

Natural Resources and Outdoor Recreation Trust Fund Report

Submitted by:

The Iowa Department of Natural Resources

in collaboration with

The Iowa Department of Agriculture and Land Stewardship

and

The Iowa Department of Transportation

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NATURAL RESOURCES AND OUTDOOR RECREATION TRUST FUND REPORT

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EXECUTIVE SUMMARY

As Iowa continues to move forward and lead in fiscal responsibility, this concept was evident in our legislators' request to explore the viability of sustainable funding for natural resources. In 2006, the legislatively appointed Advisory Committee began their in-depth four year internal and multi-state research in preparation for their comprehensive reports to the Governor and General Assembly.

The results obtained by the Advisory Committee confirmed that supporting the benefits connected to natural resources would be a feasible financial investment. In addition to the many economic benefits Iowa would receive, it would also reap cleaner water, sustainable agriculture and soils, and healthy outdoor related opportunities.

After thoughtful and thorough evaluation of the report findings, legislators deemed a dedicated funding source should be established to address Iowa's natural resource needs and that the people of Iowa should have a voice on this issue. In 2008 and 2009, proposed legislation was passed to allow the people of Iowa to vote on a Constitutional amendment that would create a dedicated trust fund.

In November 2010, the people of Iowa voted to amend Iowa's Constitution and create the Natural Resources and Outdoor Recreation trust fund and a dedicated funding source generated by a sales tax rate of three-eighths of one percent. This passage activated Senate File 2310 (SF2310) into law under Iowa Code Chapter 461, which provides the framework for the distribution, use, and accountability of the Natural Resources and Outdoor Recreation Trust Fund.

On September 22, 2011, the identified Departments in Iowa Code Chapter 461, Iowa Department of Agriculture and Land Stewardship, Iowa Department of Natural Resources, Iowa Department of Revenue, and Iowa Department of Transportation, convened with stakeholders to discuss initiating an appropriate and inclusive rulemaking process. After discussion, the agencies and stakeholders will continue to communicate and the agencies will pursue rulemaking when funding is available.

To date, since its inception and enactment occurring on January 1, 2011, the Natural Resources and Outdoor Recreation Trust Fund has not acquired any receipts. Therefore, no allocations to or expenditures by the funding recipients have occurred.

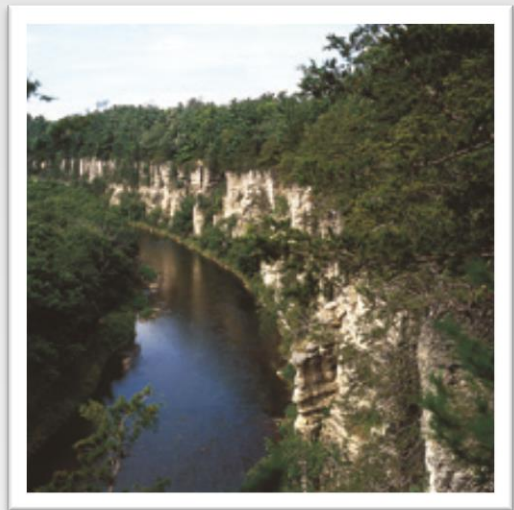
This report provides information as outlined in the requirements of Iowa Code Chapter 461.

BACKGROUND

Legislation and Advisory Committee

In 2006, under House File 2797, Iowa's forward thinking legislators proposed the creation of an Advisory Committee, composed of representatives from diverse organizations, to research the viability of sustainable funding for Iowa's natural resources. Upon their four year in-depth internal and multi-state research, data analysis, open public meetings, completion of an Economic Value Study, and public polling, the Advisory Committee prepared comprehensive reports for the Governor and legislators outlining the viability and need for sustainable funding for natural resources.

To help provide focus, the Advisory Committee defined Iowa's natural resources into three categories **1) Soil and Water, 2) Fish, Wildlife and Natural Areas, and 3) Parks and Trails**. To support the three broad categories, seven funding vehicles were identified as logical avenues to distribute the funding: Resource Enhancement and Protection program, Local Conservation Partnership program, Watershed Protection, Lake Restoration, Trails, Natural Resources (Iowa Department of Natural Resources), and Soil Conservation and Water Protection (Iowa Department of Agriculture and Land Stewardship). These funding vehicles were carefully and diligently identified as those which would reduce additional levels of bureaucracy for funding distribution when applicable. They are also structured in a way to work independently



and to complement each other.

The result of securing sustainable funding for natural resources through these funding vehicles would provide benefits across Iowa such as cleaner water, positive economic impacts, sustainable agriculture and soils, and outdoor recreation opportunities where Iowans and visitors can enjoy and appreciate healthy activities, nature, and the amenities Iowa can offer. One of the legislative requests to the Advisory Committee was to recommend a dedicated funding mechanism (method of acquiring revenue) with the understanding that this new funding would supplement current allocations, not replace them. After thoughtful and thorough evaluation, inquiry, presentations, and discussion with the Advisory Committee, bipartisan legislators proposed language to amend Iowa's Constitution and create a constitutionally protected trust fund using a dedicated funding mechanism of 3/8 of 1 percent of the next sales tax increase.

In Iowa, the same legislative language requesting an amendment to Iowa's constitution must pass two different General Assemblies before it can go before the people for a vote. The

resolution that proposed the amendment to establish the Natural Resources and Outdoor Recreation Trust Fund passed the two General Assemblies under SJR-2002 (2008) and HJR-1 (2009) with overwhelming bi-partisan support. This resolution provided the citizens of Iowa the opportunity to vote to create a trust fund protecting sustainable funding for natural resources. In April 2010, Senate File 2310 was passed establishing the Natural Resources and Outdoor Recreation Trust Fund based on the contingency that the 2010 proposed amendment to the Constitution of the State of Iowa is ratified by public vote. On November 2, 2010, the people of Iowa voted to create the constitutionally protected trust fund using dedicated funding for Iowa's natural resources.

Constitutional Amendment

On November 2, 2010, the people of Iowa voted to amend the Iowa Constitution creating the Natural Resources and Outdoor Recreation Trust Fund with 62.8% of the vote (sos.iowa.gov/elections/pdf/2010/ballotquestionsorr.pdf).

