies, as well as experience of the states, we concluded that the proven pattern established by Pittman-Robertson and Wallop-Breaux was the best option. Those who primarily use and benefit from wildlife and the out-of-doors should make a special investment to ensure that it will be available in the future. In short, if those who use the outdoors are not willing to pay, why would anyone expect that the general public would be willing to do so?

The Teaming with Wildlife Proposal in a Nutshell

The Teaming with Wildlife initiative is very simple in concept — simply extend the existing excise tax to additional types of outdoor recreation supplies and equipment to create a third fund which would be primarily directed towards those species that are not hunted, fished, threatened or endangered. In other words, direct it toward those 1800 or so common species of critters, everything from bluebirds to robins to butterflies to fish and frogs that are commonly called non-game. If the number of outdoor products and supplies is kept rather broad, it would permit a very low percent excise tax at the manufacturer's level to easily raise $350 million per year. The cost to an ordinary family who were outdoor users would be about $10, which is less than the cost of two movie tickets.

There is ample evidence that this proposal is supported by the public. Every poll that we have done in a state using universities and others to conduct the polls, indicate that the public supports this idea. Unfortunately, the outdoor enthusiast and the industry involved in wildlife-associated recreation, has not had an easy way to pay, so there is no tradition of helping pay for wildlife-associated recreation as there has been for hunters and anglers. That cultural difference, in my view, has been a significant factor in securing adequate political support for the idea. Second, it is not easy to target exactly the outdoor recreation and equipment that should be included in the excise tax base. Much of the equipment is used for several purposes. For example, a sleeping bag may also be used for a slumber party, and a tent may also be used in the backyard or on a trip to the beach, which may or may not be associated with wildlife-associated recreation. Let me quickly point out that it is not unique. Many guns that are bought are used for personal protection, and many are used today for target practice or sporting clay. Likewise, in the Wallop-Breaux program there are tackle boxes that are used as toolboxes, and there are also fish finders that are used to determine the depth of the water for boating.

Ironically, those who have opposed the Teaming with Wildlife proposal have been first in line on the Hill to ask for funding from the Land and Water Conservation Fund or from general appropriations for their activity while at the same time arguing that Teaming with Wildlife was not adequately targeted!
Obviously OCS oil receipts that fund the Land and Water Conservation Fund or general appropriations come from all of the taxpayers and therefore are not targeted at all. In other words, the argument is that since Teaming with Wildlife is not adequately targeted, then the answer is to go for general funds or for funds belonging to all of the people. This is a rather convoluted logic to use, in my view.

The three purposes for the Teaming with Wildlife proposal include (1) **conservation of species** which would include such things as finding out the habitat requirements and the status of various species to determine whether they were stable or declining in population, (2) wildlife-associated recreation to promote the enjoyment of wildlife by everything from trail heads to special types of material that would enrich the outdoor experience, to specific guidebooks, and (3) conservation education which would provide a broad base of educational material for young people. In my view, the conservation education piece of this may be the most important. The proposal also provides that up to 10% could be used for fish and wildlife law enforcement.

The good news is that over the last six years, the Teaming with Wildlife proposal has evolved and has attracted the support of an unprecedented coalition of organizations ranging from traditional fish and wildlife organizations to those who predominantly have been concerned with wildlife watching. That coalition, which today numbers more than 3000 organizations representing more than 50 million people, is the most diverse and largest coalition that, as far as we know, has ever been assembled.

**The New Funding Proposal for Teaming with Wildlife**

Members of Congress tend to respond when they see a large constituency growing around a particular concern or initiative. Recently Congressman Don Young of Alaska who chairs the House Resources Committee, joined with Congressman Dingell whose father sponsored the 1950 Dingell-Johnson Act and several others, to propose making the original Teaming with Wildlife initiative part of a larger package to be funded from Outer Continental Shelf oil receipts over and above the $900 million annually authorized for the Land and Water Conservation Fund.

Although the new proposal is still taking shape, at this point it would appear to meet most of the objectives of the Teaming with Wildlife proposal including providing at least $350 million per year being available on a formula basis to the states for the purposes identified in the original TWW proposal of conservation, conservation associated recreation and conservation education.
The other two pieces of the proposal which are still evolving is some type of impact assistance to the 35 coastal states in recognition of the support and infrastructure requirements and other impacts of such developments on the coastal states, and a new land and recreation program which would, as we understand it, provide funding directly to states for a wide variety of outdoor recreation ranging from state parks to community recreation to apparently also an urban piece.

