

**REPORT OF THE
JOINT SUBCOMMITTEE STUDYING**

**FUNDING FOR THE
DEPARTMENT OF GAME AND
INLAND FISHERIES**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



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Table of Contents

I. AUTHORITY FOR STUDY.....	1
II. BACKGROUND.....	1
A. Historical Perspective.....	1
B. Past Studies.....	2
III. SUBCOMMITTEE DELIBERATIONS.....	6
A. Department of Game and Inland Fisheries Funding and Budget Allocations.....	6
1. Revenue Sources.....	6
2. Revenue Projections.....	7
3. Capital Needs.....	9
a. Maintenance Reserve.....	10
b. Hatchery Renovations and Improvements.....	10
c. Acquisition of Land and Facilities.....	10
d. Programmatic Budgeting.....	11
B. Funding by Other States.....	12
1. Per Capita Expenditures.....	12
2. Funding of State Fish and Wildlife Agencies.....	12
a. Dedication of Sales Tax.....	13
b. Lottery Proceeds.....	13
c. General Fund Appropriations.....	13
d. Commemorative or Vanity License Tags.....	14
e. Special Fees and License.....	14
f. Endowments, Trusts, and Foundations.....	15

C. Funding Options..... 15

1. Options Recommended by the Board and Department..... 15

2. Options Offered at the Public Hearing..... 17

IV. FINDINGS AND RECOMMENDATIONS..... 19

V. APPENDICES..... 22

I. AUTHORITY FOR STUDY

House Joint Resolution (HJR) 552 (Appendix A), introduced during the 1997 Session of the General Assembly, requested the establishment of a joint subcommittee to study the long-term funding options to meet the capital and operating needs of the Department of Game and Inland Fisheries (DGIF). Consistent with the recent policy adopted by the House Committee on Rules, the Speaker of the House of Delegates referred the study to the Chairman of the House Committee on Conservation, who, after consultation with the Chairman of the Senate Committee on Agriculture, Conservation and Natural Resources, created a joint subcommittee to study the matters provided for under the resolution. The seven-member subcommittee was composed of five members of the House of Delegates and two members of the Senate. Delegates A. Victor Thomas and Raymond R. Guest, Jr. served as chairman and vice chairman, respectively.

II. BACKGROUND

A. HISTORICAL PERSPECTIVE

In 1916, the Virginia General Assembly created the DGIF. The new department was to be presided over by the Commissioner of Fisheries. The Commissioner was responsible for (i) enforcing all laws for the protection, propagation, and preservation of wild animals, birds, and freshwater fish and (ii) assisting in the enforcement of all dog and forestry laws. He also had the authority "to propagate game and fish found in inland streams." The authorizing statute stipulated that no general treasury funds could be used to pay staff salaries or support agency activities. Instead, the money to finance all capital and operating costs was to come from a special fund known as the Game Protection Fund. This fund would contain proceeds from the sale of hunting, fishing, and trapping licenses.

Today, while DGIF continues to carry out its traditional roles of (i) enforcement of game laws and (ii) fish, game, and wildlife management, the agency has assumed additional responsibilities. It is statutorily charged with administering the motorboat registration and watercraft titling program, the Watercraft Dealers Licensing Act, boating safety and hunter education programs, the Endangered Species Act, and the fish passageway program, and enforcing the boating laws, including the drunk-boating statute. The agency is also responsible for boat ramp development and maintenance and has significant involvement in

environmental impact reviews. As the agency has taken on these added responsibilities, the reliance primarily on license and fee revenue has become problematic. When the General Assembly assigned the enforcement of boating laws to DGIF, the legislature began to change its "no general funds" policy by allocating the boat registration and titling fees and a portion of watercraft sales tax to the agency, in order to ensure DGIF would have the resources to carry out this new legislative mandate.

B. PAST STUDIES

Since the 1980's, DGIF has been the subject of numerous management studies conducted by consultants hired by the agency and by the legislature. Two of the most recent studies were performed by legislative study committees. In 1990, the General Assembly passed HJR 76 which established a joint subcommittee to assess the long-range financial status of the Game Protection Fund. The subcommittee was to:

1. Look at the present funding and operation costs of DGIF;
2. Determine whether the agency's current funding needs were being met and funding was adequate to provide an effective game management program;
3. Assess the desirability and feasibility of establishing a reserve fund;
4. Determine what the future priorities of the program were and assess the costs; and
5. Consider alternative options for financing DGIF's program costs, including the creation of a multi-use license.

At the time of the study, DGIF's budget represented an expenditure of \$4.11 per resident, the lowest per capita expenditure of the neighboring states, with Maryland being the highest, \$7.63.

The subcommittee held five meetings, two of which were public hearings. Its recommendations included:

1. The diversion of revenues from boat registration and titling fees should be prohibited. This was aimed at trying to make the boating program self-sufficient by not allowing the revenues to be used for nonboating purposes. Because there was no federal prohibition regarding such diversion, the subcommittee sent a letter to the Director of the U. S. Fish Wildlife Service requesting that the Code of Federal Regulations be amended to prohibit such diversions.

2. All interest earned on the Game Protection Fund should be credited to the Fund.
3. DGIF should be given statutory authority to sell bonus deer permits as a means of controlling the deer population and providing additional revenue to the agency. The statute, which subsequently passed, gave the agency the authority to sell bonus permits at a fee not to exceed the charge for the big game license.
4. The driving public should be allowed to support DGIF's programs by being able to purchase a special "wildlife conservationist" license plate. Legislation was enacted which authorized the sale of the special license plate and directed that \$15 from sale of each special plate go to the Game Protection Fund.
5. Nonresidents should be allowed to fish in stocked waters if they possess a five-day nonresident fishing license and a nonresident trout license. This would allow people coming to the state to buy a short term license at a reduced cost. This measure was also enacted.

The most recent legislative study of DGIF was in 1992. Pursuant to HJR 191, a joint subcommittee was established to examine the effectiveness of the management structure of DGIF. The subcommittee was to determine whether (i) the current structure of DGIF allows for the most cost-effective and efficient delivery of service, (ii) the ratio of management and staff to technical and law enforcement personnel was appropriate, and (iii) the organizational structure reflects the agency's priorities. At the time of this study, the agency was receiving revenues of approximately \$25 million to operate its programs.

Because of the technical nature of such a management study, the subcommittee sought the assistance of the Auditor of Public Accounts. The subcommittee requested the audit team to examine the following:

1. To what extent DGIF had carried out the statutory mandates in its mission statement and strategic plan;
2. Whether the agency's organizational structure provided the means to deliver required services and measure program delivery;
3. Whether the internal staffing methods effectively allocated staffing between administrative and program functions; and
4. Whether the agency's budgeting and accounting processes appropriately allocated resources and tracked their usage.

The Auditor made 46 recommendations. He did not find any Virginia Code mandates that DGIF was not following or activities that did not fall within the agency's statutory mandates. While the Board of Game and Inland Fisheries and DGIF management had done a commendable job in developing a representative and easily understood mission statement, according to the Auditor's analysis, the mission statement and strategic plan were limited in their effectiveness because DGIF did not (i) consider funding in setting deadlines to complete the plan, (ii) establish a formal system to review and monitor DGIF's programs, and (iii) establish an evaluation system to measure the performance of its programs and activities. To address these shortcomings, the Auditor recommended that the agency:

1. Incorporate specific objectives and strategies related to its accounting, information systems, and boat registration titling responsibilities;
2. Establish a formal system to review and monitor the progress in accomplishing its strategic plan; and
3. Establish an evaluation system to measure the performance of its programs and activities.

In the area of resource allocation, the Auditor found that although fish and wildlife programs provided over 88 percent of DGIF's revenues, these programs received only 72 percent of the funds. Several programs did not provide sufficient funding to cover their costs, relying instead on funding from other agency programs. One such program was boating-related activities. For FY 1993, DGIF projected boat-related funding of approximately \$1.7 million, when boating activities would require \$4.3 million. The shortfall was made up with hunting and fishing moneys. Due to recent legislation, the boating program now is more than paying its own way.

There were several other areas for which the then-current fees were not supporting their programs. The Auditor pointed out that while all licenses had a fee, 16 of the 36 permits were issued at no cost to the permittee. In FY 1992, the Virginia Wildlife Magazine was published at a cost of \$503,000, for which it received \$225,000 in subscription revenue. The Game Protection Fund absorbed the additional costs.

To deal with revenue shortfalls, the Auditor recommended that:

1. The General Assembly should consider setting fees for permits. Such fees would include both direct and indirect costs. Legislation was subsequently enacted which allowed DGIF to charge a fee to defray the costs of processing the permit application and regulate the permitted activity;
2. The General Assembly consider whether DGIF should continue to provide the then-current level of service for boating activities if registration, titling, and watercraft dealer fees were not increased to cover the direct and indirect costs associated with the operation of its boating activities;
3. DGIF and the Department of Motor Vehicles (DMV) should create a joint task force to study whether DMV should administer boat registration and titling; and
4. DGIF should increase subscription rates for the Virginia Wildlife magazine.

