

August 6, 2007

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FROM: Timothy C. McDermott, Legal Services Division

RE: Background Information

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Overview. This memorandum is intended to provide basic background information for use in Committee deliberations and for review for the meeting on August 13, 2007. Attached to the memorandum are additional materials that may also be accessed on the interim committee's webpage.

Sustainable Funding Advisory Committee — Establishment. In 2006, a Sustainable Natural Resource Funding Advisory Committee was established for the purpose of studying how to provide a sustainable source or sources of funding for natural resources needs in Iowa.¹ The advisory committee was composed of representatives of 14 entities and four legislators² and was staffed by the Department of Natural Resources.³ The advisory committee was charged with submitting a final report to the Governor and the General Assembly by January 10, 2007.⁴ The report was required to contain information on what surrounding states have done to provide sustainable funding, an outline of a conservation funding initiative, an outline of the amount of revenue needed and what would be accomplished if the initiative were implemented, and an analysis of Iowa's citizens' willingness to pay for identified conservation funding.⁵

Sustainable Funding Advisory Committee — Activities. During 2006 and 2007, the advisory committee met nine times to conduct business, including an Iowa Communications Network (ICN) meeting for public comment.⁶ In addition to committee discussion, committee research, and receiving public comment, the advisory committee contracted with the firm Fairbank, Maslin, Maullin and Associates (FMMA) to conduct a telephone survey to assess Iowa's citizens' willingness to pay for natural resources and conservation funding.⁷

Sustainable Funding Advisory Committee — Preliminary and Final Report. The advisory committee filed a preliminary report in January 2007. The report included preliminary findings of the advisory committee, a request for an extension of time for filing

the final report,⁸ and three attachments. The attachments were not included in the final report. One attachment was the legislation establishing the advisory committee. The second attachment was a compilation of public comments received. The final attachment was the questions used and results of the polling conducted to determine Iowa's citizens' willingness to pay. A copy of the preliminary report may be located at:

<http://www.iowadnr.com/sustainablefunding/files/prelimreport.pdf>.

The final report was submitted in March 2007 and provided information regarding the four areas listed in the establishment legislation:

1. Information on what surrounding states have done to provide sustainable funding. The advisory committee studied natural resource funding information from the states of Illinois, Minnesota, Missouri, Nebraska, South Dakota, Wisconsin, and Arkansas. Funding sources included dedicated sales tax and real estate transfer tax revenues, checkoffs on state tax forms, lottery proceeds, appropriations, and user fees.⁹

2. An outline of a conservation funding initiative. The advisory committee included a three-part initiative. First, the advisory committee delineated three categories of natural resources: fish, wildlife, and natural areas; soil and water; and parks and trails. Second, the advisory committee identified nine parameters that sustainable funding mechanisms should meet. Third, the advisory committee evaluated a broad range of sustainable funding mechanisms which were narrowed to a list of five. The advisory committee considered the narrowed list to be the most viable options. The most viable options included gaming/gambling revenues, fractional sales tax increase with a dedicated revenue stream for natural resources funding, dedicating a portion of lottery proceeds for natural resources funding, tax incentives and tax credits for conservation, and bonding with a couple of possible revenue streams to pay for the bonds.¹⁰

3. An outline of the amount of revenue needed and what would be accomplished if the initiative were implemented. The advisory committee identified the need for \$150 million annually in addition to existing base funding for natural resource purposes. Included in the recommendation was a breakdown of funding vehicles and recommended amounts for each funding vehicle. The report recommended that the Resource Enhancement and Protection Act (REAP) be fully funded at \$20 million annually, that the local conservation partnership program be funded at \$20 million annually, that \$20 million annually should be designated for watershed protection, that \$10 million annually should be designated for lake restoration, that \$15 million annually should be designated for trails in the state, that the Department of Natural Resources should receive \$35 million annually in addition to the base appropriation using FY 2005-2006 as a base, and that the Department of Agriculture and Land Stewardship should receive \$30 million annually in addition to the base appropriation using FY 2005-2006 as a base.¹¹ The advisory committee identified actions that should be taken within each of the three natural resources categories and the suggested sustainable funding source that should be used to support each action.¹²

4. An analysis of Iowa's citizens' willingness to pay for identified conservation funding. The advisory committee demonstrated four methods used by the advisory committee to gauge Iowa's citizens' willingness to pay for identified conservation funding. The methods included open committee deliberations, a website dedicated to the activities of the advisory committee, an ICN public comment meeting, and the telephone survey conducted by FMMA. The advisory committee submitted a summarization of the ICN meeting and the survey results.¹³

The final report of the advisory committee included a number of recommendations relating to funding mechanisms, further work of the advisory committee, the suggested priority of the

Environment First Fund, the need to raise public awareness, and that a group be created to administer the local conservation partnership program funds.¹⁴

Sustainable Funding Advisory Committee — Reauthorization. The final report included a recommendation that the advisory committee should be reauthorized for an additional year and that an appropriation of \$100,000 should be made to the Department of Natural Resources to support the advisory committee. The recommendation included proposed work that the advisory committee would conduct.¹⁵ The advisory committee was not reauthorized.

Other Background Information. The following materials are attached to this memorandum. The materials may be accessed on the interim committee's webpage at <http://www.legis.state.ia.us/asp/Committees/Committee.aspx?id=212> and will be distributed in paper form at the meeting on August 13, 2007.

1. Membership of the Sustainable Natural Resources Funding Advisory Committee.
2. The final report of the Sustainable Natural Resources Funding Advisory Committee.

¹ 2006 Iowa Acts ch. 1185, § 43.

