

HOUSE BILL REPORT

HB 1250

*As Reported By House Committee on:
Fisheries & Wildlife
Revenue*

Title: An act relating to the nonconsumptive use of wildlife.

Brief Description: Creating nonconsumptive wildlife area user permits.

Sponsor(s): Representatives Wilson, Haugen, Fuhrman, R. King, Padden, Orr, Winsley, Paris, Broback, May, Bowman, Miller, Horn, Wood, Wynne, Betrozoff and Spanel.

Brief History:

Reported by House Committee on:
Fisheries & Wildlife, February 21, 1991, DPS;
Revenue, March 10, 1991, DPS(FW)-A.

**HOUSE COMMITTEE ON
FISHERIES & WILDLIFE**

Majority Report: *That Substitute House Bill No. 1250 be substituted therefor, and the substitute bill do pass.*
Signed by 7 members: Representatives R. King, Chair; Wilson, Ranking Minority Member; Cole; Haugen; Hochstatter; Orr; and Spanel.

Minority Report: *Do not pass.* Signed by 4 members: Representatives Morris, Vice Chair; Fuhrman, Assistant Ranking Minority Member; Basich; and Padden.

Staff: Keitlyn Watson (786-7310).

Background:

Wildlife Areas

The Department of Wildlife owns and manages over 800,000 acres of land in the state. Each area is managed for habitat, with some emphasis on particular wildlife species. Wildlife areas may or may not have associated facilities. They range in size from under 100 acres to 250,000 acres.

Currently, a conservation license or hunting or fishing license issued by the director of the Department of Wildlife is required to use department-managed lands or facilities.

The fee for the conservation license is \$8.00 annually. This license was established in 1982, at a cost of \$5.00 per year. License sales have ranged over the last eight years from 556 per year to a high of 2,153 per year. In 1990, 989 licenses were sold, generating revenue of \$7,912.00. The proceeds go into the state wildlife fund, as do proceeds from hunting and fishing license sales.

Wildlife area acquisition and management are funded by the wildlife fund and by federal excise taxes on firearms, the state general fund, and special funds such as those from the Interagency Committee for Outdoor Recreation (IAC), Rocky Mountain Elk Foundation, and Ducks Unlimited. Some wildlife areas were acquired through mitigation settlements.

State Wildlife Fund

The state wildlife fund is largely supported by revenues from hunting and fishing license sales. The state wildlife fund represents 47.9 percent of the Department of Wildlife's budget, and is spent on game management and research, sport fish management and research, hatcheries, wildlife areas, private lands access and development, enforcement, facility maintenance and repair, and fencing.

Nonconsumptive Users

Nonconsumptive users of the wildlife resource currently contribute to the funding of the Department of Wildlife through the purchase of migratory waterfowl artwork, the general fund, purchase of personalized license plates, and local funds. Although it is unknown how much of these funds are generated specifically from nonconsumptive users of wildlife, the percentage of the Department of Wildlife's budget from these fund sources is 27.8 percent. Funds that are earmarked for nongame are derived from revenues from the purchase of personalized motor vehicle license plates. These revenues are placed into the nongame account, which is used by the Department of Wildlife for nongame projects. The license plate application fee is currently \$30.00 and the renewal fee is currently \$20.00.

Summary of Substitute Bill: The Wildlife Commission is directed to appoint a blue ribbon task force by October 1, 1991 to analyze the funding base for the Department of Wildlife and to recommend how it can be broadened beyond the hunting and fishing license buyer. The task force shall consist of the Wildlife Commission, the Department of Wildlife, private industry, members of the Legislature, and the environmental community. The task force is directed to consider funding mechanisms including: fees for use of Department of Wildlife owned and managed lands, fees for

courses in wildlife appreciation, the sale of wildlife art and stamps, active fundraising by the department, and a dedicated wildlife lottery. A report by the Wildlife Commission on feasible funding alternatives is to be presented to the Legislature by December 1, 1992.

The Department of Wildlife is authorized to solicit donations, grants and other funds for programs that benefit the nonconsumptive user of wildlife.

A retail sales tax is established on outdoor recreational equipment in Washington. The rate of the tax is 2 percent of the retail price. Equipment to be taxed includes: camping, skiing, snowmobiling, boating, bicycling, equestrian, scuba, skin diving, hiking, mountain climbing and jetski and waterskiing gear. The revenues from this tax are to be placed in the state wildlife account to be used for wildlife programs that benefit the nonconsumptive user.

The business and occupation tax deduction that currently applies to dues paid by wildlife conservation-oriented nonprofit corporations is repealed. The revenues generated from removal of this deduction are placed into the state wildlife account to be used for wildlife programs that benefit the nonconsumptive user.

The application fee for personalized license plates is raised from \$30 to \$35. The renewal fee for personalized license plates is raised from \$20 to \$25.