The subcommittee found that the Auditor's report provided an accurate description of DGIF's current financial management and contained many suggestions which would improve the effectiveness and efficiency of the agency's operation. Agency managers and Board members appeared to share this view, as evidenced by their concurrence with 39 of the Auditor's 46 recommendations. The subcommittee was satisfied that the agency was carrying out those responsibilities given to it by the legislature; however, absent an agency system of accountability, the subcommittee found that it was difficult to evaluate how effectively and efficiently DGIF performed its responsibilities. The subcommittee made two recommendations. In response to employees' concerns regarding promotion practices, the subcommittee recommended that legislation be passed to allow the agency to promote from within for law-enforcement positions through the rank of lieutenant. The subcommittee was concerned with the manner in which resources were being allocated within the agency. Boating revenues were not supporting the costs of administering the boating program. The program was operating at a \$2.6 million deficit. Therefore, the subcommittee recommended that, in light of the fact it was costing DGIF in excess of \$631,000 to administer the boat registration and titling program, DGIF and DMV should conduct a study to determine whether DMV should administer the boat registration and titling program. The study was subsequently conducted, with the two agencies recommending that DGIF continue to administer the program.

III. SUBCOMMITTEE DELIBERATIONS

In carrying out its charge to recommend options for funding DGIF, the subcommittee believed it was important to first examine DGIF's current financial situation, including the budgeting process, current sources of revenue, and its operational and capital needs over the next decade. To gain some perspective on how Virginia's approach compares with those of other states, the subcommittee reviewed such information as the per capita expenditures for fish and wildlife programs by other states in the region and the funding mechanisms used by other states. During the deliberations, the subcommittee sought testimony from a wide range of individuals, including agency officials, experts on the financing of fish, and wildlife agencies and interest groups.

A. DEPARTMENT OF GAME AND INLAND FISHERIES FUNDING AND BUDGET ALLOCATIONS

1. Revenue Sources

For FY 1998 (as of May 23, 1997), the Department had received approximately \$35 million in revenue from various sources to operate its program. The funds were divided in the following manner:

<u>Source</u>	<u>Amount</u> <u>(in millions)</u>
State license fees	\$ 19.0
Federal funds generated from the sales of hunting and fishing-related equipment	\$ 8.5
Boat registration and a portion of watercraft sales and use tax	\$ 4.7
Other	\$ 2.8
Total	\$ 35.0

DGIF administers a number of funds including the Game Protection Fund, the Boat Fund, the Nongame Fund, federal funds, and other miscellaneous funds.

DGIF administers a number of funds including the Game Protection Fund, the Boat Fund, the Nongame Fund, federal funds, and other miscellaneous funds. The Game Protection Fund includes revenue generated from the sale of hunting and fishing licenses and permits, special motor vehicle license plates, wildlife magazines, maps and brochures, and court assessments for game replacement. Historically, this fund has provided 80-90 percent of the funding for the agency; however, currently only about 55 percent of the agency's revenue comes from the Fund. The decline in the percentage of support the agency receives from this fund is due to increases in the amount of federal funds and boating revenues. The proceeds from the Fund are used to pay the salaries of staff involved with game and fish management, law enforcement, and administration of the agency. The second major source of funding is the Boat Fund, which contributes about 15 percent of DGIF's revenue. Included in this fund are boat registration fees, titling fees, and watercraft dealer license fees. Beginning January 1, 1998, money received from the watercraft sales and use tax, which had previously been deposited in this fund, will be moved to the Game Protection Fund. The third fund, the Nongame Fund, represents less than one percent of the agency's revenue. It consists of moneys from the tax check-off donations, federal wildlife restoration grants, cooperative agreements and contracts, and royalties from publications. The Nongame and Endangered Wildlife Program is funded entirely through citizen contributions and federal grants. The interest accrued by each of these funds (\$400,000 to \$600,000) remains with the particular fund.

The Federal Fund represents 23 percent of DGIF's revenue. The moneys received for this fund come from federal excise taxes on hunting, fishing, and boating equipment (Pittman-Robertson, Dingel-Johnson, and Wallop-Breaux), U. S. Coast Guard funds, Section 6 Endangered Species money, and various grants.

In addition to these major funds, money is generated through a number of miscellaneous funds: lifetime licenses (\$1.5 million trust fund), surplus property, insurance recovery, and parking facility.

2. Revenue Projections

Even though the number of state resident hunting licenses are decreasing and the number of state resident fishing licenses are remaining somewhat level, the revenue in the Game Protection Fund has continued to increase. This is because the average hunter has been purchasing multiple licenses. Currently, each hunter is contributing almost \$32 in license fees to the Fund. An angler, because of the small number of types of available fishing licenses, is contributing between \$13 and \$14. For 1996, the average hunter purchased 2.63 licenses, compared to the fisherman's 1.15 licenses.

The Boat Fund has significantly increased over the last 31 years to more than \$3.5 million in 1996. This increase has been due to such factors as an increase in the number of boats registered and the dedication of an increasing portion of the watercraft sales and use tax.

In 1990, the Nongame Fund received its largest contribution from the tax check-off and other donations – \$500,000. Over the last several years, funding has remained at \$300,000 to \$400,000 annually. Prior to 1980, the agency typically received less than \$2 million from federal sources, which was devoted for capital improvement and land purchases. After 1980, the amount of federal funds began increasing to the point where these moneys now fund a substantial portion of the agency's operations. However, since 1994, federal funds have leveled off at around \$8 million, with no expectation of increasing above this amount, other than at the rate of inflation.

The model used by DGIF to project future revenue has as its base year 1996 and includes the following assumptions:

- Maximum employment level (MEL) at 410-plus wage employees;
- No new funding or increases in prices;
- Inflation rate of 3.75 percent;
- Personnel/non-personnel ratio of 60/40 (the national standard for fish and wildlife agencies is that 60 percent of overall operational cost should be personnel); and
- Mix of funds for operations and maintenance capital is held constant.

According to the model, if personnel costs are projected to 2002, the percentage of personnel costs will exceed the 60 percent standard. This means that the agency will need more revenue or the number of employees will have to be reduced. The agency will have to respond for this circumstance beginning with its 1998-2000 biennium budget. Even if DGIF were able to combine all its resources without having to follow the restrictions placed on the expenditures from the various sources, the agency would still be able to maintain its current level of operation only until 2011. The model identified the Game Protection Fund as the fund that will experience a shortfall first, where the expenses covered by the Fund will exceed the revenues coming into it. The Auditor of Public Accounts indicated that the Game Protection Fund will begin to experience a shortfall perhaps as soon as the years 1999-2000. In his report "Department of Game and Inland Fisheries Revenue and Cash Flow Analysis," the Auditor of Public Accounts acknowledges the real possibility of a pending shortfall when he concluded that:

“Game and Inland Fisheries does not have the revenue capacity to reserve either a portion of its current or projected revenues to meet the Department’s capital and cash flow needs. Internal projections anticipate an operating deficiency in FY 1999, if Game and Inland Fisheries continues to operate at current levels. To continue to operate, the Department must use its current cash revenues.”

DGIF’s model also projects an impending shortfall in this fund, although it suggests that shortfall would begin in 2001-2002. If this occurs, the agency will either have to downsize or transfer its staff to where the revenue sources are in the agency. It is also critical, in light of these projections, that the agency maximize the amount of federal funds it receives. While the federal moneys are essential to the operation of the agency, they are cost-reimbursable. So, if DGIF does not have the money from other sources to spend up-front, it cannot subsequently draw down federal funds. Further, most of the federal funds (except U. S. Coast Guard funds) cannot be used for law enforcement purposes.

3. Capital Needs

While a projected shortfall will occur in moneys used to finance agency operations, a near-crisis situation has also been identified with respect to capital projects. As noted by the Auditor of Public Accounts, DGIF does not have a capital fund that will meet the infrastructure needs of the agency. The situation is further exasperated by the fact that none of the moneys in the special funds can be disbursed to meet the \$60 million in capital needs. The Department owns 29 wildlife management areas comprising over 180,000 acres, 28 public fishing lakes, and nine fish culture stations, and either owns or operates 232 public boating sites which provide recreational and economic benefits to the state. (A description of agency facilities is provided in Appendix C.) To assist the subcommittee in determining the agency’s capital needs, Mr. Bill Woodfin, Director of DGIF, was requested to review his department’s major operations and facilities and estimate its capital needs. Based on analyses performed by DGIF and outside consultants, the capital needs total approximately \$61,210,000. The following is a breakdown of the total capital needs by type of facility:

a. Maintenance Reserve

1. <u>Repairing Management Areas to established standards (29)</u>	\$ 24,000,000
<ul style="list-style-type: none"> Roads, trails, bridges, and parking Support buildings and houses Water resources Public facilities Ongoing maintenance in Management Areas 	
2. <u>Hatchery Facilities (9)</u>	\$ 3,000,000
<ul style="list-style-type: none"> Buildings Fish rearing ponds and facilities Water resources Ongoing hatchery maintenance 	
3. <u>Public Fishing Lakes (28)</u>	\$ 1,400,000
<ul style="list-style-type: none"> Roads and Parking Trails Fishing areas 	
4. <u>Required Dam Safety Program</u>	\$ 5,880,000

b. Hatchery Renovations and Improvements

Based on the 1996 Statewide Hatchery Study and Evaluation
(Cost Estimates include Engineering Investigation and Design)

King & Queen Hatchery	New Ponds & Water Supplies	\$ 4,200,000
Wytheville Hatchery	Water Supply & Raceways	\$ 4,100,000
Paint Bank Hatchery	Water Supply & Raceways	\$ 2,600,000
Buller Hatchery	New Ponds & Water Supplies	\$ 2,860,000
Coursey Springs Hatchery	Water Supply & Raceways	\$ 5,890,000
King & Queen Hatchery	Strip Bass Production Building	\$ 1,950,000
A. Victor Thomas Hatchery	Pond Renovations	\$ 5,330,000

c. Acquisition of Land and Facilities

DGIF has not been able to address the need to acquire more land to meet growing demands on the current land holdings. Because DGIF has limited funding, each acquisition opportunity is evaluated and handled as an individual project. Currently, no funds are available for land acquisition for wildlife habitats. Over the last five years, the agency has been able to spend only about \$1 million in capital

funds for maintenance activities. According to Mr. Woodfin, if funds were available, they would be used to acquire (i) inholdings on management areas, (ii) additional wildlife habitats, and (iii) additional water access for boating and fishing.

d. Programmatic Budgeting

DGIF's budgeting process is based on the Board of Game and Inland Fisheries mission statement developed in 1991. The three components of the agency's mission are to:

1. Manage Virginia's wildlife and inland fish and maintain optimum populations of all species to serve the needs of the Commonwealth;
2. Provide opportunity to enjoy wildlife, inland fish, boating and related recreation; and
3. Promote safety for persons and property in connection with boating, hunting, and fishing.