² 2006 Iowa Acts ch. 1182, § 65; 2006 Iowa Acts ch. 1185, § 43(1)(a), (b).

³ 2006 Iowa Acts ch. 1185, § 43(1).

⁴ 2006 Iowa Acts ch. 1185, § 43(2).

⁵ 2006 Iowa Acts ch. 1185, § 43(2).

⁶ www.iowadnr.com/sustainablefunding/meeting.html. Meeting dates included August 9, 2006, August 30, 2006, September 20, 2006, October 11, 2006, November 1, 2006, November 11, 2006 (ICN meeting), December 11, 2006, January 3, 2007, and February 9, 2007.

⁷ Sustainable Natural Resource Funding Study Final Report, Sustainable Natural Resource Funding Advisory Committee, p. 11 (March 2007).

⁸ The extension request was to submit the final report by March 1, 2007.

⁹ Sustainable Natural Resource Funding Study Final Report, Sustainable Natural Resource Funding Advisory Committee, p. 4 (March 2007).

¹⁰ Id. at 5, 6.

¹¹ Id. at 8.

¹² Id. at 9.

¹³ Id. at 10, 11.

¹⁴ Id. at 13, 14.

¹⁵ Id. at 14.

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01/25/07-knr

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STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF NATURAL RESOURCES
RICHARD A. LEOPOLD, DIRECTOR

March 1, 2007

Honorable Governor Chester Culver and General Assembly
Iowa State Capitol
Des Moines, IA 50319

Dear Governor Culver and General Assembly,

I am pleased to present to you the report submitted by the advisory committee for Sustainable Natural Resource Funding. This report outlines the results of detailed research and deliberations and provides the mandated report components directed in HF2797.

The advisory committee, composed of representatives from diverse Iowa organizations and identified legislators, came together sharing a common task and vision. After reviewing materials, hearing presentations, and discussing in detail the many aspects of natural resources and the value they bring to the citizens of Iowa, the committee explored and examined sustainable funding methods and the effects this funding for natural resources would have on Iowa's economy, Iowa's citizens, and the quality of life for all Iowans and future generations. The attached report is the result of this legislatively appointed advisory committee's work.

The committee completed the charge of providing a summary of initiatives from surrounding states, developed a needs assessment for natural resource funding, identified measurable accomplishments that could be achieved with sustainable funding, initiated a survey to better analyze Iowan's willingness to pay for sustainable funding, and successfully solicited public input during this very short five month process.

As a testimony to their passion and commitment to the concept of achieving sustainable natural resource funding, the committee is requesting that their charge be extended. The research and results have provided insight that there is additional need to explore and evaluate the economic impacts and to better identify the products that this funding will provide for Iowans.

The forethought of the legislators to bring attention to this important issue sends a strong message that there is a definite need to protect and enhance Iowa's natural resources. This forethought, along with the effort of the committee, is the beginning of the most extraordinary conservation effort in the history of the state of Iowa. Now that we have completed this first step, in order to succeed, we look forward to your vision, leadership, and support to guide us to completion.

Respectfully Submitted,

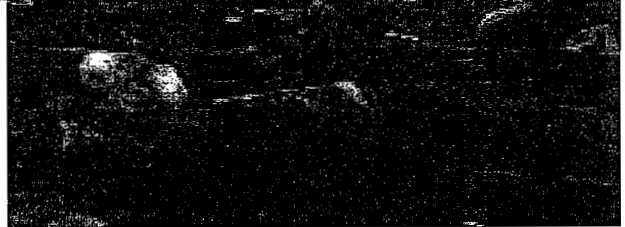
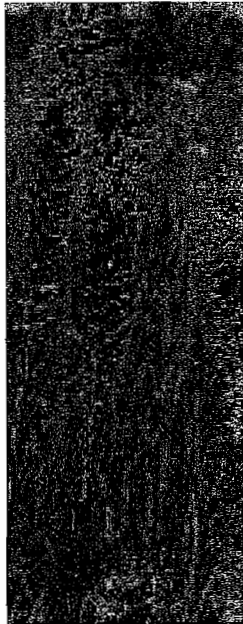
A handwritten signature in black ink, appearing to read "Richard Leopold".

Richard Leopold
Director

Enclosed: Sustainable Natural Resource Funding Final Report

SUSTAINABLE NATURAL RESOURCE FUNDING STUDY

SUBMITTED BY
THE SUSTAINABLE NATURAL RESOURCE FUNDING
ADVISORY COMMITTEE



FINAL REPORT

MARCH 2007

SUSTAINABLE NATURAL RESOURCE FUNDING STUDY

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EXECUTIVE SUMMARY

In 2006, in order to provide a proactive approach to addressing Iowa's needs, the Iowa Legislature mandated, through HF 2797, that an advisory committee identify and evaluate sustainable natural resource funding to support Iowa's needs. The committee consists of diverse individuals representing 18 conservation agencies and organizations, which includes members of the Iowa Legislature. The mandate required this committee submit a report on its findings to the General Assembly by January 10, 2007. It was directed that the report contain, but was not limited to, the following four components:

1. Information on what surrounding states have done to provide sustainable funding for natural resource conservation.
2. Outline of a conservation funding initiative agreed upon by the advisory committee.
3. Outline of the amount of revenue needed and what would be accomplished if the conservation funding initiative is implemented.
4. Analysis of Iowa's citizens' willingness to pay for identified conservation funding initiative.

After five months of in-depth discussion and research, the committee met their mandated charge and provided a Preliminary Report to the Governor and General Assembly on 01/10/07. The Preliminary Report submitted, with detailed information regarding their charge, can be located at:

<http://www.iowadnr.com/sustainablefunding/files/prelimreport.pdf>.