The following is the ballot language presented to the people:

Summary: Adopts Iowa's Water and Land Legacy Amendment which creates a dedicated trust fund for the purposes of protecting and enhancing water quality and natural areas in the State including parks, trails, and fish and wildlife habitat, and conserving agricultural soils in this State.

Full Text: Article VII of the Constitution of the State of Iowa is amended by adding the following new section: NATURAL RESOURCES. SEC. 10. A natural resources and outdoor recreation trust fund is created within the treasury for the purposes of protecting and enhancing water quality and natural areas in this State including parks, trails, and fish and wildlife habitat, and conserving agricultural soils in this State. Moneys in the fund shall be exclusively appropriated by law for these purposes.

The general assembly shall provide by law for the implementation of this section, including by providing for the administration of the fund and at least annual audits of the fund.

Except as otherwise provided in this section, the fund shall be annually credited with an amount equal to the amount generated by a sales tax rate of three-eighths of one percent as may be imposed upon the retail sales price of tangible personal property and the furnishing of enumerated services sold in this State.

No revenue shall be credited to the fund until the tax rate for the sales tax imposed upon the retail sales price of tangible personal property and the furnishing of enumerated services sold in this State in effect on the effective date of this section is increased. After such an increased tax rate becomes effective, an amount equal to the amount generated by the increase in the tax rate shall be annually credited to the fund, not to exceed an amount equal to the amount generated by a tax rate of three-eighths of one percent imposed upon the retail sales price of tangible personal property and the furnishing of enumerated services sold in this State.

Upon enactment of the constitutional amendment, Senate File 2310 became effective January 1, 2011, and can be found under Iowa Acts 1158 that created Iowa Code Chapter 461 (www.legis.iowa.gov/docs/code/461.pdf)

Iowa Code Chapter 461

Iowa Code Chapter 461 (fka Senate File 2310) provides a framework for the distribution, use, and accountability of the Natural Resources and Outdoor Recreation Trust Fund. It also provides guidance for the administration of the trust fund through:

- An annual audit of all accounts and transactions,
- The adoption of rules by the Iowa Department of Agriculture and Land Stewardship (IDALS), Iowa Department of Natural Resources (DNR), Iowa Department of Revenue, and Department of Transportation (DOT), and
- The publishing of an annual public notice of trust fund distributions and expenditures.

As part of this accountability, the Code provides the opportunity for a joint annual report to be electronically submitted by the DNR, the IDALS, and the DOT to the Governor and General Assembly by January 15th. The report is to include:

1. The receipts and expenditures of the trust fund and its accounts, a summary of initiatives supported by trust fund moneys, the results of those expenditures, any performance goals or measurements, and plans for future short-term or long-term expenditures, and
2. Recommendations to the general assembly, including legislation proposed by one or more of the departments.

REPORT REQUIREMENT #1

Iowa Code section 461.22 provides the opportunity for a joint report on *“the receipts and expenditures of the trust fund and its accounts, a summary of initiatives supported by trust fund moneys, the results of those expenditures, any performance goals or measurements, and plans for future short-term or long-term expenditures.”*

RECEIPTS AND EXPENDITURES

On April 23, 2010, in a cover letter with Senate File 2310, Iowa’s Governor requested the Secretary of State to create the Natural Resources and Outdoor Recreation Trust Fund upon the passing of the November 2010 Constitutional Amendment.

Article VII, Section 10 of the Constitutional Amendment identifies that the *“fund shall be annually credited with an amount equal to the amount generated by a sales tax rate of three-eighths of one percent as may be imposed upon the retail sales price of tangible personal property and the furnishing of enumerated services sold in this State. No revenue shall be credited to the fund until the tax rate for the sales tax imposed upon the retail sales price of tangible personal property and the furnishing of enumerated services sold in this State in effect on the effective date of this section is increased. After such an increased tax rate becomes effective, an amount equal to the amount generated by the increase in the tax rate shall be annually credited to the fund, not to exceed an amount equal to the amount generated by a tax rate of three-eighths of one percent imposed upon the retail sales price of tangible personal property and the furnishing of enumerated services sold in this State.”*

To date, with its inception and enactment occurring on January 1, 2011, the Natural Resources and Outdoor Recreation Trust Fund has not acquired any receipts, therefore, no allocations to or expenditures by the funding vehicles have occurred.

The trust fund will serve as a central depository for the revenue and will distribute the funds to the seven funding vehicles. As defined by Iowa Code Chapter 461, when funds are credited to the account, the distribution percentages are designated as:

- 7% Lake Restoration
- 10% Trails
- 13% REAP (Resource Enhancement and Protection program)
- 13% Local Conservation Partnership program
- 14% Watershed Protection
- 20% Soil Conservation and Water Protection (IDALS)
- 23% Natural Resources (DNR)

Natural resource management is complex, however, these funding vehicles are interrelated and, because of that, can provide assistance to meet the diverse needs of Iowa’s resources. For example, Iowa’s precious water resource can be positively affected by five to six of the funding

vehicles allocating up to 60% of the new funding toward that resource in some way. **The funding vehicles are structured in a way to work independently and to complement each other.**

To support the three broad categories of natural resources (Soil and Water; Fish, Wildlife, and Natural Areas; and Parks and Trails), the seven funding vehicles were identified as logical avenues to distribute the funding. The Advisory Committee worked carefully and diligently to reduce additional levels of bureaucracy for funding distribution by recommending current programs when applicable. The following four funding vehicles have established methods of distributing funds and will be able to effectively allocate using those methods:

- REAP (Resource Enhancement and Protection program)
- Lake Restoration
- Natural Resources (DNR)
- Soil Conservation and Water Protection (IDALS)

The remaining three funding vehicles will be modeled after existing programs or integrated into an established distribution method. Management details will be determined by the funding managers in future rulemaking.

- Watershed Protection managers are the DNR and IDALS. These agencies have a long history of coordinating efforts in addressing natural resource issues and have qualified administrative structures that can serve different watershed protection needs. They are, also, proficient in working to increase funding received by leveraging federal dollars. These agencies are able to make this funding available to state, county, and local organizations and encourage partnerships.



- Trails managers are the DOT and DNR. Both have qualified administrative structures that can serve complementary trail needs. The DOT's trail involvement relates to corridors with their primary focus on land trails. The DNR has experience in historic trails, equestrian trails, water trails, and recreation vehicle trails. Both agencies value partnerships as well as understanding the correlation between the value of trails and the economic development and health benefits they can provide. They also have the experience to increase funding received by leveraging federal dollars.
- The Local Conservation Partnership (LCP) program will provide sustainable funding for infrastructure, nature interpretation and outreach, and conservation management and protection techniques at the local level. Funds would be channeled through the DNR to be

distributed to county conservation boards, non-governmental organizations, and cities similar to the process used with REAP.