These components are reflected in three functional areas: (i) wildlife-associated outdoor recreation and boating (hunting and fishing programs, wildlife watching, shooting sports), (ii) wildlife-associated and boating education (education and safety programs), and (iii) biodiversity. All of the agency's programs are placed in one of these functional areas. Looking at the funds allocated for the three functional areas, recreation receives the largest share (\$28.5 million), followed by education (\$3.6 million) and biodiversity (\$3 million). Each of these areas is broken down in the following manner:

Wildlife-Related Outdoor Recreation and Boating

Fishing*	\$ 9.10 million
Hunting/Trapping*	\$ 8.60 million
Boating*	\$ 6.00 million
Maintenance Operation	\$ <u>4.80 million</u>
Total	\$28.50 million

*Includes law enforcement

Wildlife-Related Education

Wildlife/Aquatic	\$ 2.30 million
Hunter Safety Education	\$ <u>1.30 million</u>
Total	\$ 3.60 million

Environmental Diversity

Habitat	\$ 2.40 million
Populations	\$ 0.42 million
Environmental Protection/Policy	<u>\$ 0.44 million</u>
Total	\$ 3.26 million

B. FUNDING BY OTHER STATES

1. Per Capita Expenditures

DGIF officials suggest that one way to measure the adequacy of the current funding level for DGIF is to compare Virginia's per capita funding for wildlife management to that of other states in the Southeast. Virginia is next to last, with a per capita spending figure of \$5.33, compared to Mississippi, which had the highest per capita funding in the region (\$20.24). Virginia's low per capita funding is not a recent trend. The state has been either last or next to last in per capita wildlife expenditures for almost a decade. (See Appendix B) Of the other twelve southeastern states (Arkansas, Alabama, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, and Texas), only Kentucky and Tennessee rely exclusively on license fees. Of the remainder, three (Arkansas, Louisiana, and Texas) are partially funded by a portion of a dedicated tax (sales or minerals taxes), and four (Florida, Georgia, Maryland, and Mississippi) receive state general funds.

2. Funding of State Fish and Wildlife Agencies

Dr. Steve McMullen, Assistant Professor in the Department of Fisheries and Wildlife at Virginia Polytechnic Institute and State University, was asked by the subcommittee to discuss approaches taken by states to fund their fish and wildlife agencies. Dr. McMullen recently completed a survey of fish and wildlife agencies. He found that nationally these agencies receive 46 percent of their revenue from license sales, 24 percent from federal matching funds, 10 percent from the general funds, two percent from interest income (endowments and trusts), and 18 percent from other sources. Twenty-nine agencies received general fund revenue in FY 1995 and, for these agencies, general funds comprised 14 percent of their budget. A little more than 20 percent of the "other" revenue sources is represented by the Missouri Conservation Sales Tax, which generates about \$70 million annually in Missouri from sales tax income.

The traditional sources of revenue (license fees and federal funds) have remained flat or have declined over the past several years, raising a concern as to whether adequate funding will be available to maintain programs and meet the needs of a broadening constituency. Among the alternative sources of funding

adopted by various states are the dedication of a portion of the state sales tax, lottery revenues, general fund appropriations, commemorative or vanity license plates, special fees and licenses, endowments, trusts, and foundations.

a. Dedication of Sales Tax

Only the wildlife agencies in Missouri and Arkansas receive a dedicated portion of their state's sales tax. Missouri's conservation agencies have received approximately \$70 million annually in sales tax proceeds from a new one-eighths of one percent tax earmarked for conservation purposes. This additional tax was enacted by a citizen constitutional referendum. The substantial, and relatively stable, funding base provided by the sales tax allowed the state's wildlife agency to develop urban wildlife, nongame wildlife, and watchable wildlife programs. The funds must be appropriated in a block, thus eliminating the ability of legislators to dictate how they are spent. Similarly, in November of 1976, Arkansas enacted, via a citizen referendum, a conservation sales tax of one-eighth of one percent, which funds the game and fish agency, state parks, and the heritage program. This additional tax generates about \$40 million annually for these three programs.

North Carolina, while not imposing any additional tax, appropriates general funds to its wildlife agency based on estimated tax revenue generated by the sale of sporting equipment. Because the appropriation is indexed to changes in total sales tax collections, the money going to the agency has risen from \$2 million when first enacted in the 1980's to \$7.65 million in FY 1997. This represents about 18.3 percent of the agency's budget.

b. Lottery Proceeds

A number of states have used proceeds from the sale of lottery tickets to help finance conservation activities. In Arizona, this financing option was enacted by citizen initiative and referendum. Ten million dollars annually of lottery funds is placed in Arizona's Heritage Fund, with the money being used for heritage programs, nongame initiatives, and conservation activities. Because the money is not indexed, the \$10 million has had less impact over time. In 1996, Maine initiated a special lottery game, the "Maine Outdoor Heritage Instant Lottery Game." It is a scratch ticket which is expected to generate \$2 to \$3 million per year.

c. General Fund Appropriations

Approximately two-thirds of the agencies which receive a large proportion of general fund revenue have a marine fisheries component or are part of a larger department of natural resources. Conversely, two-thirds of the agencies not receiving general funds are traditional fish and wildlife agencies. Several agencies which receive large amounts of general funds are located in the Southeast (South

Carolina and Florida). South Carolina's Department of Natural Resources receives 40 percent of its budget from general funds. Florida's traditional fish and wildlife agency, the Florida Game and Fresh Water Fisheries Commission, allocates the general funds it receives specifically to law enforcement, a department function that benefits many citizens, not just hunters and anglers. This strategy puts the most vulnerable funds in the agency's budget (general funds) where they are least likely to be cut during hard times and most likely to be increased during good times.

d. Commemorative or Vanity License Tags

Several states have raised funds for wildlife programs through the issuance of special license plates. Virginia offers a wildlife conservation tag at a cost of \$25 per year, with \$15 of each plate sold going to DGIF. The conservation plates are offered in a variety of designs. During FY 1997, the sale of these plates generated \$152,535. Georgia provides a nongame license tag for a one-time fee of \$15, with the Department of Natural Resources receiving \$14 and the county in which the car's owner resides receiving \$1. Unlike Virginia, Georgia issues only a few types of commemorative plates and, as a result, the nongame plate generated approximately \$8 million in 1997. The money is earmarked for nongame conservation projects. Florida's wildlife tag costs \$25, with all of the money going to the wildlife agency. There are many choices of tags, with the Florida panther and new largemouth bass tags being the most popular. The bass tag alone is expected to generate \$500,000 to \$1 million annually. In order to ensure continued interest in purchasing these tags, there are plans to periodically introduce eight new tag designs.

e. Special Fees and Licenses

To generate income from individuals who are not the wildlife agency's constituency, some states have instituted special fees or licenses for those who do not purchase a hunting or fishing license but wish to use agency lands. Louisiana has a Wild Louisiana Stamp which requires persons who do not possess a hunting or fishing license to purchase this stamp, if they are going to recreate on land owned by the wildlife agency. This stamp has not generated a great deal of income, has been difficult to administer, and its enforcement has resulted in bad public relations.

A universal conservation license is required in some states as a basic license in addition to a hunting or fishing license. Revenue from the sale of the license is often earmarked for such special purposes as land acquisition. In Wyoming, revenue from the sale of this type of license was used in 1987 to capitalize a trust account, after several unsuccessful attempts at seeking funding for nongame and watchable wildlife programs using state severance taxes. These programs are now funded using the interest on the account.

f. Endowments, Trusts, and Foundations

More states are beginning to examine the feasibility of establishing endowments, trusts, or foundations as a means of financing wildlife management programs. North Carolina allocates all of the proceeds from the sale of lifetime licenses to an endowment fund which currently has assets of \$40 million. The sales of lifetime licenses, especially the juvenile lifetime license, have been significantly enhanced by a rigorous marketing campaign. In 1996, the sales of lifetime licenses totaled \$3.5 million. The state of Texas established the Texas Parks and Wildlife Foundation. The Foundation raises money for selected projects (usually capital projects and property acquisition) and manages donations and endowment funds for donors who cannot or are reluctant to donate directly to a government agency. The Foundation is able to obtain a higher rate of return on its investments than the state accounts are receiving. The Foundation manages about \$12 million in accounts.