In the Preliminary Report, the committee asked to extend their charge to 03/01/07 to evaluate their recommendations further and to inform and seek guidance from the General Assembly and newly elected Governor. This request was presented to the legislature and was granted.

Presentations regarding the sustainable funding effort and benefits have been made by committee members to legislative members and community organizations. The SF report and presentations have been met with positive responses and interest. Forward planning has begun to initiate sustainable funding for natural resources.

The committee members representing diverse Iowa organizations and agencies have worked diligently to research and prepare recommendations that will benefit all Iowans and help create a better Iowa. Increased efforts toward Iowa's natural resources will provide multiple benefits. Soil conservation efforts will improve both surface water and groundwater quality in this state, and, additionally, improved natural areas (including parks, wildlife areas, and trails) will provide open spaces for young and old alike to enjoy the Iowa outdoors. Improved quality of life and additional outdoor recreational opportunities are anticipated to help slow the exodus of young Iowans to other states and should aspire to make Iowa more successful in attracting new residents. To quote a Des Moines Register editorial from November 6, 2006: "Failing to commit to funding of natural resources hurts Iowa. It degrades the quality of life for those of us who live and boat and bike and hunt here. And it undermines attempts to attract people to vacation here and move here. A sustainable investment in the outdoors is a commitment to the future of Iowa."

The following is a summary of the research results of the committee's findings and recommendations of the required report components.

#1: Research and submit "information on what surrounding states have done to provide sustainable funding for natural resource conservation."

ILLINOIS

*Dedicated 35.0% of Real Estate Transfer Tax to open space lands acquisition and development. Statutorily enacted in 1989. Raised \$38.0 million in FY 2005.

* Dedicated 15.0% of Real Estate Transfer Tax to natural areas acquisition. Statutorily enacted in 1989. Raised \$16.3 million in FY 2005.

MINNESOTA

*Nongame wildlife check-off on State tax forms. Statutorily enacted in 1980. Raises approximately \$1.0 million annually.

*Lottery proceeds for environmental and natural resource protection. Constitutionally protected funding enacted in 1988 and then renewed in 1998 through 2024. Raised \$28.0 million in FY 2005.

*Imposed 6.5% in-lieu-of sales tax on lottery tickets. Approximately one third to the Game and Fish Fund, one third to parks and trails and the remainder to the General Fund. Raised approximately \$24.0 million in FY 2004.

MISSOURI

*A 1/8th percent sales tax for the Department of Conservation. Passed in 1976 and constitutionally protected. Reauthorized by a vote of the people in 2005. Missouri Constitution, Article IV, EXECUTIVE DEPARTMENT, Section 43(a). Raised \$93.0 million in FY 2004.

* A 1/10th percent sales tax to support soil and water conservation and for state parks. A constitutional amendment first passed in 1984. It has been reauthorized by the people of Missouri twice since then, most recently in 2006 with a 70% approval. Missouri Constitution, Article IV, EXECUTIVE DEPARTMENT, Section 47(a). Raised \$75.0 million in FY 2004.

NEBRASKA

*Nebraska Resources Development Fund was created in 1974 to assist with the development and wise use of water and land resources. General Fund appropriation of \$3.6 million in 2004.

* Nebraska Environmental Trust Fund created in 1992. Allocated 44.5% of lottery proceeds to conserving, enhancing and restoring the natural and physical biological environment of Nebraska. Raised \$10.0 million in FY 2005.

*User fees accounted for nearly 50.0% or \$28.0 million of the Nebraska Game & Parks Commission budget.

SOUTH DAKOTA

*Natural resource protection is funded primarily from user fees (hunting and fishing licenses), and federal aid with a relatively small amount coming from the state's General Fund.

WISCONSIN

*Fish and wildlife funding is primarily user fee based (hunting and fishing licenses). Of the \$120.0 million FY 2004-05 total, 57.0% was license fees, 17.0% was federal aid, 15.0% was from bonds issued to acquire hunting and fishing land, 7.0% was from the State's General Fund and the remaining 4.0% from miscellaneous funding sources. In addition to this funding source, Wisconsin has the Warren Knowles-Gaylord Nelson Stewardship Fund that provides outdoor recreation opportunities and helps protect critical natural areas. This Fund also provides matching grants to local governments and nonprofit organizations to acquire conservation land. The Stewardship Fund is currently funded at \$60.0 million annually and will expire in 2010 if not reauthorized by the Legislature.

ARKANSAS

*A 1/8% sales tax split four ways; 45.0% to Arkansas Game and Fish Commission, 45.0% to Department of Parks & Tourism, 9.0% to Department of Arkansas Heritage and 1.0% to Keep Arkansas Beautiful. Constitutional amendment passed in 1996. Raised approximately \$24.0 million in FY 2004.

* Real estate transfer tax. Approximately 80.0% of the funds go to the Natural and Cultural Resources Council for acquisition and preservation of state owned lands and historic sites. Raises approximately \$12.0 million annually.

#2: Provide an “outline of a conservation funding initiative agreed upon by the advisory committee.”

First, to help provide focus to the possible sustainable funding sources, aka mechanisms, the committee determined the need to identify how "natural resources" would be defined for this report. To address Iowa’s wide-ranging needs, the result consisted of three categories:

- (1) Fish, Wildlife and Natural Areas
- (2) Soil and Water
- (3) Parks and Trails.