As provided to the legislature by the Advisory Committee, the following are considerations for the LCP distribution process. These would include:

- ◆ Program details that allow for a 100% grant program or similar to REAP’s formula, and a partner fund match with the possibility of having a sliding match to accommodate financially strapped or underserved communities.
- ◆ A breakdown of funds to county conservation boards (60%), non-governmental organizations (25%), and cities (15%). Funds would be available for infrastructure projects, nature interpretation and outreach, and habitat management and protection.
- ◆ A Grant Review Committee that would oversee the grant process with representation from cities (small, medium, and large), non-governmental organization, county conservation board, agriculture, and education.
- ◆ Other considerations would be to identify operating details in administrative rule or some other administrative guidance, and provide special consideration to underserved populations.

INITIATIVES (GOALS AND PLANS)

As outlined in the Advisory Committee’s reports and in cooperation with the definition of uses within Iowa Code Chapter 461, the following are examples of initiatives related to the funding vehicles. Each funding vehicle is listed in order as in Iowa Code Chapter 461 and includes the Code’s relating text.

Natural Resources

The Department of Natural Resources (DNR) is the state agency charged with conserving and enhancing Iowa’s natural resources. The general direction of DNR operations is set forth in the Code of Iowa 455A.2: “A department of natural resources is created, which has the primary responsibility for state parks and forests, protecting the environment, and managing fish, wildlife, and land and water resources in this state.” Part of the responsibilities of the Department are to safeguard public lands, public lakes and waters, fish and wildlife resources, threatened and endangered species, facilitate partnerships, and address and manage other related resource programs.



Iowa Code 461.32

Sec. 10. NEW SECTION. 461.32 Natural resources account allocations. A natural resources account is created in the trust fund. Twenty-three percent of the moneys credited to the trust fund shall be allocated to the account.

1. The account shall be used by the department of natural resources to support all of the following initiatives:
 - a. The establishment, restoration, or enhancement of state parks, state preserves, state forests, wildlife areas, wildlife habitats, native prairies, and wetlands.
 - b. Wildlife diversity.
 - c. Recreational purposes.
 - d. Technical assistance and financial incentives to private landowners to promote the management of forests, fisheries, wetlands, and wildlife.
 - e. The improvement of water trails, rivers, and streams.
 - f. Education and outreach that provide instruction regarding natural history and the outdoors. The subjects of such instruction may relate to opportunities involving recreational purposes, outdoor safety, and ethics.
2. The department of natural resources shall to every extent possible consider its comprehensive plan provided in section 456A.31 when making funding decisions.

Resource Initiatives

As outlined in Iowa Code Chapter 461, the following are examples of initiatives and programs that the Natural Resources and Outdoor Recreation Trust Fund could support:

Natural Resource Outreach: As more Iowans desire and participate in events, activities, land practices, and volunteerism opportunities that involve natural resources, Iowa needs to be able to find ways to meet the demand and interest. Opportunities include:

- Complete a comprehensive natural resources interpretation and outdoors skills education plan.
- Increase the number of educational and environmental programs provided to the public at state parks, bird conservation areas, preserves, wildlife areas, and state forests.
- Provide programs and activities for youth and families specific to urban areas to increase their involvement in the out-of-doors referencing the national program Leave-No-Child-Inside.
- Develop a natural resources stewardship program to educate industries on how to develop and implement sustainable natural resource habitat practices.
- Enhance and expand efforts where resource specialists work with land owners linking them to federal and state conservation programs and financial assistance for private land management that would improve forest health, species composition, wildlife habitat, water quality, and recreation.
- Develop a public access program to provide outdoor recreation opportunities.
- Develop natural resource demonstration areas regarding new land stewardship practices with interpretive signage in state parks, forests, and wildlife management areas for informal



education opportunities on topics that could encourage Iowans to engage in sustainable natural resource stewardship activities at home.

- Expand on current efforts to motivate and empower local communities and citizens to improve their natural resources. This can be accomplished through strengthening volunteer programs such as Keepers of the Land, AmeriCorps, IOWATER, Project AWARE, where diverse opportunities are provided and encouraged.

Resource Management: The purpose for management of Iowa's natural resources is to ensure that they are sustained for future generations. A healthy environment leads to a healthy economy. A healthy economy assures the long-term future interests of Iowans. To accomplish this, initiatives identified are:



- Expand a conservation easement program. Conservation easements offer the opportunity to provide long term protection and capture the passion of Iowans wishing to preserve and protect our natural resources for future generations.
- Increase urban resource management programs and provide technical assistance to Iowa communities to improve the condition and care of their urban natural resources. This would include assistance to cities experiencing deer, geese, or other wildlife issues and also provide promotion of outdoor recreation opportunities.
- Coordinate and expand a comprehensive aquatic and terrestrial invasive species management plan which would include efforts to provide Iowa ecotype seed sources that are diverse and available to state parks, preserves, forest areas, and for buffering existing native prairies.
- Target threatened and endangered species and species of greatest conservation needs as outlined in the State Wildlife Action Plan.
- Improve fish habitat in lakes and streams to increase the number of game fish available to anglers, as well as improve a diverse aquatic ecosystem.
- Increase urban forest management which would leverage additional partners' money and help meet unfunded requests.
- Expand programs to permanently protect, restore, reconstruct and enhance areas of habitat systems that include large core tracts, watershed and greenbelt corridors, and other associated travel corridors that can be managed for biodiversity.

Conservation/Recreation Infrastructure: As public needs increase, so do facility needs, as well as field stations which are important service centers for the public. These facility needs would include:

- Complete modernization and basic improvements to the critical infrastructure needs (i.e. water, sewer, electrical, etc.) for regulation, safety, and accessibility compliance.