In his review of the various funding options, Dr. McMullen found that traditional sources of funding provided a basis for great success in managing natural resources because they initially provided reliable funding from earmarked sources that removed partisan politics from agency budget allocations. However, these traditional sources are not adequate to meet the demands of an ever-increasing number of constituency groups. While alternative funding options are being tried by the states, many of them might be characterized as "gimmick" approaches that seek to address the long-term funding needs. In fact, case studies of the nation's most effective agencies showed that long-term stable funding was critical to agency effectiveness. Dr. McMullen suggested that ideally any effort to enhance the funding of DGIF should (i) come at low administrative cost when compared to the revenue generated, (ii) have a logical link to the agency's mission, (iii) be dependable (i.e., not vary due to political climate), and (iv) keep pace with inflation.

C. FUNDING OPTIONS

1. Options Recommended by the Board and Department

The subcommittee afforded members of the Board of Game and Inland Fisheries and Director Woodfin the opportunity to recommend options for funding the agency's programs. Board members emphasized that Mr. Woodfin's main responsibility is to "solve the funding problem." They noted that license fees had not been raised since 1989, and that no business could continue to operate effectively without increasing its revenue sources in the face of greater demands for services. The Board members stated that the agency cannot fulfill its responsibilities with license fees as the primary source of funding. They felt that raising license fees to make up any shortfall would be counterproductive because it

would mean that fewer people would buy the higher-priced licenses, resulting in a probable loss of revenue to the agency. They suggested that the Board be given the authority to increase license fees a small amount when necessary. Board members were also concerned about having to spend sportmen's money to (i) pay for services provided to the Department by other state agencies, such as obtaining legal advice from the Attorney's General's office, and (ii) finance the operation of nongame programs. Board members noted that not only will the current sources of revenue be inadequate to meet future operational needs, the agency has no funds to meet its capital needs. A recent study indicated that \$24 million alone will be needed to restore the agency's fish hatcheries.

Mr. Woodfin described the impact of hunting and fishing on Virginia's economy. According to the most recent U. S. Fish and Wildlife report, persons who fish in Virginia spend \$904 million, those who hunt spend \$429 million, and those who enjoy wildlife watching spend \$782 million, for a total expenditure of over \$2 billion. He explained that the reason the agency and its board are so concerned about funding is that the Auditor of Public Accounts in his report on the agency's finances confirmed what the agency already knew: by the year 2000-2001, the Game Protection Fund will not be sufficient to finance DGIF's operations. He suggested several options for funding agency programs:

1. While DGIF provides specific services to state agencies for which it is not reimbursed, it is charged for services that "central service agencies" such as the Departments of General Services, Taxation, and Accounts, State Library, Office of the Attorney General, Secretary of Natural Resources, and Auditor of Public Accounts provide. (The cost of each central service charge is in Appendix D.) For FY 1997, DGIF paid approximately \$622,000 in charges imposed by these agencies. For FY 1998, agency central service charges are expected to be about \$594,000. To cover these costs alone, DGIF has to sell 32,400 basic licenses.

2. License increases are inevitable as inflation drives up the costs of agency operations (staff salaries, rents, utilities, and automobiles). The Board should be given the authority to adjust license fees to reflect increasing agency costs. This could be done by allowing a small incremental increase in fees or an adjustment in the fee level using the Consumer Price Index.

3. Constituent groups have expressed concern that the agency is providing services to persons who do not pay a fee. DGIF performs a vast array of services which are provided at no cost to various state and federal agencies and the general public. DGIF acknowledges that such activities as environmental projects/permit reviews (about 3,000 annually), fish kill investigations, trespass enforcement (558 arrests related to trespassing in 1996), law enforcement, participation in state agency preparations (floods, disasters), rescue operations, assistance to homeowners on attracting backyard wildlife, controlling or removing nuisance animals, and issuance of certain licenses (see Appendix E for full list) are services they should

play a role in providing. However, providing such services places staffing and financial burdens on DGIF and takes away time and effort from the agency's more traditional responsibilities. Legislation should be drafted that would require anyone who uses a department facility to have a hunting or fishing license or a boat registration certificate. The reason to require the purchase of a license rather than allowing a person to purchase a conservation stamp is that with the purchase of each new hunting or fishing license, DGIF increases its allocation of federal funds. In order to ensure that users of the facilities would have enough notice of this new policy, such a new requirement would not become effective immediately. While this may not generate a significant amount of additional revenue, it provides those individuals who do not hunt or fish with a sense of contributing to and participating in the management of agency facilities.

4. The two percent of the 4.5 percent of state sales tax on hunting and fishing equipment should be dedicated to DGIF. It is estimated that this will generate approximately \$12 million for the agency. The specific amount that would go to DGIF would be based on a number of indicators to be agreed upon by DGIF and the Department of Taxation.

2. Options Offered at the Public Hearing

The subcommittee held a hearing to receive comments and suggestions from the public on ways to finance DGIF operations. Over 120 people attended, and 56 spoke. Another 50 people submitted written comments. Without exception, each person who spoke or submitted comments believed that additional funding is necessary if the agency is to fulfill its legislative mandate as the state's comprehensive wildlife management agency.

A number of themes and recommendations emerged from those who commented:

- The financial responsibility for management of Virginia's wildlife should be shared by more Virginians than just those who purchase hunting or fishing licenses. Most Virginians enjoy Virginia's wildlife on a daily basis and benefit from the agency's wildlife and conservation programs, but only a small minority pay for these management programs. The justification for expanding the funding base is unequivocal and the time is now.
- There is a need for adequate funding to sustain the Nongame Program, since roughly 98 percent of Virginia's wild animals and freshwater fish are neither hunted or fished.

- Virginia has greater diversity of native freshwater fish species (nearly 200) than several continents, and yet we exhibit a lack of concern by letting these species disappear through benign neglect. Wildlife diversity cannot be sustained without the preservation of habitats. The Nongame Program is the state's attempt to keep these animals in abundance.
- Total wildlife management programs must be supported, either through general revenues, dedication of a portion of the sales, or some other financial means.
- DGIF provides needed services, such as animal damage control, law enforcement, environmental education, management of nongame and endangered species, and environmental protection, to the citizens of the Commonwealth, many of whom do not pay into the Game Protection Fund or the Boat Fund.
- Only in recent years did many Virginians see the direct link between preserving the environment and bringing visitor dollars into the community. DGIF has played a major role in this transition through technical assistance in property management for land owners as well as environmental education programs for game and nongame users. While game and nongame use has increased rapidly, there has not been a comparable increase in the funding of wildlife services. As a result, DGIF outreach services are in danger of being curtailed significantly if the disparity is not resolved.
- The resources that DGIF protects and manages are responsible for supporting jobs in rural Virginia. Non-consumptive use of wildlife in Virginia alone contributes \$782 million annually to Virginia's economy through tourism and equipment sales.
- There should be a public referendum on the dedication of a percentage of the sales tax to assure the public of long-term funding of all wildlife programs.
- The benefits of long-term funding include (i) increasing the ability to manage habitats, both watchable and huntable, (ii) increasing tourism revenue, (iii) providing educational opportunities for citizens and visitors to Virginia, and (iv) providing wildlife damage management services and information.

- The agency instills an outdoors ethic in our youth and, through its programs, DGIF teaches valuable lessons in sportsmanship and an appreciation of the values of stewardship of wildlife and natural resources. These youth-oriented programs may be cut back without an appropriate level of funding.

IV. FINDINGS AND RECOMMENDATIONS

Because Virginia relies on traditional sources of revenue (hunting and fishing licenses, boat titling, and registration fees), it has ranked near the bottom among southeastern states in its per capita expenditures for fish and wildlife programs. At a time when the sales of hunting licenses have decreased, DGIF has been asked to provide additional services to a broader constituency. Absent any infusion of new sources of revenue, the only option facing the agency is to eliminate and cut back programs. The subcommittee agrees with both the agency projections and the Auditor of Public Accounts' findings that, beginning in the next decade, the Game Protection Fund will not be sufficiently capitalized to allow DGIF to continue to effectively carry out its mission. The subcommittee's concern is not limited simply to the delivery of quality services, but extends also to \$60 million in capital needs. The upgrading of the state's fish hatcheries alone represents about one-third of this total.

Having documented the challenges facing the agency through the next decade, the subcommittee agrees with much of the testimony suggesting that a stable source of significant funding is needed if DGIF is not only to fulfill its traditional mission, but also to provide both the recreational, law enforcement, and technical informational services requested by the citizens of the Commonwealth. No longer should hunters and anglers bear the entire expense of meeting these increasing demands. The subcommittee recognizes the fact that those who engage in wildlife-related activities contribute to the state's economy through their purchases of licenses and outdoor equipment. According to the "1996 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation" conducted by U. S. Bureau of the Census for the U. S. Fish and Wildlife Service, sales of hunting equipment (rifles, archery equipment, decoys, ammunition, etc.), fishing equipment (rods and reels, lines, tackle boxes, depth finders, etc.), and wildlife-watching equipment (binoculars, cameras, nest boxes, bird food, day tents, day packs, etc.) in Virginia totaled approximately \$632,301,000. This is a conservative estimate since it does not include the purchase of what the survey classifies as "special equipment," which includes off-road vehicles, trail bikes, campers, tents, trailers, boats, canoes, boat accessories, and boating costs (moving, storage, pumpout fees, and fuel).