Second, the committee identified parameters that sustainable funding mechanisms would need to meet for consideration. This set of common sense guidelines include:

1. All lowans will benefit from sustainable funding for natural resources and the burden of funding should be a responsibility of all lowans. (This parameter is also supported by responses in the Willingness to Pay survey.)
2. The funding source should have statewide appeal and be politically viable.
3. The source of funds should be easy to administer without the need to establish significant additional administrative staff.
4. New funds, when possible, should have the ability to be leveraged to increase their effectiveness.
5. Each new funding mechanism must raise over \$5 million annually to be considered by the committee.
6. The new funding mechanism(s) must conform to all state and federal commerce regulations.
7. The funding mechanism(s) should be "new money" and not a replacement of existing resources.
8. The funding mechanism(s) should be stable, protected, and identified as dedicated.
9. The new funding must unite, rather than divide, conservation agencies and organizations.

Third, after in-depth discussion and research, the committee evaluated a broad range of sustainable funding mechanisms that Iowa has yet to pursue but may already be working revenue streams in other states supporting their natural resources. As the committee identified if the funding mechanism met the criteria in the parameters above, they narrowed down the list to the five most viable options to survey lowans on and recommend to the Governor and General Assembly for consideration.

It should be noted that a number of the funding mechanisms may need to be combined to reach the recommended \$150.0 million per year above and beyond current spending (discussed in component #3). The committee also recognizes that the dedicated funding mechanisms have the possibility of not being guaranteed as being sustainable; therefore, a variety of funding mechanisms may need to be initiated in order to help maintain an adequate funding level for natural resources.

The priority funding mechanisms being recommended by the committee, at this time, are:

1	Gaming/Gambling Revenues
2	Fractional Sales Tax Increase, that is constitutionally protected
3	Lottery (A dedicated portion of the state lottery profits)
4	Tax Incentives/Credits for Conservation
5	Bonding

For better understanding of the five recommended sustainable natural resource funding mechanisms, the following are explanations of each:

1	<p>Gaming/Gambling Revenues</p> <p>This proposal would capture revenue generated by additional casino capacities and retiring bonds. It is anticipated that additional revenues will become available as casinos expand and new casinos are opened. As existing obligation bonds are paid off, or additional bonds are approved, these funds could be dedicated to support natural resources.</p>
2	<p>Fractional Sales Tax Increase that is constitutionally protected</p> <p>A viable and sustainable funding mechanism would be through a fractional percentage sales tax increase with the funds being dedicated to natural resources. For example, a 3/8% increase would fully fund the \$150.0 million annual need identified by the committee. A fractional sales tax increase would require a constitutional amendment to truly protect the funds.</p>
3	<p>Lottery (A dedicated portion of the state lottery profits)</p> <p>Dedicating a portion of state lottery profits would help ensure partial funding for conservation efforts. (\$336.0 million revenue in FY 2006 reported by Iowa Lottery).</p>
4	<p>Tax Incentives/Credits for Conservation</p> <p>Although this funding mechanism would not be a direct revenue source, it would provide conservation benefits by allowing private landowners to apply for tax credits when implementing conservation practices on their land for wildlife, soil and water conservation, and public access, when taking out conservation easements or when selling their land at below market value to public or private conservation agencies and organizations for public benefits. These "conservation benefits" would be stable and sustainable since they would not require annual appropriations by the legislature. These incentives could provide \$38.0 million annually in indirect revenue. This funding option would support many conservation needs, but other funding mechanisms would be required to ensure that all natural resource needs are fully funded.</p>
5	<p>Bonding</p> <p>Bonding is a means of making an initial investment stable over a long period of time. In addition, bonding would make more funds available immediately taking advantage of current federal cost-share dollars for which there is presently inadequate state matching funds. The increased dollars could also be used now for a variety of purposes supporting our natural resources, including public land acquisitions or easements to get ahead of the double-digit rate of inflation currently being exhibited by land sales. There are also immediate needs for trails and park improvements, and for other delayed maintenance items that will be more expensive in the future. Funding sources for these bonds could include the General Fund through general obligation bonds, from gambling revenues, or from the \$20.0 million in Iowa Communications Network (ICN) bonds that will be freed up in 2007.</p>

After identifying and evaluating numerous funding mechanism possibilities, the committee focused on the five recommended in this report. Although the committee believes other possibilities have value, after deliberation, these possibilities did not make the top five for a variety of reasons. One reason is that some of these funding mechanisms require further study before being determined as a viable option. These are noted in the table below:

Other Funding Mechanisms Requiring Further Exploration

1	Dedication of a portion of the existing sales tax.
2	Reallocation of existing infrastructure funds.
3	Establishing a dedicated real estate transfer tax.
4	Establishing a bio-fuels severance tax.
5	Placing a tax on large volume water users.
6	Expanded use of underground storage tank remediation funds.
7	Additional gasoline tax.
8	Placing a state excise tax on outdoor recreation equipment.
9	Park user fee.
10	Expanding the bottle bill to include bottled water and other containers.
11	Reallocation of the drinking water tax.
12	Various taxes on those who adversely affect the environment.
13	Placing a tax on out-of-state water users.
14	Placing a severance tax on products exported from Iowa that require extensive water use for production.
15	Severance tax on all energy producers.
16	Importation fee of fossil fuels.
17	Taxing storm water run-off sources that adversely impact the environment.
18	Reallocation of recreational vehicle registration fees.

During the committee's evaluation of current funding, it was recognized that additional recommendations warranted consideration. The committee identified value in 1) moving the Environment First Fund to a higher priority location in the wagering tax allocation formula, and that the Environment First Fund should be increased. 2) Newly generated funds should be dedicated to ensure that the funds are used for their intended natural resource purpose, and to ensure the long-term sustainability of these funds. 3) Emphasis must be placed on raising public awareness of natural resource funding needs.