- As identified in a 2001 independent review, provide the capability of fish production through hatchery development or upgrades to meet current and future fish stocking needs and improve the health and survival of stocked fish.
- Establish new and improve existing terrestrial trails in forests, state parks, wildlife areas, and water trails. This would include partnering with local communities to identify and establish trail corridors connecting public areas to local communities.
- Restore the historical infrastructure on state parks (i.e. CCC structures).
- Conduct state-wide shooting sports range construction and improvement projects, which would provide the public safe and accessible facilities.
- Upgrade and modernize aging infrastructure, such as water control structures, pumps, roads, public accesses, trails, and field operation facilities/headquarters at priority locations across Iowa. These facilities and infrastructure are the lifeline to providing customer service to lowans, allowing basic management of 400,000 acres of state owned/managed lands, and assisting with the needed maintenance and management actions throughout the state.

Soil Conservation and Water Protection



As our nation pursues energy independence and economic growth through the production of plant-based food, fuels and fiber, Iowa is in an unprecedented position—clearly a “crossroad” for our future. We must move forward considering the full scope of land management decisions, valuing our soil and water resources not only for continued production for economic prosperity but for sustaining a quality of life we value as lowans.

Iowa Department of Agriculture and Land Stewardship incentive programs involve a financial commitment by individual landowners, local organizations, various government agencies, and others. These programs infuse money into the local economy in working with contractors, suppliers and other stakeholders. Healthy soil and water resources promote economic development and growth throughout the state. In addition, proper land management that is consistent with the capability of the land to sustain agriculture and preserve the state’s natural resources is also proven to protect infrastructure such as ditches, roads and bridges. As we stand at this crossroad, failure to consider the full scope of our actions will result in soil and water degradation. The rewards of economic growth and improved water and soil quality are possible if we plan and act wisely.

Iowa Code 461.33

Sec. 11. NEW SECTION. 461.33 Soil conservation and water protection account allocations.

A soil conservation and water protection account is created in the trust fund. Twenty percent of the moneys credited to the trust fund shall be allocated to the account.

1. The account shall be used by the department of agriculture and land stewardship to support all of the following initiatives:
 - a. Soil conservation and watershed protection, including by supporting the soil conservation and water quality division (DSWQ) of the department of agriculture and land stewardship and soil and water conservation district commissioners. The department may provide for the installation of conservation practices, water quality improvement practices and watershed protection improvements as provided in chapters 161A, 161C, 461A, 466, 466A and 466B.
 - b. The conservation of highly erodible land. The department of agriculture and land stewardship may execute contracts with private landowners who agree to reserve such land only for uses that prevent erosion in excess of the applicable soil loss limits as established in section 161A.44.
 - c. Soil conservation or crop management practices used on land producing biomass for biorefineries, including cellulosic ethanol production.
 - d. To help protect water quality. Water quality protection practices identified in the science assessment related to the Iowa Nutrient Reduction Strategy.
2. The department of agriculture and land stewardship may use the account to provide financial incentives or technical assistance to landowners.

Resource Initiatives

As outlined in Iowa Code Chapter 461, the following are examples of initiatives and programs that the Natural Resources and Outdoor Recreation Trust Fund could support:

- **Cost Share for Erosion Control:** Over \$17million in requests for terraces, waterways, grade stabilization structures, water and sediment control basins and other permanent practices were pending in the fall of 2016 that could not be implemented at the current funding level. This funding will allow for more emphasis on incentives to promote improved management systems that often require more intensive input by landowners such as cover crops. In addition, tillage management incentives would assure adequate crop residue levels to protect soil health and water quality as producers pursue expanded production opportunities. This program assists landowners in reducing erosion and sediment and nutrient delivery to water bodies. It also protects the soil resource to sustain agriculture production and state's economic base
- **Conservation Practices Revolving No-Interest Loan Program:** This program allows landowners to utilize loans to fund all or a portion of needed conservation measures such as terraces, grade stabilization structures, waterways, wetlands, critical area plantings, and other conservation practices. In the existing program, money paid back on the loans sustains the program fund. There has been tremendous interest in the no interest loan program. This funding will expand the availability of the program allowing us to reach more landowners to protect soil and water resources and help livestock producers.

• **Watershed Protection Program:** By identifying issues, completing watershed assessments, presenting proposed solutions and predicting likely outcomes to improve soil health and water quality, benefits would include:

- reduce sediment and nutrient delivery to water bodies
- prevent flooding
- protect ditches, roads, bridges and other infrastructure
- enhance recreation and wildlife opportunities

This funding will accelerate watershed assessment, planning and implementation. More watershed work in our state means that more lowans have become aware of their impact on the environment and have taken an active role in their natural resource protection. Without the “buy in” of all citizens in a “locally led” effort, we cannot make the progress needed to protect the waters of the state. In addition, Iowa faces major issues related to roads, bridges, ditches, and other infrastructure. Infrastructure is a part of every watershed; and it has been proven historically that the installation of conservation measures protect that infrastructure. As precious tax dollars are funneled into new and improved infrastructure, a targeted effort can be coordinated through the Watershed Protection program to work with federal, state and county transportation engineers.



• **District Initiatives:** Soil and water conservation district commissioners address natural resource issues that are most critical in their districts. Commissioners use state and local funds to leverage monies and programs made available by the federal farm program to provide needed staff support, increase landowner participation, and fund project components. Outcomes would include:

- technical and administrative staff support to Iowa citizens
- increase landowner eligibility and participation in conservation programs

This funding will translate into increased efforts to install buffers and stream bank stabilization measures, maintain highly-erosive acres in the Conservation Reserve Program, provide assistance with alternative waste management systems for feedlots, and cooperate in soil surveys to guide in the wise use of the land resource. In addition, farmers are turning to conservation professionals for assistance with acceptable alternatives to sustain soil productivity and water resources while exploring economic development associated with biomass production. This presents an unprecedented demand for research and demonstration, conservation planning and technical assistance. This funding will be used for application of emerging technologies, computer upgrades, staffing or technical service providers, and soil survey upgrades.

- **Agricultural Drainage Wells:** Agricultural drainage wells (ADWs) were constructed in north central Iowa beginning in the early 1900s to provide outlets for surface runoff and tile drainage water from cropland areas. Because ADWs discharge water directly to groundwater aquifers, they are potential routes for movement of contaminants to underground drinking water supplies. Individual landowners and those in an organized drainage district receive assistance to close high-priority agricultural drainage wells, which receive tile drainage from row-crop lands, and to establish alternative outlets. Outcomes:

- protect aquifers and drinking water sources
- wells adjacent to confined animal feeding operations are given priority

Costs associated with this program are high; but because of the potential impact on our drinking water supplies, this assistance must be a priority. A recent program amendment was made to allow for other management practices to be considered where conditions for providing alternative drainage has excessive costs or where other factors are present, such as shallow bedrock. The “continued use permits” expired in 2009. Those left to close were offered new continued use permits through 2019 and 2020. There is a backlog of \$8,000,000 in unfunded applications. There are 18 wells left to be closed. Work in this program is at a highly skilled technical level, and increased technical assistance is needed to address the workload.