Although many options were considered by the subcommittee, the option which offered the best opportunity to provide a source of long-term stable funding was the dedication of a portion of the existing sales tax imposed on wildlife-related outdoor equipment. This would allow the agency, for the first time, to receive some of the proceeds from the sales of such items as rods, reels, guns, and camping equipment. Currently, the present sales tax is 4.5 percent. The subcommittee proposes that the portion of the tax which goes to the general fund (2 percent) be earmarked for use by DGIF. This would generate approximately \$12 million annually, a portion of which should be used (i) to defray the cost of law enforcement and (ii) for the purchase, construction, maintenance, and repair of the capital assets of the agency. The subcommittee therefore recommends:

Recommendation #1: That the 1998 Session of the General Assembly enact legislation earmarking two percent of the revenue generated from the sale of hunting, fishing, and wildlife-watching equipment in Virginia to the Department of Game and Inland Fisheries, beginning July 1, 2000. The amount to be appropriated to DGIF should be based on the most recent "National Survey of Fishing, Hunting, and Wildlife Associated Recreations" conducted by the U. S. Bureau of the Census. (Appendix F)

The subcommittee also finds merit in the recommendation of DGIF and the Board of Game and Inland Fisheries to adjust the fees charged for the basic state resident and nonresident hunting and fishing licenses, trout licenses, and big game licenses, based on the Consumer Price Index. However, any adjustment should be made only once per biennium and should not exceed \$1 for each resident license and \$2 for each nonresident license. Currently, any time DGIF seeks a license or permit fee increase, it must submit legislation. Rather than facing the prospect of having to request a significant increase, perhaps once every decade, which was the case in 1988, it is more practical to give the Board the authority to administratively increase the fees to keep up with inflation. The subcommittee therefore recommends:

Recommendation #2: That the 1998 Session of the General Assembly enact legislation authorizing the Board of Game and Inland Fisheries to adjust biennially the fees charged for the state resident and nonresident basic hunting and fishing licenses, trout licenses, and big game licenses. Such adjustments should not exceed \$1 for each resident license and \$2 for each nonresident license. (Appendix G)

Respectfully submitted,

Delegate A. Victor Thomas, Chairman
Delegate Raymond R. Guest, Jr., Co-Chairman
Delegate J. Paul Council, Jr.
Senator Charles R. Hawkins
Senator Richard J. Holland
Delegate Harry J. Parrish
Delegate Linda T. Puller

V. APPENDICES

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HOUSE JOINT RESOLUTION NO. 552

Offered January 20, 1997

Establishing a joint subcommittee to study long-term funding options to meet the capital and operating needs of the Department of Game and Inland Fisheries.

Patrons—Thomas, Abbitt, Behm, Bryant, Clement, Connally, Councill, Cranwell, Crittenden, Croshaw, Crouch, DeBoer, Deeds, Griffith, Guest, Hall, Hargrove, Heilig, Ingram, Jackson, Keating, Kilgore, Nelms, Parrish, Phillips, Plum, Shuler, Stump, Van Landingham and Woodrum; Senator: Reynolds

Referred to Committee on Rules

WHEREAS, the Department of Game and Inland Fisheries (DGIF) is a non-general fund agency of the Commonwealth; and

WHEREAS, DGIF is Virginia's wildlife management and boating safety and education agency; and

WHEREAS, DGIF's mission is to protect and enhance wildlife and fish populations for outdoor recreation purposes for both consumptive and nonconsumptive users; and

WHEREAS, the outdoor recreational activities that DGIF fosters bring substantial economic benefits and revenue to the Commonwealth and its citizens; and

WHEREAS, the primary funding sources of DGIF have historically been the revenues generated from the sales of hunting and fishing licenses and boat registration fees; and

WHEREAS, DGIF has substantial capital and operational needs; and

WHEREAS, in a study authorized by the 1996 Appropriations Act, the Auditor of Public Accounts recognized that by the year 2000, DGIF will face a shortfall in funding available to meet the agency's operating needs, and that no funds are currently available to meet its substantial capital needs; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to study long-term funding options to meet the capital and operating needs of the Department of Game and Inland Fisheries. The joint subcommittee shall be composed of five legislative members as follows: three members of the House of Delegates, to be appointed by the Speaker of the House, and two members of the Senate, to be appointed by the Senate Committee on Privileges and Elections.

The direct costs of this study shall not exceed \$3,000.

The Division of Legislative Services shall provide staff support for the study. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 1998 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

#

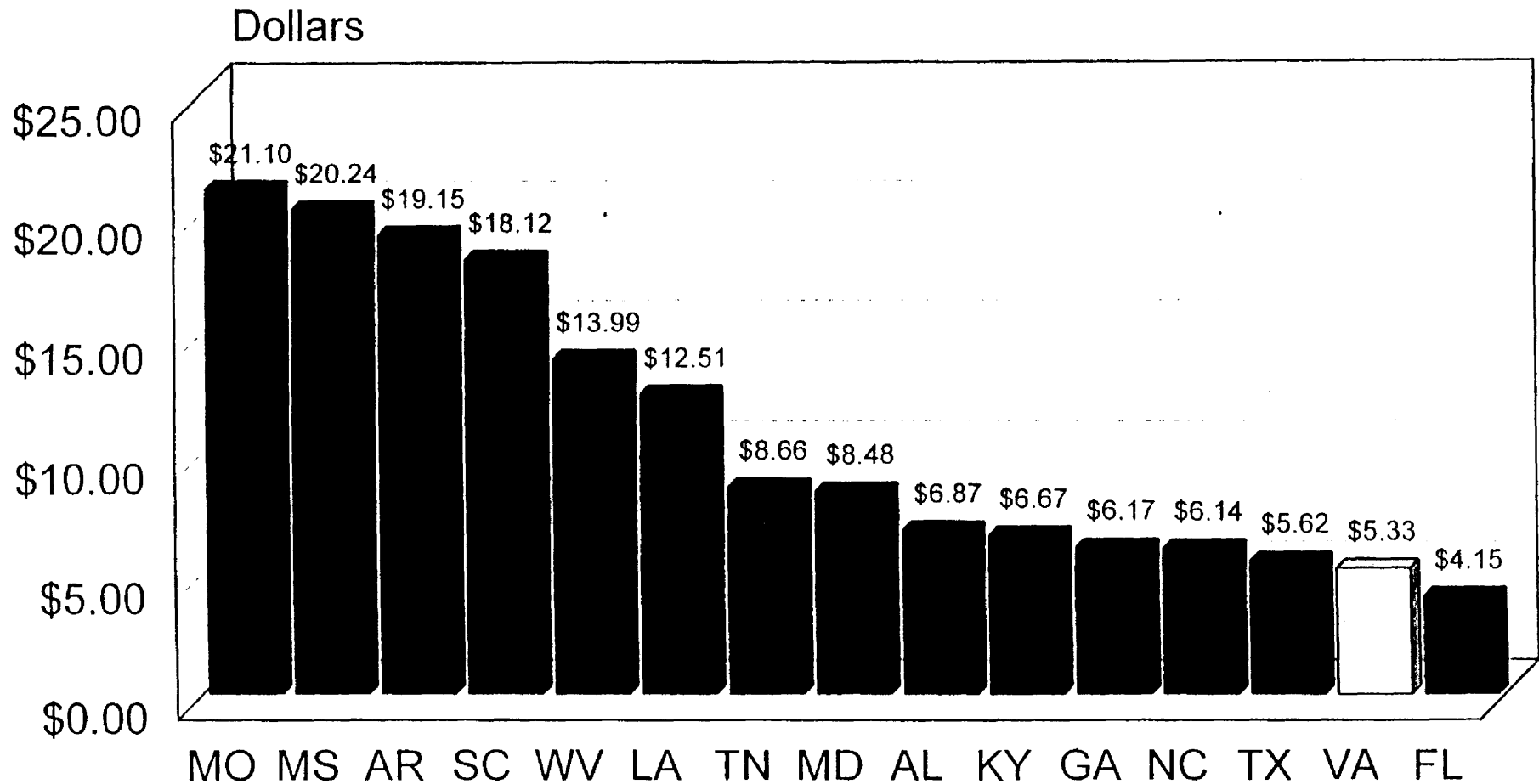
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Wildlife Agency Per Capita Funding