#3: Provide an “outline of the amount of revenue needed and what would be accomplished if the conservation funding initiative is implemented.”

After researching and reviewing current streams of funding and budgets, the committee has, conservatively, estimated that a sustainable total of \$150.0 million per year over any base funding is needed to begin to address the needs of Iowa’s natural resources. The committee also identified, as noted in their parameters, logical and established methods to distribute the revenue to the natural resource, aka funding vehicle. Discussion points, funding vehicles, and recommended funding amounts to meet the needs are presented in the table below. **After submitting the 01/10/07 Preliminary Report, the committee revised the table below to clarify certain aspects of funding.**

FUNDING VEHICLE	DISCUSSION POINTS	FUNDING AMOUNT RECOMMENDED
REAP (Resource Enhancement And Protection)	* REAP funds are lacking. County applications not funded 5:1 ratio and city applications are not funded at a 3:1 ratio. * REAP’s current \$11.0 million per year is not secure and not sustainable.	Fully fund at authorized level of \$20.0 million. (Funded at \$11M in FY06)
LCPP (Local Conservation Partnership Program)	* Funding should go towards county conservation boards, cities, and non-government organizations (NGOs). * Fund local conservation education and outreach, infrastructure, and land management.	Fund at \$20.0 million.
WP (Watershed Protection)	* Funding for Watershed Projects is lacking. Requests for funding by project applicants annually seek twice the funds available. Increased emphasis on the watershed approach to solving environmental problems will further increase demand.	Fund at \$20.0 million.
LR (Lake Restoration)	* Lake Restoration identifies needs in the lake. The watershed is taken care of outside of the Lake Restoration vehicle/funds.	Fund at \$10.0 million.
Trails	* Trails funding should be directed at both maintenance of existing trails and the addition of new trails, marketing, and trail linkages.	Fund at \$15.0 million.
IA DNR (Iowa Department of Natural Resources)	* More funds than currently available are needed for state preserves, the wildlife diversity program, state parks, public access, and trail improvements within state parks.	Fund at \$35.0 million. (base increase over and above FY06)
IDALS (Iowa Department of Agriculture and Land Stewardship)	* Funds are lacking for incentives programs that assist landowners and soil and water conservation districts. Program demand for cost-share and watershed projects exceeds available funds. Funds will, also, be used to support agricultural issues, such as helping livestock producers meet environmental performance requirements.	Fund at \$30.0 million. (base increase over and above FY06)
TOTAL OF ALL FUNDING RECOMMENDATIONS \$150.0 million annually		
With dedicated recommended funding, local, state, and NGOs can use this new and/or base increase over FY budget amounts to apply for leverage funds when possible. The recommended funding should be dedicated and sustainable since leveraged funds are neither.		

To detail further the concepts that directed the committee toward the recommended figures, accomplishments (aka actions) were determined that the new dedicated sustainable funds would provide to lowans. These actions are identified by their connection to the natural resource category and to which funding vehicle may possibly support them.

Natural Resource Category	Action	Possible Funding Vehicles
PARKS AND TRAILS		
Parks	* improve state, county, city park infrastructure	REAP LCPP LR IA DNR Trails
	* create a grade-A system of state and local parks * shelter houses * trails * campgrounds * shelters * beaches * water access * destination sites to draw people from other states	
	* increase recreational opportunities with the goal of providing every lowan a place to go for outdoor recreation within one half-hour of their home	
Trails	* create a trail system that will serve the recreational diversity of lowans and attract visitors and tourists.	REAP LCPP IA DNR Trails
SOIL AND WATER		
Soil (conservation practices)	* accelerate application of soil and water conservation practices	WP LR IDALS REAP LCPP IA DNR
	* increase awareness of need for conservation systems	
	* encourage and support waterway buffers	
	* protect and restore wetland areas	
	* advocate sustainable farming practices - conservation tillage - demonstrate innovative methods and new technologies (soil saving techniques, nutrient management, etc.)	
Water (quality)	* target conservation measures and water quality improvement efforts in watersheds.	REAP WP LR IDALS IA DNR LCPP
	* reduce sediment	
	* create/build federal, state, and local partnerships	
	* help communities problem solve water quality and water quantity concerns	
	* provide incentives to implement quality improvement programs and efforts	
FISH, WILDLIFE, NATURAL AREAS		
Fish, Wildlife, Natural Areas	* protect and improve the status of Iowa's wildlife diversity	REAP LCPP WP LR IA DNR IDALS Trails
	* provide safe habitat for endangered species in Iowa	
	* make Iowa's lakes and streams great places to recreate	
	* provide places for people to see wildlife (i.e. improve wildlife viewing opportunities)	
	* increase opportunities to enjoy Iowa's outdoors	
	* preserve and protect Iowa's high quality natural heritage	
	* ensure that all lowans will have access to natural areas – rural and urban	
	* create and protect access to natural areas	
	* improve hunting and fishing opportunities and access in Iowa–rural and urban	
	* protect, restore and manage prairies, forests, savannas, wetlands, and preserves	
	* provide assistance to landowners to establish/manage the prairie and forestry base	
	* provide adequate monitoring and management of Iowa's natural resources	
* provide proactive options and quality management against invasive species		
ALL 3 CATEGORIES: PARKS/TRAILS, SOIL/WATER, FISH/WILDLIFE/NATURAL AREAS		
Parks/Trails Soil/Water Fish/Wildlife/ Natural Areas	* provide quality, engaging, and significant environmental and conservation education opportunities for the public, private landowners, and community leaders * establish, strengthen, and maintain nature centers and naturalist programs * educate and encourage private landowners toward productive and innovative land and water management techniques * train developers and community leaders on conservation and environmentally friendly principles toward Iowa's resources * initiate proactive outreach and interpretive programs	REAP LCPP IA DNR IDALS

#4: Provide an “analysis of Iowa's citizens' willingness to pay for identified conservation funding initiative.”