- **Conservation Reserve Enhancement Program (CREP):** Wetlands are constructed on private land to treat cropland tile-drainage water from watersheds 50 – 200 times their size.

- Wetlands remove 40-90% of the nitrate and 90+% of herbicide in tile drainage water from upper-lying cropland
- Landowners continue to own and receive incentives to maintain the wetland through an easement with the State of Iowa through soil and water conservation districts

These constructed nitrate-removal wetlands are a proven method of reducing nitrate contributions to surface water in Iowa, to the Mississippi River and to the Gulf of Mexico hypoxic zone. With growing public concern nationwide and the potential impact on Iowa’s agricultural industry, the state must increase its efforts in this regard. Costs associated with constructed wetlands are high; but the US Department of Agriculture Farm Service Agency pays 90% of the construction and the state’s share is reduced to 10%. Over 400 potential sites exist for landowner consideration. We have 80 nitrate removal wetlands constructed, and the Iowa Nutrient Reduction strategy calls for 7,000 CREP-like wetlands be built. This funding will provide more wetland filters and bring a substantial amount of additional federal funding to Iowa. Work in this program is at a highly skilled technical level, and increased technical assistance is needed to address the workload.

- **Integrated Farm and Livestock Management/Iowa Learning Farm:** Through a statewide demonstration and education program to “Build a Culture of Conservation,” individuals make strides in improving soil and water quality through improved input management that supports a collective commitment to our natural resources. Outcomes:

- further the acceptance of proven practices to reduce erosion and sediment and nutrient delivery to water bodies

- enhance soil quality to sustain agriculture production and the state’s economic base
- explore emerging technologies to refine management practices
- nurture individual landowner understanding of the consequences of their land management choices—both rural and urban

Bridging the gap from research to in-field management will assist Iowa landowners in balancing economic challenges and natural resource protection. This is particularly crucial given the potential impacts of cellulosic ethanol production. Since its inception, a variety of projects to keep up with refinement of existing practices and emerging technologies have gone unfunded;



and this funding will allow more crucial areas to be addressed. More farmers will be recruited to participate in a “farmer to farmer” research demonstration and education network focused on conservation management practices necessary for sustainable production of cellulosic ethanol.

- **Innovative Technology for Enhanced Conservation Services:** With increased demands being placed on our soil and water resources and with increased public awareness and willingness to take an active role in protecting these resources, the need for additional technical assistance is apparent. Use of Light Detection and Ranging (LiDAR) statewide would reduce survey and design time and insure greater accuracy in targeting our most critical areas. This funding will support staffing, training and technology to shift workload from prior routine activities that could be automated to priority outreach that leads to greater conservation achievements.

- **Agriculture Water Quality Initiative:** This Initiative will address the quality of our streams and water resources in a scientific, reasonable, and cost effective manner. By prioritizing cost share programs in targeted watersheds and encouraging statewide practice implementation, the Initiative will increasingly reduce the amount of nitrogen and phosphorous delivered to Iowa waterways. Widespread adoption and ongoing assessment and scientific study to improve the impact of these voluntary practices could help avoid much more costly federal regulations that will greatly impede Iowa's robust agriculture economy. In conjunction with the already significant financial resources expended on water quality in our state, the Initiative will help Iowa continue to be a national leader in improving water quality.

- **Marketing and Outreach:** The success of the Iowa Nutrient Reduction Strategy will depend on the support and participation of Iowa's farmers and landowners. These funds will allow IDALS to strategically collaborate with farm groups, environmental groups, the Water Resources Coordinating Council (WRCC), the Watershed Planning Advisory Council (WPAC), and other stakeholders to promote and implement conservation practices. The marketing strategy will focus on statewide outreach through farmer to farmer interaction and broad based

communications to encourage voluntary, more cost effective efforts to improve water quality. Farm demonstrations, hosted by producers, will demonstrate science based practices for improving nutrient input management, improved tillage, and discussing alternative cropping scenarios for water quality improvement.

- **Water Quality Initiative Practices:** IDALS will focus on implementing practices identified in the Iowa Nutrient Reduction Strategy that have the biggest impact on nutrient reduction and improving water quality. Through targeting investments by existing programs and encouraging other stakeholders to stretch their resources, additional funding will be directed at these scientifically based practices, including: proper nutrient application, conservation tillage, Conservation Reserve Enhancement Program wetlands, bio-reactors, no-till, cover crops, buffers, and drainage water management. Targeted watersheds will be identified to implement these practices and evaluate their effectiveness statewide. Project coordinators will develop and implement watershed plans, which will allow for coordinated reporting of accomplishments and environmental benefits to the WRCC and WPAC. Modeling and monitoring of environmental and financial impacts to production will be ongoing.

Watershed Protection

Watershed protection is important to every Iowan. As we all know, many years ago our state was covered with prairies, wetlands, and trees. Almost all of the land was broken, drained, and cleared to facilitate agriculture development and community growth. Our streams and lakes are subject to siltation, nutrient loading, and other pollutants and contaminants, therefore, many of our watersheds need additional land treatments. Watershed protection takes many forms such as wetland restoration, grassland restoration, and runoff filtration. Efforts for watershed protection will enhance the Iowa landscape, and quality of life.

Iowa Code 461.34

Sec. 12. NEW SECTION. 461.34 Watershed protection account allocations. A watershed protection account is created in the trust fund. Fourteen percent of the moneys credited to the trust fund shall be allocated to the account.

1. The account shall be used cooperatively by the department of natural resources and the department of agriculture and land stewardship to support all of the following initiatives:

a. Water resource projects administered by the department of natural resources to preserve watersheds, including but not limited to all of the following:

(1) Projects to protect, restore, or enhance water quality in the state through the provision of financial assistance to communities for impairment-based, locally directed watershed projects. The department may use the account to support the water resource restoration sponsor program as provided in section 455B.199.