Substitute Bill Compared to Original Bill: The original bill and the substitute bill require mechanisms to generate funds by and for the nonconsumptive user of wildlife. The mechanisms used to accomplish this differ between the original and the substitute bill. The original bill accomplishes this by establishing a fee pass system for the use of Department of Wildlife owned and managed lands and by authorizing the sale by the Department of Wildlife of a native species stamp, promotional materials, and nature study aids. The revenues are placed into the state wildlife account, to be used for programs related to the Department of Wildlife owned and managed lands.

The substitute bill generates funds for the wildlife account to be used for nonconsumptive users by placing a retail sales tax on outdoor equipment, by requiring a business and occupation tax on dues paid by members of wildlife oriented nonprofit corporations, and by raising fees for personalized license plates. The substitute bill also directs the Wildlife Commission to set up a blue ribbon task force to identify other potential funding mechanisms that generate funds by and for the nonconsumptive user of wildlife.

Fiscal Note: Available. New fiscal note requested on February 20, 1991.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: It is more equitable to have nonconsumptive users of wildlife pay their share than to have only hunters and fishers support wildlife. It is time for action.

Testimony Against: This may not be the best way to generate needed income. The California bill that passed, which was similar to this one, was very costly to implement. Before proceeding, there would need to be adequate enforcement presence on the wildlife areas, there would need to be useable facilities, and the Department of Wildlife would need to understand the market. There are other ways to generate revenue.

Witnesses: Jeff Parsons, National Audubon Society (in favor); Jack Davis, Black Hills Audubon Society (in favor, but before proceeding the Department of Wildlife needs to determine why the existing conservation license hasn't worked); Pam Madsen, Department of Wildlife (oppose, this may be a costly way to generate revenue); and John Strom, citizen (in favor).

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *The substitute bill by Committee on Fisheries & Wildlife be substituted therefor and the substitute bill as amended by Committee on Revenue do pass.* Signed by 8 members: Representatives Wang, Chair; Fraser, Vice Chair; Appelwick; Belcher; Day; Leonard; Morris; and Phillips.

Minority Report: *Do not pass.* Signed by 7 members: Representatives Holland, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Brumsickle; Morton; Rust; Silver; and Van Luven.

Staff: Rick Peterson (786-7150).

New Background Information: Under the state business and occupation tax each manufacturer, wholesaler and retailer pays a tax based on the value of products, gross sales or gross income. The tax rate for manufacturing and wholesaling is .484 percent. The tax rate for retailing is 0.471 percent.

Summary of Recommendation of Committee on Revenue Compared to Recommendation of Committee on Fisheries & Wildlife: The 2 percent sales tax on outdoor recreational equipment is replaced with a business and occupation type tax. This new tax is placed on the manufacturing, wholesaling and retailing of a specific list of outdoor recreation equipment. The tax rate is 0.25 percent, twenty-five hundredths of one percent. The tax is an addition to the regular business and occupation tax. Equipment subject to tax includes: bicycles and bicycle equipment, binoculars, human-powered boats, camping equipment, equestrian equipment, hang gliders and hang gliding equipment, jet skis, water skis, climbing equipment, cameras, film, video camcorders, SCUBA and skin diving equipment, snow skis, snowmobiling equipment and windsurfing equipment. Revenue from the tax is placed in the Wildlife Fund.

The elimination of the business and occupation tax deduction for dues of wildlife conservation oriented non-profit corporations is deleted from the bill.

The \$5 increase in personalized license plate applications and renewals is increased to \$10 dollars.

This bill is null and void unless both it and SHB 1850, the hunting and fishing license fee increase bill, are referenced in the Omnibus Budget Bill.

Fiscal Note: Available.

Effective Date of Substitute Bill as Amended: The bill contains an emergency clause and takes effect July 1, 1991.

Testimony For: The Department of Wildlife budget supports many programs that benefit the "appreciative" users of the out-of-doors. The Department of Wildlife budget is primarily funded by licence fees from hunters and fishers. Additional revenue, preferably raised from these "appreciative" users of the out-of-doors, is needed to finance the Department of Wildlife's budget.

Testimony Against: A selective business and occupation tax on outdoor equipment will place administrative difficulties on the manufacturers, wholesalers and retailers of items taxed by the bill. The tax will place Washington businesses at a disadvantage relative to out-of-state businesses and mail order firms. These programs benefit the entire population of the state and should be financed by a general funding source.

Witnesses: Jon Akers, Washington State Bowhunters; Jim King, Washington Sportsmen Council (both pro); and Jeff

Parsons (pro w/amendment). Nancy Bratton, Seattle Chamber; Maggie Coon, The Nature Conservancy; Jan Gee, Washington Retail Assn.; Ron Irwin, B & I Store; Richard La Shancie, World Wide Dist.; Chris McBride, Yeager's Sporting Goods & Marine; Curtis Riess, Olympic Sports; Wally Smith, REI; Ron Sundberg, Puget Sound Sports; Phillip Van Horn, Phil's Sporting Goods, Inc.; Nancee Wildermeth, Pacific NW Ski Areas Association; and George Whitehouse, Sears, Roebuck & Co. (all con).