The committee expressed the value of public participation and input during this process of exploring sustainable funding and provided a number of ways to incorporate the public's interest into the process. Along with a formal survey to identify Iowans' willingness to pay for funding initiatives, the committee encouraged public participation through open meetings, a sustainable funding website, and a statewide ICN (Iowa Communications Network) meeting. The committee weighed the responses from the public and placed value on its input and perceptions in helping to formulate its recommendations.

1. Committee deliberations open to the public:

The committee opened up its meetings and encouraged the public to hear its deliberations. Press releases were issued to promote attendance. Meeting summaries can be located at the Sustainable Funding website: www.iowadnr.gov/sustainablefunding/meeting.html

2. Website created

The committee proposed creating a website to provide information to the public. After the logistics and authorized locations were explored, the website was created and is accessible at www.iowadnr.gov/sustainablefunding/index.html. This site was also used as a tool to receive public comments.

3. ICN public information and input meeting

The committee requested a venue that would allow a general presentation to the public about the sustainable funding mandate and the work the sustainable funding advisory committee had accomplished so far so an interactive ICN (Iowa Communications Network) meeting was held on 11/09/06 at 14 sites across Iowa. A press release was issued which also generated media interviews promoting and informing the public about sustainable funding efforts. There were 270 individuals who signed in as attending the 11/09/06 meeting. The public was also encouraged to submit their comments (written or through online submission) which carried a general tone of support of Iowa's natural resources and the concept of sustainable funding (see Appendix 2).

Specific information was gleaned from the comments regarding general support of sustainable funding and tax support. Also, the committee was interested in the commitment of individuals and included a question on the public comments form asking: Is sustainable funding for natural resources a concept you would volunteer to support and/or promote?

To summarize the written comments received, of the 213 comments:

General Support of Sustainable Natural Resource Funding 195 – general support 14 – support not mentioned
Support for Tax to Provide Funding for Natural Resources 65 – support 4 – opposed 144 – tax not mentioned
Volunteer to Support / Promote the Concept of Sustainable Funding 162 – Yes 5 – No 29 – Possibly – Need to research more information 17 – No Response

4. Telephone survey of lowans' willingness to pay

To meet the specific requirement of the fourth sustainable funding charge, the committee contracted with the firm of Fairbank, Maslin, Maullin and Associates (FMMA) to conduct a telephone survey to assess Iowa citizens' willingness to pay. FMMA surveyed 800 adult Iowa residents from 11/27/06-11/30/06. This survey asked questions that provide an insight into lowans' environmental and recreational concerns and interests. The analysis of the telephone survey results provides an explanation of responses, which, also, includes information on topics such as the public's approval/disapproval on management of taxpayer dollars by party.

The following is an analysis of a few of the responses lowans gave:

- * Issues related to water quality, including agricultural runoff, are among lowans' top environmental concerns.
- * lowans share strong beliefs that protecting the environment is a shared responsibility and benefits the economy.
- * A total of 77% of Iowa residents support dedicating additional public funds to protect Iowa's land, water, and wildlife, and most are willing to pay \$10 - \$25 in additional taxes each year for that purpose.

The following table identifies specific data of interest regarding the public's opinion. The final survey report with full data is posted on our website at: <http://www.iowadnr.com/sustainablefunding/files/topay.pdf>. The telephone survey, and the other venues that investigated public opinion, provided the committee with supporting information to help guide them in formulating responses and recommendations to help meet the needs of Iowa's natural resources through the concept of sustainable funding. The analysis of the survey questions and answers is a beneficial tool in understanding public responses.

When read a list of projects that might be carried out if additional funding was available for natural resources in Iowa, respondents were asked how important each project was to them. Responses were rated "extremely important, very important, somewhat important, and not important."

Project	TOTAL EXT./ VERY	Ext. Imp.	Very Imp.	SW Imp.	Not Imp.
Protecting water quality in rivers and streams	82%	46%	36%	15%	2%
Protecting sources of drinking water	81%	47%	33%	14%	4%
Protecting Iowa's soils	76%	36%	40%	19%	4%
Preserving natural areas	71%	30%	41%	24%	3%
Managing and protecting endangered and threatened species	66%	31%	35%	26%	8%
Preserving working farmland	64%	31%	33%	24%	7%
Protecting fish and wildlife habitat	63%	30%	33%	27%	6%
Protecting forests	60%	28%	33%	32%	6%
Providing quality environmental and conservation education opportunities for the public	58%	22%	36%	34%	7%
Repairing, improving and/or expanding state and county parks	55%	18%	36%	33%	10%
Conserving and/or restoring prairies and grasslands	50%	21%	29%	33%	14%
Improving access for hunting and fishing	45%	20%	26%	35%	19%
Providing grants to local governments and non-profits to preserve natural areas	45%	19%	26%	43%	9%
Improving and expanding trails for hiking, biking, walking and horseback riding	43%	17%	26%	39%	17%
Adding new public lands for outdoor recreation, fishing, and hunting	41%	14%	27%	34%	21%
Improving and expanding off road vehicle trails	24%	6%	18%	25%	46%

THE FUTURE

The Sustainable Natural Resource Funding Advisory Committee believes that their work has just begun. This final report is being submitted by 03/01/07 as authorized by the legislature relating to HF 2797, although this should be considered the first step to ensuring truly sustainable and adequate funding for natural resources in Iowa.