(2) Regional and community watershed assessment, planning, and prioritization efforts, including as provided in chapter 466B.

b. Surface water protection projects and practices administered by the department of agriculture and land stewardship or the department of natural resources, including but not limited to the installation of permanent vegetation cover, filter strips, grass waterways, and riparian forest buffers; dredging; and bank stabilization. The departments of agriculture and land stewardship and natural resources may use the account to support the conservation buffer strip program provided in section 466.4 and the conservation reserve enhancement program as provided in section 466.5.

2. The departments' decision to prioritize initiatives may be based on the priority list of watersheds provided in section 456A.33A.

Resource Initiatives

As outlined in Iowa Code Chapter 461, the following are examples of initiatives and programs that the Natural Resources and Outdoor Recreation Trust Fund could support:

- Provide cleaner water to residents and visitors to the state through point and non-point source protection.
- Improve water supplies which will result in lower cleanup and treatment costs for water.
- Expand recreational opportunities on our lakes, streams, and green spaces.
- Improve groundwater recharge.
- Protect open spaces.
- Work with current local partnerships to develop more active watershed projects.
- Build a stronger private/public partnership to address watershed protection needs.
- Provide sound technical assistance and financial incentives to implement needed watershed protection.
- Increase economic development in the state.
- Increase the ability to leverage federal dollars to expand project and partnership capabilities.

Resource Enhancement and Protection (REAP)

REAP (Resource Enhancement and Protection) is a program in the State of Iowa that invests in the enhancement and protection of the state's natural and cultural resources. REAP's base



funding is from the State's Environment First Fund (Iowa gaming receipts) and from the sale of the natural resource license plate. Created in 1989, with a standing annual appropriation of \$30 million, it was amended in 1996 to reduce the standing appropriation to \$20 million per year and extend it to 2021. REAP has never been funded at its full amount. From Fiscal Year 2005 to Fiscal

Year 2016, the average annual state appropriation has been approximately \$14.2 million. Because of declining local revenue, REAP is often the only source of funding for small and medium-sized communities in need of city park improvements and historic site preservation affecting approximately 90% of Iowa towns. Cities, counties, and conservation organizations often bring to the table three times more money from other sources to match up with REAP funds to complete their projects. REAP money is often “seed money” that attracts additional funding sources such as from Boy Scout troops and Lions Clubs to federal transportation grants and anonymous donors. Farmers often use their own money to match REAP funding for soil and water conservation practices.

The Natural Resources and Outdoor Recreation Trust Fund allocation will assist REAP in addressing the unmet quality project requests from their current base level funding. Distribution of REAP funds, current allocation and new trust fund moneys, are based on a percentage formula that is specified by law.

Iowa Code 461.35

Sec. 13. NEW SECTION. 461.35 Iowa resources enhancement and protection fund —allocation. Thirteen percent of the moneys credited to the trust fund shall be allocated to the Iowa resources enhancement and protection fund created in section 455A.18 for further allocation as provided in section 455A.19.

Resource Initiatives

As outlined in Iowa Code Chapter 461, the following are examples of initiatives and programs that the Natural Resources and Outdoor Recreation Trust Fund could support:

- Establish buffer strips, wetlands, and roadside prairies to improve water quality.
- Establish conservation practices to improve water quality.
- Plant vegetation (i.e. trees, prairie grasses, and forbs) to protect land from erosion.
- Protect critical habitat.
- Open wild areas and streams to public access.
- Connect, lengthen, and rehabilitate recreational trails.
- Provide campgrounds and city parks with electricity, waste treatment, and modern restrooms.
- Restore historic sites and records to preserve Iowa’s heritage.
- Provide education about Iowa conservation for young and adult students.
- Enhance local economies and quality of life through increases in outdoor recreation.
- Encourage Iowa’s young workforce to remain in-state with improved outdoor recreation and higher quality natural resources.
- Land and water stewardship will lead to healthy and diverse wildlife and better water quality.
- Provide health improvement opportunities for citizens who increase their activities in enhanced outdoor recreation opportunities.

Local Conservation Partnership

This program would provide sustainable funding for infrastructure, nature interpretation and outreach, and habitat conservation techniques at the local level. Funds would be distributed to county conservation boards, non-governmental organizations (NGO), and cities.

Iowa Code 461.36

Sec. 14. NEW SECTION. 461.36 Local conservation partnership account —allocations.

A local conservation partnership account is created in the trust fund. Thirteen percent of the moneys credited to the trust fund shall be allocated to the account.

1. The department of natural resources shall allocate trust fund moneys in the account to local communities for the following initiatives:

- a. The maintenance and improvement of parks, preserves, wildlife areas, wildlife habitats, native prairies, and wetlands.
- b. Wildlife diversity.
- c. Recreational purposes.
- d. The improvement of water trails, rivers, and streams.
- e. Education and outreach programs and projects that provide instruction regarding natural history and the outdoors. The subjects of such instruction may relate to opportunities involving recreational purposes, outdoor safety, and ethics.
- f. Any other purpose described in section 350.1.

2. A local community may cooperate with the state or the federal government to carry out the initiative. Two or more local communities may form an entity if allowed under chapter 28E in order to carry out the initiative.

3. As used in this section, “*local community*” means a county conservation board, a city, or a nongovernmental organization operating on a nonprofit basis.

Resource Initiatives

As outlined in Iowa Code Chapter 461, the following are examples of initiatives and programs that the Natural Resources and Outdoor Recreation Trust Fund could support:

Infrastructure:

- Renovate, develop, or enhance local campgrounds, nature centers, shelters, lodges, trails, bridges, restrooms, cabins, public water supplies, playgrounds, parking, shooting ranges, and other features that facilitate use of local parks and natural areas.
- Renovate areas with modern considerations for today’s modern users and for handicap and elderly users.
- Develop park enhancements that will provide Iowans with healthy and satisfying enjoyment of natural resources within their local communities.
- Provide facilities to underserved population areas.

- Provide outdoor recreation opportunities that will result in a long-term return to the community – leading to improved vitality in Iowa communities.
- Upgrade and construct facilities for park workers, such as maintenance shops and offices.
- Utilize funds to leverage additional dollars when able.
- Enhance the ability of non-governmental organizations to partner with the state, county conservation boards, and cities to develop projects that will improve the public spaces of the state.



