



MINUTES

Sustainable Funding for Natural Resources Study Committee

January 28, 2008

MEMBERS PRESENT:

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

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

MEETING IN BRIEF

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Organizational staffing provided
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- I. Procedural Business
- II. Dr. Daniel Otto — Study: The Economic Value of Iowa's Natural Resources
- III. Committee Discussion and Recommendations
- IV. Materials Filed With the Legislative Services Agency



Sustainable Funding for Natural Resources Study Committee

I. Procedural Business

Co-chairperson Dearden called the third meeting of the Sustainable Funding for Natural Resources Study Committee (the Committee) to order at 9:06 a.m. on January 28, 2008, in the Supreme Court Chamber, Room 103 of the State Capitol, in Des Moines, Iowa. The minutes of the November 1-2, 2007, meeting were approved as distributed. The Committee adjourned at 10:45 a.m.

II. Dr. Daniel Otto — Study: The Economic Value of Iowa's Natural Resources

Dr. Otto from Iowa State University's Center for Agricultural and Rural Development presented the Committee with the results and final report of the study performed under contract with the General Assembly. The study was requested during the Committee's meeting of August 13, 2007. The study's objective was to study Iowa's outdoor recreational amenities and current usage levels, estimate the economic value of these resources, and estimate the benefits of new investments in those amenities.

Dr. Otto summarized the findings of the report as follows:

- Outdoor recreation opportunities are important to Iowans.
- Outdoor recreation is a large industry in Iowa.
- Outdoor recreation opportunities generate significant economic value.
- New investments in natural resources generate economic benefits.
- Recreation opportunities are important for attracting new economic development.

Dr. Otto described how the urbanization of the state will impact the benefits and use levels of natural resource amenities. Dr. Otto cited research which supports the conclusion that young, educated workers prefer high-amenity locations. Members of the Committee questioned Dr. Otto on the cause and effect relationship of amenities and worker retention. Dr. Otto acknowledged that in some situations it is the population base which creates amenities rather than amenities attracting workers.

Iowa's Lakes, Parks, and Trails. Dr. Otto provided a summary of the Iowa Lakes Valuation Project, which is a collaborative project involving economists and ecologists studying Iowa's lakes. The project reviewed surveys regarding lake use and future expected trips, willingness to pay for water quality improvements, and knowledge and perceptions of lake quality. Surveys were taken before and after improvements were made to certain lakes. The survey results allowed researchers to estimate the demand for and the value of improved water quality in Iowa's lakes. Dr. Otto explained that an individual's distance and the type of facilities directly affect lake and park usage. According to Dr. Otto, similar research has been conducted across the country on many different types of recreational resources with similar results. Dr. Otto explained that while investments in water quality are expensive, under most circumstances the benefits outweigh the costs, and he cited the investments made at Storm Lake as an example of the potential benefits.



Dr. Otto's report provided estimates of economic impact based on use of state and county parks and trails. Dr. Otto estimated that the state experiences over \$2 billion in spending associated with the use of those amenities. Additionally, over 27,000 jobs are dependent on outdoor recreation within the state and outdoor recreation generates over \$337 million in labor income.

Benefits and Economic Impact. Dr. Otto stated that determining economic impact and overall benefits can be accomplished by examining total expenditure impact, net economic benefits, economic development effects, and recruitment and retention of skilled workers. Dr. Otto used expenditures at Iowa's lakes as an example of economic impact. Dr. Otto also presented economic data based on the type of recreational activity. Analysis was conducted on what "consumer surplus" exists within the population for each type of activity. These estimates are not what individuals actually pay for certain recreational activities; instead, it is a measure of what they would be willing to pay beyond their current expenditures to enjoy the same activities.

Dr. Otto provided cost and benefit analyses for lake restoration and preservation projects at 14 lakes in Iowa. Dr. Otto ranked the various projects by benefit-to-cost ratio and used Storm Lake as an example of what kind of benefits are possible. Dr. Otto explained that even if the projected benefit-to-cost ratios were not realized, the investment would still yield significant benefits. Dr. Otto made the following recommendations to increase the economic benefits of investments made in outdoor recreation:

- Link outdoor recreation amenities to create a critical mass and synergies.
- Leverage investments with multiple benefits.
- Collect more data on usage patterns, preferences, resources available, and resource quality.
- Target quality of life investments to benefit new and current residents.

III. Committee Discussion and Recommendations

Co-chairperson Bell provided the Committee with a draft document entitled "Sustainable Funding for Natural Resources Study Committee."

Committee members raised several concerns regarding the ability of any funding proposal to satisfy deferred maintenance needs of Iowa's parks and outdoor recreation facilities. Senator Lundby moved a recommendation that the General Assembly consult with the Sustainable Natural Resource Funding Advisory Committee regarding the amount of funding required to satisfy deferred maintenance needs. Senators Johnson and Black seconded the motion and the motion was approved by the Committee on a unanimous voice vote.

The Committee discussed recommendations that would submit a sales tax increase and a constitutional amendment to the voters for approval. Members discussed the process of educating the public on the need for natural resources funding. Members discussed when a proposed constitutional amendment could be placed upon the ballot for public approval. Members requested that members receive more information regarding the planned use of dedicated funding to support soil and water conservation initiatives by the Department of Agriculture and Land Stewardship. Committee members discussed the possibility of a future reduction in appropriated funding



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following approval of a constitutional amendment. Members also discussed whether a formal review of the constitutional amendment would be appropriate 10 years after its adoption.

Co-chairperson Bell moved that the following items be approved:

- Item 1, that recommends the General Assembly adopt H.F. 902 or S.F. 587 which creates a charitable conservation contribution tax income tax credit.
- Item 2, that recommends the \$150 million needs assessment identified by the Sustainable Natural Resources Funding Advisory Committee, and that \$150 million per year is an appropriate level of funding to support natural resources and outdoor recreation, with the understanding that Committee members should be provided with information about the use of such moneys by the Department of Agriculture and Land Stewardship.
- Item 3, that recommends that the Sustainable Natural Resources Funding Advisory Committee be reauthorized.
- Item 4, that recommends that a Water Quality and Outdoor Recreation Trust Fund be created within the state treasury.
- Item 5, that recommends that a constitutional amendment be placed on the ballot that would constitutionally protect a 3/8th of 1 cent increase in the state's sales tax to raise approximately \$146 million per year to support needs identified by the Sustainable Natural Resources Funding Advisory Committee, and that the dedicated moneys should be in addition to and not replace existing moneys dedicated for natural resources and outdoor recreation.

After discussion by the Committee members, the items were adopted by the Committee on a unanimous voice vote.

IV. 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. The Economic Value of Iowa's Natural Resources, submitted by Dr. Otto.
3. The Economic Value of Iowa's Natural Resources Presentation, submitted by Dr. Otto.
4. Natural Resources Funding Advisory Committee Recommendation to the Interim Committee.

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5. Natural Resources Funding Advisory Committee Answers to Questions from November 1-2, 2007, Meeting.
6. Draft Document — Sustainable Funding For Natural Resources Study Committee Report to the Legislature.

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