The Sustainable Natural Resource Funding Committee remains dedicated to this effort and, as noted in the recommendations, requests they be reauthorized to continue their work to provide:

- 1) A further in-depth exploration of possible funding mechanisms determined by the committee's 03/01/07 Final Report.
- 2) A document that more fully explains the benefits that would occur if the amount proposed by the 03/01/07 Final Report were appropriated.
- 3) Further analyze information regarding "Iowans Willingness to Pay" as a tool to identify pathways and methods to share information regarding the needs determined to protect and enhance Iowa's natural resources for all Iowans' benefit.
- 4) Information identifying the economic impacts that would result if the amount proposed by the 03/01/07 Final Report were appropriated.

To support the work of this committee, the need for economic documentation, social and fact finding, and the cost of meetings, travel, outreach, and transparency in all work related to this committee, the need for an appropriation is being requested under the recommendations in this report.

The committee has, also, identified that educating the citizens of Iowa on environmental needs and funding options will be a necessary next step following this final report. Public understanding and support is critical if any significant gains are to be made in the sustainable funding of natural resources in this state. Additional actions will be needed by the Governor and General Assembly in order to further the implementation of recommended actions contained within this report.

I. ADVISORY COMMITTEE RECOMMENDATIONS
DIRECTLY RELATING TO HF2797

The advisory committee supports and presents the following recommendations to the Governor and General Assembly. The advisory committee recommends that:

1. The burden of funding should be a responsibility of all Iowans, since all Iowans will benefit from sustainable funding for natural resources. This value is also supported by responses in the Willingness to Pay survey.
2. The funding source, aka mechanism, should have statewide appeal and be politically viable.
3. The source of funds should be easy to administer without the need to establish significant additional administrative staff.
4. Leveraging should be considered a tool to assist local, state, and NGOs in increasing the recommended funding amount when possible.
5. The new funding mechanism(s) must conform to all state and federal commerce regulations.
6. The funding mechanism(s) should be "new money" and not a replacement of existing resources.
7. The funding mechanism(s) should be stable, protected, and identified as dedicated. Newly generated funds should be dedicated to help ensure that the funds are used for their intended natural resource purpose, and to ensure the long-term sustainability of these funds.
8. The new funding must unite, rather than divide, conservation agencies and organizations.
9. Along with the five funding mechanisms reported in the 01/10/07 Preliminary Report to bring in new revenue for natural resources (gaming/gambling revenue, fractional sales tax increase that is constitutionally protected, a portion of the lottery, tax incentives/credits for conservation practices, and bonding), these and other viable funding mechanisms should be explored further by the committee for viability.
10. This report be considered the final report in relation to the HF2797 charge, and an important step in investigating and ensuring sustainable and adequate funding for natural resources in Iowa.
11. The General Assembly reauthorize the Sustainable Natural Resource Funding Advisory Committee to continue its work to further research sustainable funding and pursue input from the newly elected Governor, the current legislature, and other organizations.

a. The sustainable natural resource funding advisory committee, comprised of representatives as identified in the 2006 Legislative Session (Iowa Natural Heritage Foundation, Ducks Unlimited, Pheasants Forever, Iowa Association of County Conservation Boards, Iowa Farm Bureau, Farmer's Union, The Nature Conservancy, Iowa Environmental Council, Iowa Renewable Fuels Association, Sierra Club of Iowa, Izaak Walton League of Iowa, State Conservation Districts of Iowa, Secretary of Agriculture (IDALS), Department of Natural Resources) shall be reauthorized for a one year period to the end of FY08.

b. The advisory committee shall submit a report to the Governor and the General Assembly by January 10, 2008. The report shall contain but is not limited to the following:

- 1) A further in-depth exploration of possible funding mechanisms determined by the committee's 03/01/07 Final Report.
- 2) A document that more fully explains the benefits that would occur if the amount proposed by the 03/01/07 Final Report were appropriated.
- 3) Further analyze information regarding "Iowans Willingness to Pay" as a tool to identify pathways and methods to share information regarding the needs determined to protect and enhance Iowa's natural resources for all Iowans' benefit.
- 4) Information identifying the economic impacts that would result if the amount proposed by the 03/01/07 Final Report were appropriated.
- 5) To support the work of this committee, the need for economic documentation, social and fact finding, and the cost of meetings, travel, outreach, and transparency in all work related to this committee, an appropriation of \$100,000 shall be made to the Department of Natural Resources to distribute regarding this charge. However, all expenditures shall be accounted for in the annual report(s) required to the legislature, and shall require formal agreement by a majority of the committee members before any payments are made. All expenditures shall be made using applicable State policies and spending practices. Any monies remaining will revert to the State General Fund.

**II. ADVISORY COMMITTEE RECOMMENDATIONS
IN ADDITION TO RECOMMENDATIONS RELATING TO HF 2797:**

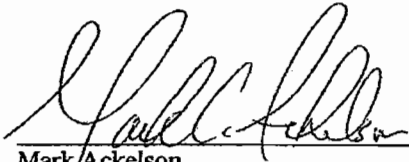
The Advisory Committee, also, recommends that:

1. The Environment First Fund be moved to a higher priority location in the wagering tax allocation formula. The Environment First Fund should be increased.
2. Emphasis must be placed on raising public awareness of conservation funding needs.
3. A group be created to administer the Local Conservation Partnership Program (LCPP) funds received.