Interpretation and Outreach:

- Reach Iowa youth with interpretive programs in their local region. This has been shown to be a key element in developing citizens who are informed and engaged in their natural resources.
- Provide interpretive programming for underserved segments of the population, such as older students, elderly groups, and young parents.
- Provide interpretive programs about natural resources to Iowans in underserved areas (small rural counties and large urban areas).
- Develop citizens who better understand their own local natural spaces, and what they can provide.
- Develop a better awareness, both locally and nationally, that Iowa's communities provide an excellent quality of life, assisting in the retention of our young people.
- Coordinate more local citizen-science projects, such as people taking care of their water or trying to better understand local wildlife.
- Develop more local exhibits and informative media about nature and the outdoors.
- Provide outreach to private landowners to assist them with ways to implement conservation on their property.
- Educate Iowans in effective conservation techniques to enhance and protect Iowa's natural resources.
- Promote programs for soil, water, wildlife and conservation to producers and farmers within Iowa and include non-resident landowners.
- Create local partnerships, formed as NGOs, with cities and counties working together to provide outreach projects. Other local entities, such as Soil and Water Conservation Districts, County Extension Offices may partner with one of the funded groups to work on projects.
- Better engage youth on service projects in local communities.
- Send more Iowa students to camps and other extended learning opportunities or trainings at parks and natural areas.
- Provide more meaningful life sciences and social studies experiences and education through improved interaction between park interpreters and Iowa school teachers.

- Provide naturalists and interpretive staff at the local level with interpretive program materials.

Habitat Conservation:

- Address the growing equipment, material, and other costs needed to assist with managing invasive species.
- Provide management for local lakes, ponds, and wetlands for wildlife and water quality control, such as address water control structures that are in need of repair or replacement.
- Assist localities in preparing management plans and conduct timber stand improvements.
- Implement prairie management, including burning, mowing, and herbicide application.
- Assist local agencies and organizations in managing local areas so as to reduce erosion and water pollution. These funds will create cleaner land and water.



Trails

In 1991 the Des Moines Register summarized the opportunities Iowa has for strengthening the state's trail system when it wrote *"California has beaches, Colorado has mountains, the South has warm winters. Iowa needs something that shouts to the nation "This is a great place to live! The (amenities) have to be real and trails are real."* Recreational trails enhance the area's quality of life making Iowa's communities much more attractive to expand the workforce and help promote active lifestyles. They are an outdoor facility that provides individuals and families a destination to further connect to each other and their natural resources.

Iowa is a national leader in the number of multi-use trail miles. Trails are primarily multi-use paved and non-paved surface paths and greenway corridors typically used for walking, bicycling, in-line skating, wildlife watching, horseback riding and other uses. Iowa also has water trails for paddling. In some areas, all-terrain vehicle riding and snowmobiling activities are a component of recreational trail offerings. The recognition, enhancement, and promotion of Iowa's great trail systems will allow them to become trails of regional, state, and national attraction.

Trail systems become economic tools to the region and the state when they feature two key components:

- Appeal to a broader audience than the local communities surrounding them.
- Provide numerous recreational experiences by offering a variety of distances, connectivity among various types of trails, and diversity of activities.

Trails are often the linkage of several community and county projects. They truly exemplify regional and inter-organizational cooperation and coordination. Creating, promoting and maintaining a comprehensive system of bicycling, walking, equestrian, motorized, and water trails is critical to Iowa's future as an active and healthy place to live.

Iowa Code 461.37

Sec. 15. NEW SECTION. 461.37 Trails account — allocations.

A trails account is created in the trust fund. Ten percent of the moneys credited to the trust fund shall be allocated to the account.

1. The department of transportation and the department of natural resources shall allocate moneys in the account to support initiatives related to the design, establishment, maintenance, improvement, and expansion of land trails.
2. The department of natural resources may use the account to support the design, establishment, maintenance, improvement, and expansion of water trails.

Resource Initiatives

As outlined in Iowa Code Chapter 461, the following are examples of initiatives and programs that the Natural Resources and Outdoor Recreation Trust Fund could support:



- Develop, maintain, and promote Iowa's trail system. This will allow for Iowa to accelerate its position as a national leader in trail development.
- Develop trails and implement local, regional, and statewide plans through corridor acquisition and development and provide vital trail signage and amenities such as directional marking along the trail and trail access facilities.
- Provide support for Iowa's prominent long distance trails that are nearing the end of their surface life span. This would include repaving trails; re-routing poorly designed, unsafe and eroding dirt trails; and reducing trail closures by completing maintenance, such as repairing crushed limestone washouts and bridge damage from heavy rains and flooding.
- Leverage state and local dollars to utilize federal funds and/or grant programs, such as through the Federal Recreational Trails program, statewide Transportation Alternatives program, regional Transportation Alternatives program, or special federal appropriations.
- Develop promotional and marketing efforts to expose state and nationwide users to the full marvel of Iowa trails. Create packages of recreational opportunities to enhance enthusiasm for nature-based tourism. For example, communities along the Cedar Valley Nature Trail may expand their advertising to paddlers who frequent the Cedar River. Users can spend the

weekend at bed & breakfasts or camping, bicycling, and paddling each day in the summer, or cross country skiing and snowmobiling in the winter.

- Fund initiatives to support safe trail usage. This can include educational efforts regarding proper trail use and potential hazards; installation of emergency signage (E911) along trails; and also the elimination of hazards such as dangerous intersections, low head dams along water trails.

Lake Restoration

Iowans value water quality and desire safe healthy lakes that provide a full complement of aesthetic, ecological and recreational benefits. Clean lakes improve the quality of life for Iowans and are compatible with economic growth.