1997 Actual



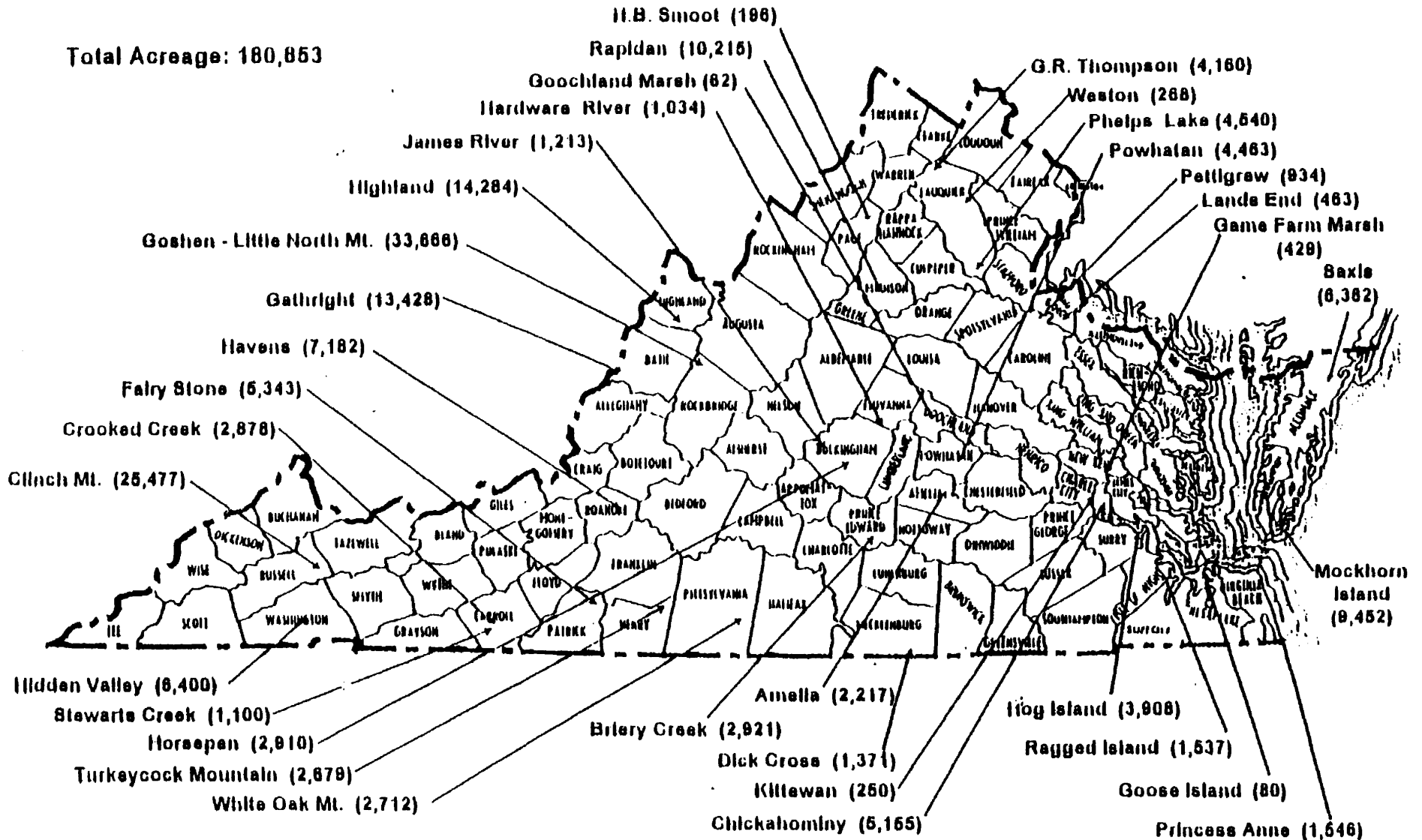
Appendix C

AGENCY LANDS AND FACILITIES

Wildlife Management Area	County	Acreege
Amelia	Amelia	2,217
Briery Creek	Prince Edward	3,164
Chickahominy	Charles City	5,217
Clinch mountain	Smyth, Washington, Russell, Tazewell	25,477
Crooked Creek	Carroll	1,796
Dick Cross	Mecklenberg	1,400
Fairystone Farm	Patrick, Henry	5,781
Game Farm Marsh	New Kent	429
Gathright	Bath	13,428
Goshen-Little North Mountain	Augusta, Rockbridge	33,697
Hardware River	Fluvanna	1,034
Havens	Roanoke	7,910
Hidden Valley	Washington	6,400
Highland	Highland	14,283
Hog Island	Surry	3,908
Horsepen Lake	Buckingham	3,065
James River	Nelson	1,213
Mockhorn Island	Northampton	7,000
Pettigrew	Caroline	934
C.F. Phelps	Fauquier	4,539
Powhatan	Powhatan	4,462
Princess Anne	Virginia Beach	1,546
Ragged Island	Isle of Wight	1,537
Rapidan	Greene, Madison	10,326
Saxis	Accomack	5,574
Stewarts Creek	Carroll	1,087
G.R. Thompson	Fauquier	4,000
Turkeycock Mountain	Franklin, Henry	2,679
White Oak Mountain	Pittsylvania	2,712

**Department of Game and Inland Fisheries Land Ownership
of Wildlife Management Areas (in acres)**
May, 1995**

Total Acreage: 180,853



**The acreage figures are under review and subject to the verification of historical records and the updating of the FACCS system

Hatchery	County
Brookneal	Campbell
Buller	Smyth
Coursey Springs	Bath
Front Royal	Warren
King and Queen	King and Queen
Marion	Smyth
Montebello	Nelson
Paint Bank	Craig
Wytheville	Wythe

CENTRAL SERVICE CHARGES

**DGIF CENTRAL SERVICE CHARGES
1998**

<u>Cost Allocation</u>	<u>Subtotals</u>	
7,392		DGS Engineering
810		DGS Risk Management
218,861	DGS	DGS General Procurement
24,219	\$227,063	Personnel
4,859		Employee Relations
(1,894)		VRS
117,417		DPB
20,582	DIT	DIT Procurement Services
3,556	\$ 24,138	DIT Telecommunications
59,340	DOA	DOA Audit/Accts
35,980	\$ 95,320	DOA Financial Systems
30,034		Treasury
237		Library Central Records
62,313		Secretary of Natural Resources
<u>32</u>		Internal Service Fund Adjustment
\$583,738*		TOTAL

*Does not include APA (\$14,000 estimated) or AG (\$24,000 estimated)

**DGIF CENTRAL SERVICE CHARGES
1998**

<u>Cost Allocation</u>	<u>Subtotals</u>	
(4,990)		DGS Engineering
871	DGS	DGS Risk Management
367,626	\$363,507	DGS General Procurement
19,811		Personnel
5,176		Employee Relations
(863)		VRS
(32,905)		DPB
6,624		DIT Telecommunications
47,791	DOA	DOA Audit/Accts
24,976	\$ 72,767	DOA Financial Systems
44,978		Treasury
199		Library Central Records
59,190		Secretary of Natural Resources
<u>6,110</u>		Internal Service Fund Adjustment
\$544,594*		TOTAL

*Does not include APA (\$14,000 estimated) or AG (\$36,000 estimated)

Appendix E

**SERVICES DGIF PROVIDES TO THE
GENERAL PUBLIC AT NO COSTS**

DGIF PROVIDES TO THE GENERAL PUBLIC AT NO COSTS

Trespass enforcement; 558 arrests related to trespass in 1996

Law enforcement investigation of wildlife damage complaints, advice about residential wildlife problems, and issuance of crop damage permits

Law enforcement investigation and inspection about holding wildlife in captivity

Law enforcement participation in state emergency preparation such as floods, nuclear disasters, etc.

Law enforcement assistance to local authorities in search and rescue operations including lost children, lost hunters, boat accident victims, swimming accident victims

Law enforcement response to demonstrations to control and protect property and persons such as coal strikes, power plant demonstrations, etc.

Law enforcement response to traffic related hunting incidents (45 arrests in 1996 for stopping on the public highway), for fish and wildlife related drug incidents (179 arrests in 1996 for illegal possession of controlled substances), for discharge of a firearm across a public highway or street (272 arrests in 1996 for shooting across a road or street), for spotlighting (393 arrests in 1996 for trespassing by use of a spotlight)

Law enforcement response to enforce breaches of the peace

Law enforcement response to render assistance in medical emergencies. DGIF Law Enforcement Division was the Commonwealth's first state law enforcement agency to be licensed by the Division of Emergency Medical Services as an emergency non-response agency

Providing a statewide Big Game Checking Station system involving 1,500 cooperators

Deer Management Assistance Program (1.3 million acres, 400 cooperators) and Damage Control Assistance Program

Forest stewardship technical assistance on private-owned forests lands

Wetlands technical assistance on private lands for the restoration and/or creation of wetland habitat

Upland habitat technical assistance on private lands including control burning workshops, warm season grass planting workshops, landowner advice on cost-sharing programs such as the Farm Bill, public utility rights-of-way wildlife seeding, wildlife plantings on the Gaston pipeline, landowner advice on habitat manipulation to attract wildlife

Assistance to homeowners on attracting backyard wildlife, controlling and/or removing nuisance animals, resolving urban deer, goose, and beaver problems

Wildlife health monitoring and response to wildlife disease outbreaks including avian cholera, duck viral enteritis, duck botulism in parks, housing developments and private collections, deer dieoffs due to hemorrhagic disease, turkey fowlpox, rabies in furbearers, and songbird diseases related to birdfeeders

Public information related to hunting season forecasts and analyses for the media, wildlife technical resource bulletins on research findings, surveys and population status, popular publications on wildlife management

Fish stocking authorizations

Private pond consultations

Coordination with private property/lake owners regarding nuisance aquatic plants

Technical assistance and recommendations on nongame problems usually relating to snakes, turtles and other aquatic nongame species

Species information such as life history, habitats, food habits, status, etc. on individual species for school students and educators

Species lists for a particular area of the state to community groups, educators, concerned citizens

Statewide maps displaying distribution of specific species; statewide map of land cover

Retrieval of injured raptors/owls and other large bird rescues

Video production to news outlets and production companies working on wildlife subjects, participation in tourism video efforts, complete production of a video for the Virginia Wildlife Federation, numerous videotapes for general public distribution

Provide wide range of pamphlets, brochures, guides, newsletters and other publications about hunting, fishing, boating, wildlife watching, regulations, safety, etc.

Issuance of about 1,000 crossbow permits at no fee

Hundreds of public presentations

Provision of lands for birding, hiking, horseback riding, camping, etc.: boat landings for canoes, kayaks, and other small unregistered boats (essentially all boats and all boaters): provision of state-owned fishing lakes with no access fees

Provision of wildlife and aquatic resource/angling education programs at no costs to the general public

Provision of "no fee" education courses for hunter safety and boating safety

**SERVICES TO OTHER AGENCIES
AT NO COSTS**

SERVICES TO OTHER AGENCIES AT NO COSTS

Access to the agency's Wildlife Information Online Service

Wildlife-related reports or digital data for comprehensive planning, etc.

