



MINUTES

Sustainable Funding for Natural Resources Study Committee

August 13, 2007

First Meeting

MEMBERS PRESENT:

Senator Dick L. Dearden, Co-chairperson
Senator Dennis H. Black
Senator David Johnson
Senator Mary Lundby

Representative Paul Bell, Co-chairperson
Representative McKinley Bailey
Representative Dan Rasmussen
Representative Henry Rayhons
Representative Dick Taylor

MEETING IN BRIEF

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Organizational staffing provided
by: Timothy C. McDermott,
Senior Legal Counsel,
(515) 281-3444

Minutes prepared by: Doug
Adkisson, Senior Legal Counsel,
(515) 281-3884

- I. Procedural Business.
- II. Summary of Activities of the Sustainable Natural Resource Funding Advisory Committee.
- III. Proposals for Study Committee Action.
- IV. Future Study Committee Meetings.
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Sustainable Funding for Natural Resources Study Committee

I. Procedural Business.

Call to Order. The first meeting of the Sustainable Funding for Natural Resources Study Committee (Study Committee) was called to order by Representative Bell, temporary co-chairperson, at 10:09 a.m., August 13, 2007, in Room 103 (Supreme Court Chamber) of the State Capitol.

Election of Co-chairpersons. Upon motion by Senator Black and seconded by Senator Johnson, Senator Dearden and Representative Bell were nominated and elected co-chairpersons by voice vote without objection.

Opening Remarks. Co-chairperson Bell stated that he would preside at the first meeting and that Co-chairperson Dearden would preside at the second meeting. Co-chairperson Bell welcomed members of the Study Committee and invited presenters and audience members.

Adoption of Rules. Upon motion by Representative Rayhons and seconded by Representative Taylor, the proposed rules for the Study Committee were approved by voice vote without objection.

Recess and Adjournment. The meeting temporarily recessed for lunch at 11:40 a.m. and was reconvened back to order at 1:09 p.m. The meeting was adjourned at 2:10 p.m.

II. Summary of Activities of the Sustainable Natural Resource Funding Advisory Committee.

Introduction. Co-chairperson Bell recognized Mr. Richard Leopold, Director of the Department of Natural Resources and member of the Sustainable Natural Resource Funding Advisory Committee (advisory committee). Mr. Leopold introduced a number of persons who served on the advisory committee, including Mr. Mark Ackelson, President of the Iowa Natural Heritage Foundation; Mr. Dave Van Waus, Regional Biologist for Pheasants Forever; Ms. Barbara Finch, Story County Farm Bureau member; and Ms. Lola Lopes from the Iowa Nature Conservancy. Also in attendance was Mr. Peter Fritzell, Biologist and Human Dimensions Specialist, Department of Natural Resources.

Presentation. Mr. Leopold discussed the origins of the advisory committee created in 2006 (2006 Iowa Acts, ch. 1185, § 43) with a requirement to report findings and recommendations to the General Assembly by January 10, 2007. Mr. Leopold noted that the advisory committee's work is continuing and expressed appreciation for the establishment of the Study Committee. Mr. Leopold described the membership and work of the advisory committee, including information regarding efforts by surrounding states, an outline of a natural resource initiative, the amount needed to fund the initiative, and an analysis of Iowans' willingness to support a natural resource funding initiative. Mr. Leopold stated that traditional revenue sources from fees paid by hunters and anglers are decreasing. He stated that the advisory committee defined "natural resources" as limited to areas related to: (1) fish, wildlife, and natural areas; (2) parks and trails; and (3) soil and water resources. According to Mr. Leopold the resource initiative requires an annual commitment of \$150 million from a dedicated revenue source. He discussed a number of funding mechanisms including: (1) utilizing gambling and gaming revenues; (2) deducting a fractional percentage in the state retail sales tax; (3) dedicating a portion of lottery revenues; (4) creating tax incentive or tax credits for conservation practices; and (5) utilizing bonding. He also noted that the state would



have a greater opportunity to obtain matching federal dollars to support natural resource projects if the initiative were adopted.

Mr. Leopold discussed issues related to the expenditure of increased revenues for a number of purposes, including water quality initiatives. He referred to two events conducted in November 2006; a public hearing conducted via the Iowa Communications Network in which 210 participants provided comments and a survey of 800 Iowans. Mr. Leopold noted that the survey indicated that most persons believe water quality is a priority, environmental conservation is a shared responsibility, support dedicating additional public funds for natural resources, are willing to pay \$10—\$25 annually in additional taxes to support natural resources, prefer using gaming revenues to support a natural resources initiative, and support tax credits as a method to carry out natural resource projects.

Several other persons briefly discussed the importance of the advisory committee's work, including Mr. Ackelson who discussed funding mechanisms, and Ms. Finch who noted that the issue is a concern of all Iowans and discussed the importance of establishing a dedicated funding source used exclusively to support natural resources.

Questions and Discussion. Mr. Leopold responded to a number of questions by the Study Committee members. He noted that public support for a natural resource initiative is critical and that the process of establishing a constitutionally protected funding mechanism would take four years and a public referendum to accomplish.