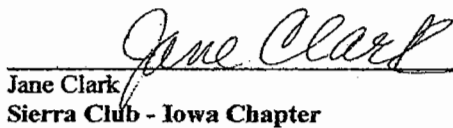
RESPECTFULLY SUBMITTED:

SUSTAINABLE NATURAL RESOURCE FUNDING ADVISORY COMMITTEE

The following signatures represent the participation of the individuals below, designated by their respective organizations, to personally represent their organization and support the committee's work and consensus of the legislative mandated Sustainable Natural Resources Funding report.




Mark Ackelson
Iowa Natural Heritage Foundation



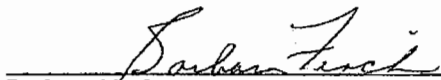
Jane Clark
Sierra Club - Iowa Chapter



Dan Cohen
Iowa Association of County Conservation Boards



Dick Dearden
Iowa Senate - Democrat



Barbara Finch
Iowa Farm Bureau



Tammi Kircher
Ducks Unlimited



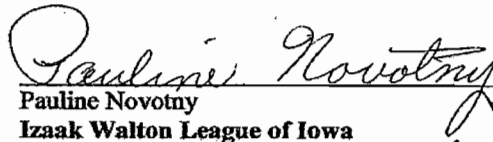
Richard Leopold, Director
Iowa Environmental Council



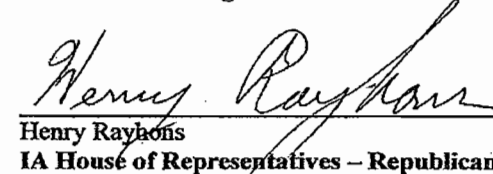
Lola Lopes
The Nature Conservancy



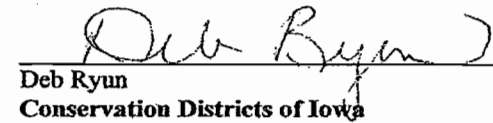
Mary Lundby
Iowa Senate - Republican



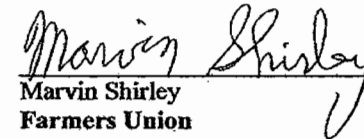
Pauline Novotny
Izaak Walton League of Iowa



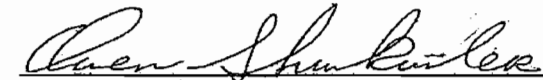
Henry Raybans
IA House of Representatives - Republican



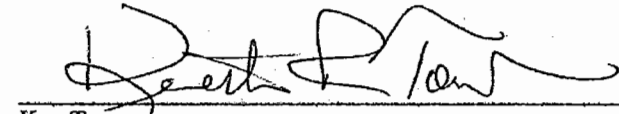
Deb Ryun
Conservation Districts of Iowa



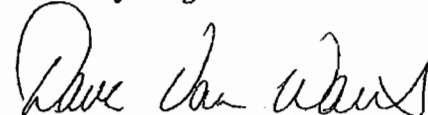
Marvin Shirley
Farmers Union



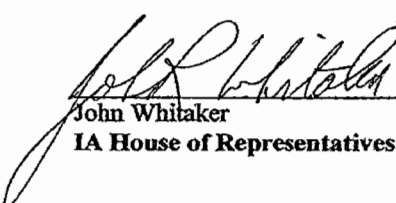
Owen Shunkwiler
Iowa Renewable Fuels Association



Ken Tow
Secretary of Agriculture



Dave Van Waus
Pheasants Forever



John Whitaker
IA House of Representatives - Democrat

ACKNOWLEDGEMENT

To the recipients of this report:

As assigned facilitators of the Sustainable Natural Resource Advisory Committee, it has been our pleasure to serve as guiding members of this committee.

The forward thinking of our legislators to propose and support the concept of sustainable natural resource funding should be acknowledged and applauded, as well as their foresight to request individuals from diverse organizations as representatives on the committee. The committee members effectively channeled their wide range of knowledge, expertise, and passion for Iowa's environment toward a common goal of sustainable funding dedicated toward natural resources.

The cooperation, consensus, and mutual respect this committee exhibited in their work has been a trademark that has been inspiring and motivating. In addition to the outstanding commitment of all the committee members, the following, at the time of this final report, were able to support the committee's work in an additional financial manner:

Ducks
Unlimited



Iowa County County
Conservation Boards



Iowa Natural
Heritage Foundation



Pheasants
Forever



In the legislation requesting this exploration of sustainable funding, the Department of Natural Resources was charged with providing support to the committee. Many DNR staff contributed time to this effort, of which we would like to specifically acknowledge the dedicated work of the following individuals: Diane Ford-Shivvers, Doug Harr, Kim Rasler, and Peter Fritzell. Along with the support that committee members received from their respective organizations and staff, we would like to acknowledge others who contributed to the research and input of this final report: Duane Sand (INHF), Angela Grover (TNC), Matt Hare (TNC), and Anthony Phillips (INHF).

Again, it has been a pleasure to serve on this committee working to provide Iowans better quality of life opportunities through the support, protection, and enhancement of our valuable natural resources. As the committee states in this report, the first step toward achieving sustainable natural resource funding had been accomplished. There is much more work to be done, and we, as well as Iowans across the state, are committed to continuing the charge.

The support for this effort has been outstanding and encouraging and we look forward to the implementation of a successful plan for sustainable natural resource funding.

Richard Leopold
Director, Iowa Department of Natural Resources

Ken Herring
Acting Chair, Sustainable Funding Committee