The impact assistance would apparently be used to implement conservation measures under the Coastal Zone Management Act.

In summary, the Congress will be now asked to decide whether to use funding from Outer Continental Shelf oil receipts or a user fee in the form of an excise tax of outdoor recreation supplies and equipment to fund a TWW type initiative. It is fairly clear that the activities over the last several years by this large coalition has brought squarely to the Congress both an opportunity and a need which should be addressed. We continue to believe that the Teaming with Wildlife proposal based on an excise tax on additional types of outdoor recreation supplies and equipment, is a sound user benefit/user pay proposal. As Johnny Morris, President of Bass Pro Shops said when he endorsed the proposal, “This is not only good business for those who make a living from the sale of products that are used in the outdoors, it’s the right thing to do.” For those of use, though, concerned about the future of fish and wildlife in the United States, we are more concerned about adequate funding that can do the things that are needed to be done than we are about the source of funds. At this point, we are actually supporting and will support whatever Congress thinks is politically feasible to provide the funds that are needed. At this point, we are very excited about the prospect of a Young-Dingell bill which would provide the needed funds for the years ahead.
Background
Since the mid-1950s, 100% of the revenue collected from leases beyond the area regulated by Section 8(g) of the OCS Lands Act has been sent to the Federal Treasury. Onshore Federal revenue gained by oil and gas development is shared 50/50 with the states where development occurs.

Purpose of OCS Impact Assistance
To reinvest nonrenewable resource development into renewable resources while providing financial impact assistance to coastal states, territories, and local entities impacted by OCS-related activities.

Distribution of Funds
Bonuses, rents and royalties from all leases beyond State waters to be distributed in the following manner:
- 50% to the Federal Treasury for deficit reduction and other purposes.
- 27% to individual coastal states (with a portion directed to impacted local counties, boroughs, and parishes).
- 13% to land-based conservation and recreation programs.
- 10% to a wildlife-based conservation and education program.

Allocation of Funds:
- 10% Wildlife Conservation and Education
- 13% Land-based Conservation
- 27% State and Local Government
- 50% Federal Treasury

State Allocation Formula for Impact Assistance Distribution
50% based upon a state’s proximity, within a distance of 200 miles, to the OCS production, each state’s share will be inversely proportional to it’s minimum distance from the lease generating revenues.
25% based upon the proportion of the state’s population relative to the population of all coastal states.
25% based upon the proportion of a state’s shoreline mileage compared to the shoreline mileage of all coastal states.

Minimum State Allocations for Impact Assistance Distribution
In order to ensure that each coastal state receives a portion of the impact assistance funds, states with an approved (or working toward approval of a) coastal zone management program under the Coastal Zone Management Act (CZMA), a minimum of .5% of the allocable share; states without an approved program would receive a .25% of the allocable share.

Funds to Local Governments for Impact Assistance Distribution
Eligible political subdivisions of the coastal states would receive a portion of their state’s allocable share, depending upon the geographic distance to the OCS leases producing revenue for the Fund. For each coastal state within a distance of 200 miles of the OCS production that generates the revenue, 50% of that state’s share goes to eligible local governments. For all other coastal states, 33% of that state’s share goes to eligible local governments.

Contacts: Gordon Taylor (Congressman John) 202-225-2031 and Mike Henry (House Resources) 202-225-9297
United States vs. West - 1995
State Fish and Wildlife Agency Funding (in millions of dollars)

**United States**
- $366
- $195
- $9
- $211
- $200

**WEST**
- $180.61
- $85.55
- $57.70
- $57.50

Legend:
- License Fees
- Endangered Species
- Wallop-Breaux
- Pittman-Robertson
- General
- Other
The Future of State Fish and Wildlife Agency Funding
(in millions of dollars)
The Future of State Fish and Wildlife Agency Funding

Dollars (in millions)

- 1995
- 2003

- Teaming with Wildlife
- Other
- General
- Endangered Species
- Pittman-Robertson
- Wallop-Breaux
- License Fees

1995:
- $981
- $211
- $195
- $366
- $9(ES)

2003:
- $981
- $210
- $195
- $350
- $9(ES)
National Funding Trend for State Fish and Wildlife Agencies

Year


Percentage

0% 10% 20% 30% 40% 50% 60%

$355 mil. $636 mil. $821 mil. $981 mil.

License Fees
Wallop-Breaux
Pittman-Robertson
Endangered Species
General
Other