Several members discussed funding mechanisms. Senator Lundby noted that in a prior year the Senate considered a proposal to charge an admission fee at gaming locations. Senator Black expressed concern regarding the public's willingness to support new taxes. He discussed gaming revenue as a funding source and noted connections between natural resources funding and Iowa's bottle deposit law.

Ms. Lopes discussed the Missouri model which dedicates a fraction of that state's sales tax to purposes of supporting natural resources. Representative Rasmussen discussed the possibility of imposing a fee on the return of bottles of water in order to encourage recycling and raise revenue.

There was a discussion regarding the use of corn and water in the expanding biofuel industry and the increased production of corn and its effect on conservation initiatives such as the federal Conservation Reserve Program.

Senator Johnson, Mr. Leopold, and Mr. Fritzell discussed the methodology of the survey. Senator Johnson discussed the principle that all Iowans should bear the burden of supporting natural resources. Senator Johnson and Senator Black discussed a proposal to increase the state's sales tax in order to support the initiative. Mr. Van Waus discussed the need to keep young people in the state.

III. Proposals for Study Committee Action.

Co-chairperson Bell recognized Mr. Leopold who discussed two proposals recommended by the advisory committee as follows:



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- **CARD Study.** The first proposal was for the Study Committee to enter into an arrangement involving the Center for Agricultural and Rural Development (CARD) at Iowa State University to review literature and analyze and compile existing state and regional data concerning the economic impact, conservation benefits, and social benefits of natural resources in Iowa. The proposal requires CARD to prepare a 60-70 page report by the end of November 2007 for an estimated cost of \$30,000. According to the proposal, the CARD study would determine three questions. The first question is how the proposed \$150 million annual investment in natural resources would affect the state's economy. Mr. Leopold discussed the costs associated with not making the investment. Co-chairperson Bell offered an amendment to incorporate that analysis into the study, and there was no objection to the amendment. The second question is what impact the projects funded by Iowa's \$150 million annual investment in natural resources will have on the conservation and environmental health of the state. The third question is what is the societal benefit for the citizens of Iowa if the proposed \$150 million is invested annually in natural resources. The Study Committee members discussed how CARD could analyze the impact of a lesser investment, but no further Study Committee action was taken on this point. Co-chairperson Bell stated that if the Study Committee wished to proceed, the Legislative Services Agency should be instructed to draft a letter on behalf of the co-chairpersons to legislative leaders requesting funding for the proposal as amended. Senator Johnson made a motion to that effect which was seconded by Representative Taylor. The motion was adopted without objection.
- **Legislative Panel Proposal.** The second proposal was to invite a panel of legislative colleagues from other states with successful natural resource programs to share models for legislative action in Iowa. Senator Black, Co-chairperson Dearden, and other members offered to amend the proposal to invite staff from the Council of State Governments, the National Conference of State Legislatures, and the National Caucus of Environmental Legislators. The Study Committee members also offered to amend the proposal to limit the expenditures for the panel to \$3,000. Co-chairperson Bell stated that if the Study Committee wished to proceed, the Legislative Services Agency should be instructed to draft a letter on behalf of the co-chairpersons to legislative leaders requesting funding for the proposal as amended. Co-chairperson Dearden made a motion to that effect which was seconded by Representative Rayhons. The motion was adopted without objection.

IV. Future Study Committee Meetings.

Co-chairperson Bell invited members to discuss future meeting days and items for future discussion. Members discussed conducting meetings during the period when CARD was conducting its study. Senator Lundby suggested that the Study Committee meet for another day or more to consider in detail how increased revenues could be expended among the priority items identified by the advisory committee, including moneys allocated for trails (\$15 million), the Resource Enhancement and Protection (REAP) program (\$20 million), local conservation partnerships (\$20 million), watershed protection (\$20 million), lake restoration (\$10 million), the



Department of Agriculture and Land Stewardship (\$30 million), and the Department of Natural Resources (\$35 million). It was noted that another meeting day should be devoted to meeting with the panel of legislative colleagues and staff from interested organizations. Finally, it was suggested that the Study Committee meet to consider the results of the CARD proposal. Co-chairperson Bell instructed staff from the Legislative Services Agency to arrange for three future meeting days.

V. Materials Filed With the Legislative Services Agency.

The following materials listed were distributed at or in connection with the meeting and are filed with the Legislative Services Agency. The materials may be accessed from the <Additional Information> link on the Committee's internet page:

<http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=212>

1. Tentative Agenda.
2. Study Committee Charge.
3. Membership List, Sustainable Funding for Natural Resources Study Committee.
4. Background Information, Submitted by Timothy C. McDermott, Legal Services Division, Legislative Services Agency.
5. Proposed Rules for the Study Committee.
6. Membership List, Sustainable Natural Resource Funding Advisory Committee.
7. Final Report, Sustainable Natural Resource Funding Study, Submitted by the Sustainable Natural Resource Funding Advisory Committee.
8. Summary of Work by the Sustainable Funding Advisory Committee, Submitted by Mr. Richard Leopold.
9. CARD Study Proposal, Submitted by the Sustainable Funding Advisory Committee.
10. Legislative Panel Proposal, Submitted by the Sustainable Funding Advisory Committee.