- Iowa State University's Center for Agriculture and Rural Development (CARD) found that:
 - Six of ten Iowans visit our lakes multiple times each year
 - Statewide, Iowa's lakes generate \$1.6 billion in annual in-state spending
 - The number of household trip visitations to Iowa lakes continues to increase; lake use in 2009 was 27% greater than visitation rates from 2002 through 2005
 - Visitation at lakes that have completed watershed and lake improvement efforts continue to exceed state average and their own pre-renovation visitation levels

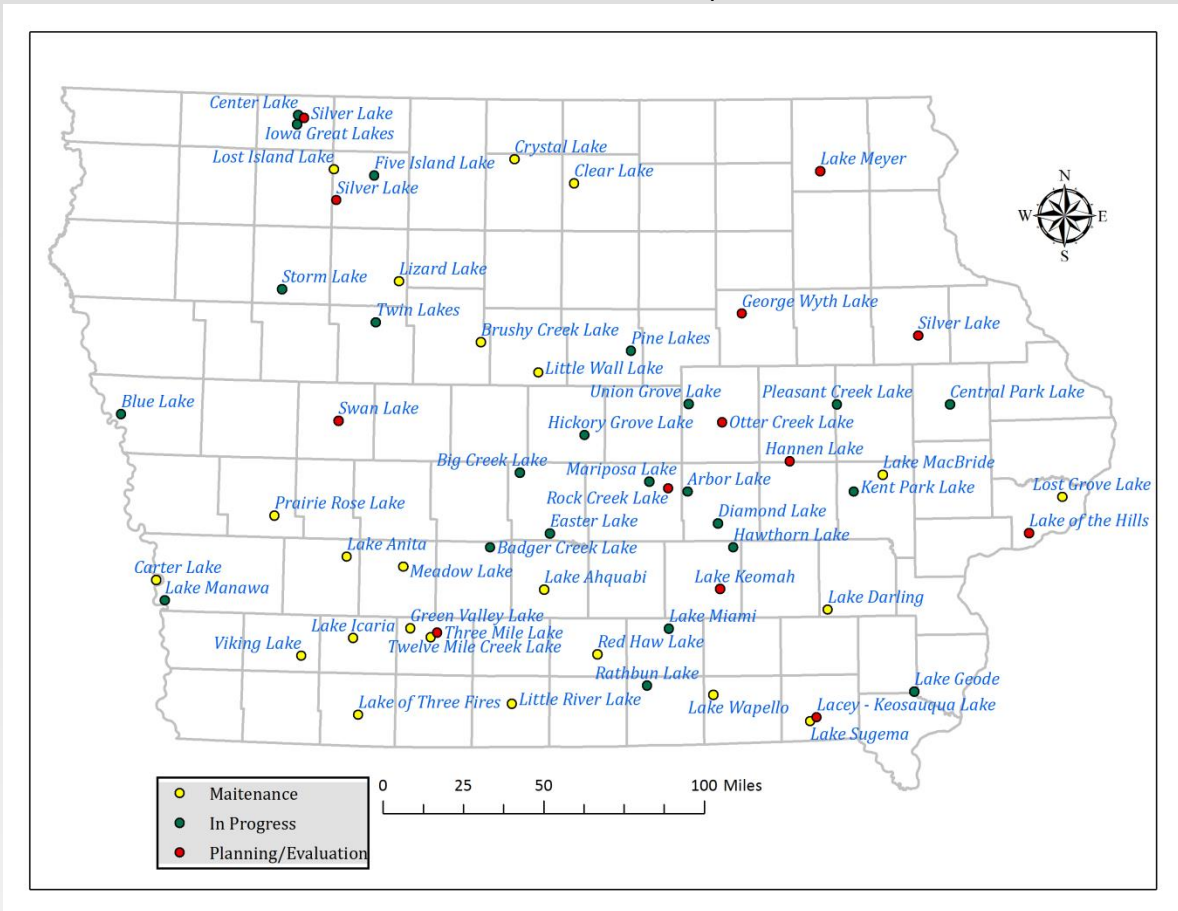


The legislature responded to Iowa's need for improving lakes by creating the Lake Restoration Program. Current funding of the Lake Restoration Program has enabled the improvement of twenty-two Iowa lakes, proceed with implementing projects at 21 other priority systems, and initiate planning or initial community outreach at an additional 14 lakes. These lake restoration efforts start in the watershed and rely on strong local involvement, voluntary participation of landowners, and require the DNR to use a science-based approach to achieving lake water quality improvements.

The goals of the Lakes Restoration program are:

- Ensure a cost effective, positive return on investment for the citizens of Iowa
- Ensure local community commitment to lake and watershed protection
- Ensure significant improvement in water clarity, safety, and quality of Iowa lakes
 - Water clarity of 4 ½ feet will be achieved 50 percent of the time (April – September)
 - Safety. Beaches will meet water quality standards for recreational use
- Provide for a sustainable, healthy, functioning lake system
 - A diverse, balanced, and sustainable aquatic community will be maintained
 - Water quality benefits will be sustained for at least 50 years
- Removal of the lake from the impaired waters list

Lake Restoration Map



Iowa Code 461.38

Sec. 16. NEW SECTION. 461.38 Lake restoration account — allocations.

A lake restoration account is created in the trust fund. Seven percent of the moneys credited to the trust fund shall be deposited to the account. The department of natural resources shall use moneys in the account to support public lake restoration initiatives as follows:

1. An initiative shall account for a lake’s recreational, environmental, aesthetic, ecological, and social value. It must improve water quality.
2. The department’s decision to prioritize an initiative may be based on the department’s lake restoration plan and report as provided in section 456A.33B.

Resource Initiatives

As outlined in Iowa Code Chapter 461, the following are examples of initiatives and programs that the Natural Resources and Outdoor Recreation Trust Fund could support:

- Improve restoration efforts at the initial thirty-five priority lakes to within the next seven years and allow restoration of an additional 93 significant public lakes by the year 2030.

- Leverage funds with local, federal and other state sources to assist with lake / lake watershed restoration efforts. Current projects utilize a combination of partnerships (e.g. IDALS, Watershed Improvement Review Board, DNR-319, federal farm programs and landowner cost share. The end product is long term production value to landowners/farmers and improved and sustainable improvements to lake water quality.
- Provide significant economic benefits to local communities and the state. Estimated that money spent on restoring our state’s lakes will on average provide an initial return on investment within five years of project completion. In the case of Clear Lake (Cerro Gordo County), the CARD study estimated increased sales of \$25 million dollars per year from direct and secondary recreational spending post restoration.

REPORT REQUIREMENT #2

Iowa Code section 461.22 provides the opportunity for “recommendations to the general assembly, including legislation proposed by one or more of the departments.”

RECOMMENDATIONS

At this time, there are no recommendations.

ELECTRONIC APENDIX

Electronic Appendix	Document Description
A	Iowa Code Chapter 461 (fka Senate File 2310, Iowa Acts Chapter 1158) https://www.legis.iowa.gov/DOCS/ACO/IC/LINC/Chapter.461.pdf