Map products displaying wildlife-related data

Environmental Project/Permit Reviews - approximately 3,000 annually

Public Information photos, videotape and equipment

Informational material to Tourism Centers

Boat landing plan reviews

Anadromous fish propagation and coordination

Fish kill coordination

Aquaculture Committee coordination

Fisheries Extension Services

Fisheries collections for Va. Health Dept. contaminants survey

Promulgate wildlife regulations for state and federal properties

Wildlife population technical assistance on state and federal properties

Participation in Va. Health Dept. oral rabies vaccine committee

Wildlife and aquatic resource education programs

Information and law enforcement services for saltwater recreation fishing license

Public safety, property and resource protection from Law Enforcement on state lands not owned by DGIF and federal lands

Enforcement response to environmental catastrophes and other environmental events

Enforcement coordination for waterway transportation and traffic control in cooperation with Va. Tourism Corporation

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HOUSE BILL NO. 38

Offered January 14, 1998
Prefiled December 22, 1997

A BILL to amend and reenact §§ 29.1-101 and 58.1-638 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 29.1-101.01, relating to the dedication of sales and use tax on hunting, fishing, and wildlife-watching equipment.

Patrons—Thomas, Barlow, Bloxom, Brickley, Callahan, Clement, Council, Dickinson, Dillard, Grayson, Guest, Hall, Johnson, Murphy, Parrish, Phillips, Plum, Puller, Stump, Van Landingham, Watkins and Woodrum; Senators: Chichester, Colgan, Gartlan, Hawkins, Holland, Houck, Lambert, Marye, Stosch, Trumbo, Waddell, Walker, Wampler and Woods

Referred to Committee on Conservation and Natural Resources

Be it enacted by the General Assembly of Virginia:

1. That §§ 29.1-101 and 58.1-638 of the Code of Virginia are amended and reenacted, and that the Code of Virginia is amended by adding a section numbered 29.1-101.01 as follows:

§ 29.1-101. Game Protection Fund.

The amount received by the State Treasurer from the sale of hunting, trapping and fishing licenses, revenue generated from the sales and use tax pursuant to subsection E of § 58.1-638, and such other items as may accrue to the Board shall be set aside and shall constitute the ~~game protection fund~~ Game Protection Fund. The income and principal of this ~~fund~~ Fund, including any unexpended balance, shall be a separate fund in the state treasury and shall only be used for the payment of the salaries, allowances, wages, and expenses incident to carrying out the provisions of the hunting, trapping and inland fish laws and for no other purpose, except as provided in §§ 29.1-101.01, 29.1-701, 58.1-345, and ~~29.1-702~~ 58.1-1410.

§ 29.1-101.01. Capital Improvement Fund.

There is hereby created in the state treasury a special, nonreverting fund to be known as the Capital Improvement Fund, hereafter referred to as "the Fund." The Fund shall consist of those funds that may be so designated by the Board and any gifts, grants, and contributions from any person, foundation, or other legal entity. In addition, the Board may transfer to this Fund an amount equal to fifty percent or less of the revenue generated annually from the sales and use tax which has been deposited in the Game Protection Fund pursuant to subsection E of § 58.1-638. The income and principal in the Fund shall be used only for the purchase, construction, maintenance, or repair of capital assets of the Department.

The Fund shall be established on the books of the Comptroller. All moneys received shall be paid into the state treasury and credited to the Fund. Interest earned on the moneys in the Fund shall remain in the Fund and be credited to the Fund. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund.

§ 58.1-638. Disposition of state sales and use tax revenue; localities' share; Game Protection Fund.

A. The Comptroller shall designate a specific revenue code number for all the state sales and use tax revenue collected under the preceding sections of this chapter.

1. The sales and use tax revenue generated by the one-half percent sales and use tax increase enacted by the 1986 Special Session of the General Assembly shall be paid, in the manner hereinafter provided in this section, to the Transportation Trust Fund as defined in § 33.1-23.03:1. Of the funds paid to the Transportation Trust Fund, an aggregate of 4.2 percent shall be set aside as the Commonwealth Port Fund as hereinafter provided; an aggregate of 2.4 percent shall be set aside as the Commonwealth Airport Fund as hereinafter provided; and an aggregate of 8.4 percent shall be set aside as the Commonwealth Mass Transit Fund as hereinafter provided. The Fund's share of such net revenue shall be computed as an estimate of the net revenue to be received into the state treasury each month, and such estimated payment shall be adjusted for the actual net revenue received in the preceding month. All payments shall be made to the Fund on the last day of each month.

2. There is hereby created in the Department of the Treasury a special nonreverting fund which

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1 shall be a part of the Transportation Trust Fund and which shall be known as the Commonwealth
2 Port Fund.

3 a. The Commonwealth Port Fund shall be established on the books of the Comptroller and the
4 funds remaining in such Fund at the end of a biennium shall not revert to the general fund but shall
5 remain in the Fund. Interest earned on such funds shall remain in the Fund and be credited to it.
6 Funds may be paid to any authority, locality or commission for the purposes hereinafter specified.

7 b. The amounts allocated pursuant to this section shall be allocated by the Commonwealth
8 Transportation Board to the Board of Commissioners of the Virginia Port Authority to be used to
9 support port capital needs and the preservation of existing capital needs of all ocean, river, or
10 tributary ports within the Commonwealth.

11 c. Commonwealth Port Fund revenue shall be allocated by the Board of Commissioners to the
12 Virginia Port Authority in order to foster and stimulate the flow of maritime commerce through the
13 ports of Virginia, including but not limited to the ports of Richmond, Hopewell and Alexandria.

14 3. There is hereby created in the Department of the Treasury a special nonreverting fund which
15 shall be part of the Transportation Trust Fund and which shall be known as the Commonwealth
16 Airport Fund. The Commonwealth Airport Fund shall be established on the books of the Comptroller
17 and any funds remaining in such Fund at the end of a biennium shall not revert to the general fund
18 but shall remain in the Fund. Interest earned on the funds shall be credited to the Fund. The funds so
19 allocated shall be allocated by the Commonwealth Transportation Fund to the Virginia Aviation
20 Board. The funds shall be allocated by the Virginia Aviation Board to any Virginia airport which is
21 owned by the Commonwealth, a governmental subdivision thereof, or a private entity to which the
22 public has access for the purposes enumerated in § 5.1-2.16, or is owned or leased by the
23 Metropolitan Washington Airports Authority (MWAA), as follows:

24 From July 1, 1995, through June 30, 2000, any new funds in excess of \$12.1 million which are
25 available for allocation by the Virginia Aviation Board from the Commonwealth Transportation Fund,
26 shall be allocated as follows: sixty percent to MWAA, up to a maximum annual amount of two
27 million dollars, and forty percent to air carrier airports as provided in subdivision A 3 a. Except for
28 adjustments due to changes in enplaned passengers, no air carrier airport sponsor, excluding MWAA,
29 shall receive less funds identified under subdivision A 3 a than it received in fiscal year 1994-95.

30 Of the remaining amount:

31 a. Forty percent of the funds shall be allocated to air carrier airports, except airports owned or
32 leased by MWAA, based upon the percentage of enplanements for each airport to total enplanements
33 at all air carrier airports, except airports owned or leased by MWAA. No air carrier airport sponsor,
34 however, shall receive less than \$50,000 nor more than \$2 million per year from this provision.

35 b. Forty percent of the funds shall be allocated by the Aviation Board for air carrier and reliever
36 airports on a discretionary basis, except airports owned or leased by MWAA.

37 c. Twenty percent of the funds shall be allocated by the Aviation Board for general aviation
38 airports on a discretionary basis.

39 4. There is hereby created in the Department of the Treasury a special nonreverting fund which
40 shall be a part of the Transportation Trust Fund and which shall be known as the Commonwealth
41 Mass Transit Fund.

42 a. The Commonwealth Mass Transit Fund shall be established on the books of the Comptroller
43 and any funds remaining in such Fund at the end of the biennium shall not revert to the general fund
44 but shall remain in the Fund. Interest earned on such funds shall be credited to the Fund. Funds may
45 be paid to any local governing body, transportation district commission or public service corporation
46 for the purposes hereinafter specified.

47 b. The amounts allocated pursuant to this section may be used to support a maximum of fifty
48 percent of the public transportation administrative costs and up to eighty percent of the costs of
49 ridesharing programs borne by the locality. These amounts may be used to support up to ninety-five
50 percent of the local or nonfederal share of capital project costs for public transportation and
51 ridesharing equipment, facilities, and associated costs. Capital costs may include debt service
52 payments on local or agency transit bonds. Further, these amounts may be used to support a
53 maximum of ninety-five percent of the costs borne by the locality for the purchase of fuels,
54 lubricants, tires and maintenance parts and supplies for public transportation. The term "borne by the

1 locality" shall mean the local share eligible for state assistance consisting of costs in excess of the
2 sum of fares and other operating revenues plus federal assistance received by the locality.

3 c. Commonwealth Mass Transit Fund revenue shall be allocated by the Commonwealth
4 Transportation Board as follows:

5 (1) Funds for special programs, which shall include ridesharing, experimental transit, and technical
6 assistance, shall not exceed 1.5 percent of the Fund.

7 (2) The Board may allocate these funds to any locality or planning district commission to finance
8 up to eighty percent of the local share of all costs associated with the development, implementation,
9 and continuation of ridesharing programs.

10 (3) Funds allocated for experimental transit projects may be paid to any local governing body,
11 transportation district commission, or public corporation or may be used directly by the Department of
12 Rail and Public Transportation for the following purposes:

13 (a) To finance up to ninety-five percent of the capital costs related to the development,
14 implementation and promotion of experimental public transportation and ridesharing projects approved
15 by the Board.

16 (b) To finance up to ninety-five percent of the operating costs of experimental mass transportation
17 and ridesharing projects approved by the Board for a period of time not to exceed twelve months.

18 (c) To finance up to ninety-five percent of the cost of the development and implementation of any
19 other project designated by the Board where the purpose of such project is to enhance the provision
20 and use of public transportation services.

21 d. Funds allocated for public transportation promotion and operation studies may be paid to any
22 local governing body, planning district commission, transportation district commission, or public
23 transit corporation, or may be used directly by the Department of Rail and Public Transportation for
24 the following purposes and aid of public transportation services:

25 (1) At the approval of the Board to finance a program administered by the Department of Rail and
26 Public Transportation designed to promote the use of public transportation and ridesharing throughout
27 Virginia.

28 (2) To finance up to fifty percent of the local share of public transportation operations planning
29 and technical study projects approved by the Board.

30 e. At least 73.5 percent of the Fund shall be distributed to each transit property in the same
31 proportion as its operating expenses bear to the total statewide operating expenses and shall be spent
32 for the purposes specified in subdivision 4 b.

33 f. The remaining twenty-five percent shall be distributed for capital purposes on the basis of
34 ninety-five percent of the nonfederal share for federal projects and ninety-five percent of the total
35 costs for nonfederal projects. In the event that total capital funds available under this paragraph are
36 insufficient to fund the complete list of eligible projects, the funds shall be distributed to each transit
37 property in the same proportion that such capital expenditure bears to the statewide total of capital
38 projects.

39 5. Funds for Metro shall be paid by the Northern Virginia Transportation Commission to the
40 Washington Metropolitan Area Transit Authority (WMATA) and be a credit to the Counties of
41 Arlington and Fairfax and the Cities of Alexandria, Falls Church and Fairfax in the following manner:

42 a. Local payments of WMATA rail transit bonds shall be paid first and apportioned to each
43 locality using the WMATA capital formula.

44 b. The remaining funds shall be apportioned by calculating twenty-five percent of the capital and
45 operating costs and seventy-five percent of the capital and operating subsidies applied to each locality.
46 Capital costs may include twenty percent of annual local bus capital expenses.

47 Appropriations from the Commonwealth Mass Transit Fund are intended to provide a stable and
48 reliable source of revenue as defined by Public Law 96-184.

49 B. The sales and use tax revenue generated by a one percent sales and use tax shall be distributed
50 among the counties and cities of this Commonwealth in the manner hereafter in this section provided.

51 C. The localities' share of the net revenue distributable under this section among the counties and
52 cities shall be apportioned by the Comptroller and distributed among them by warrants of the
53 Comptroller drawn on the Treasurer of Virginia as soon as practicable after the close of each month
54 during which the net revenue was received into the state treasury. The distribution of the localities'

1 share of such net revenue shall be computed with respect to the net revenue received into the state
2 treasury during each month, and such distribution shall be made as soon as practicable after the close
3 of each such month.

4 D. The net revenue so distributable among the counties and cities shall be apportioned and
5 distributed upon the basis as certified to the Comptroller by the Department of Education, of the
6 number of children in each county and city according to the most recent statewide census of school
7 population taken by the Department of Education pursuant to § 22.1-284, as adjusted in the manner
8 hereinafter provided. No special school population census, other than a statewide census, shall be used
9 as the basis of apportionment and distribution except that in any calendar year in which a statewide
10 census is not reported, the Department of Education shall adjust such school population figures by the
11 same percent of annual change in total population estimated for each locality by The Center for
12 Public Service. The revenue so apportionable and distributable is hereby appropriated to the several
13 counties and cities for maintenance, operation, capital outlays, debt and interest payments, or other
14 expenses incurred in the operation of the public schools, which shall be considered as funds raised
15 from local resources. In any county, however, wherein is situated any incorporated town constituting a
16 school division, the county treasurer shall pay into the town treasury for maintenance, operation,
17 capital outlays, debt and interest payments, or other expenses incurred in the operation of the public
18 schools, the proper proportionate amount received by him in the ratio that the school population of
19 such town bears to the school population of the entire county. If the school population of any city or
20 of any town constituting a school division is increased by the annexation of territory since the last
21 preceding school population census, such increase shall, for the purposes of this section, be added to
22 the school population of such city or town as shown by the last such census and a proper reduction
23 made in the school population of the county or counties from which the annexed territory was
24 acquired.

25 E. Beginning July 1, 2000, of the remaining sales and use tax revenue, the revenue generated by a
26 two percent sales and use tax collected from the sales of hunting equipment, auxiliary hunting
27 equipment, fishing equipment, auxiliary fishing equipment, wildlife-watching equipment, and auxiliary
28 wildlife-watching equipment in Virginia, as estimated by the most recent U. S. Department of the
29 Interior, Fish and Wildlife Service and U.S. Department of Commerce, Bureau of the Census National
30 Survey of Fishing, Hunting, and Wildlife-Associated Recreation, shall be paid into the Game
31 Protection Fund established under § 29.1-101 and shall be used, in part, to defray the cost of law
32 enforcement. Not later than thirty days after the close of each quarter, the Comptroller shall transfer
33 to the Game Protection Fund the appropriate amount of collections to be dedicated to such Fund.

34 EF. If errors are made in any distribution, or adjustments are otherwise necessary, the errors shall
35 be corrected and adjustments made in the distribution for the next quarter or for subsequent quarters.

36 EG. The term "net revenue," as used in this section, means the gross revenue received into the
37 general fund or the Transportation Trust Fund of the state treasury under the preceding sections of
38 this chapter, less refunds to taxpayers.

Official Use By Clerks	
Passed By	
The House of Delegates	Passed By The Senate
without amendment <input type="checkbox"/>	without amendment <input type="checkbox"/>
with amendment <input type="checkbox"/>	with amendment <input type="checkbox"/>
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HOUSE BILL NO. 40

Offered January 14, 1998
Prefiled December 22, 1997

A BILL to amend and reenact § 29.1-103 of the Code of Virginia, relating to Consumer Price Index adjustments to license fees.

Patrons—Councill, Barlow, Bloxom, Callahan, Christian, Dillard, Grayson, Guest, Murphy, Parrish, Plum, Puller, Stump and Thomas; Senators: Hawkins, Holland, Houck, Marye and Waddell

Referred to Committee on Conservation and Natural Resources

Be it enacted by the General Assembly of Virginia:

1. That § 29.1-103 of the Code of Virginia is amended and reenacted as follows:

§ 29.1-103. Powers and duties of the Board.

The Board is responsible for carrying out the purposes and provisions of this title and is authorized to:

1. Appoint the Director of the Department.
2. Acquire by purchase, lease, exchange, gift or otherwise, lands and waters in the Commonwealth and to establish buildings, structures, dams, lakes and ponds on such lands and waters.
3. Conduct operations for the preservation and propagation of game birds, game animals, fish and other wildlife in order to increase, replenish and restock the lands and inland waters of the Commonwealth.
4. Purchase, lease, or otherwise acquire lands and waters for game and fish refuges, preserves or public shooting and fishing, and establish such lands and waters under appropriate regulations.
5. Acquire by purchase, lease, or otherwise, lands and structures for use as public landings, wharves, or docks; to improve such lands and structures; and to control the use of all such public landings, wharves, or docks by regulation.
6. Acquire and introduce any new species of game birds, game animals or fish on the lands and within the waters of the Commonwealth.
7. Restock, replenish and increase any depleted native species of game birds, game animals, or fish.
8. Have educational matter pertaining to wildlife published and distributed.
9. Hold exhibits throughout the Commonwealth for the purpose of educating school children, agriculturists and other persons in the preservation and propagation of wildlife in the Commonwealth.
10. Control land owned by and under control of the Commonwealth in Back Bay, its tributaries and the North Landing River from the North Carolina line to North Landing Bridge. The Board shall regulate or prohibit by regulation any drilling, dredging or other operation designed to recover or obtain shells, minerals, or other substances in order to prevent practices and operations which would harm the area for fish and wildlife.
11. Exercise powers it may deem advisable for conserving, protecting, replenishing, propagating and increasing the supply of game birds, game animals, fish and other wildlife of the Commonwealth.
12. Adopt resolutions or regulations conferring upon the Director all such powers, authorities and duties as the Board possesses and deems necessary or proper to carry out the purposes of this title.
13. Administer and manage the Virginia Fish Passage Grant and Revolving Loan Fund pursuant to Article 1.1 (§ 29.1-101.2 et seq.) of Chapter 1 of this title.
14. *Adjust biennially the fees charged for the state resident and nonresident hunting licenses under § 29.1-303, the special license for hunting bear, deer and turkey under § 29.1-305, the state resident and nonresident fishing licenses under subsection A of § 29.1-310, and the trout license under subsection B of § 29.1-310. The adjusted amount shall not exceed the percentage change in the Consumer Price Index-Urban, using 1998 as the base year. Any biennial increase in a fee shall not exceed one dollar for each resident license or two dollars for each nonresident license. Before instituting a change in such license fee amounts, the Director shall report the proposed change and the reason for the fee change to the Chairmen of the House Committee on Conservation and Natural Resources and the Senate Committee on Agriculture, Conservation and Natural Resources.*

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HB40

5/19/98 8:55

