


## MEMORANDUM

Date: August 11, 2009  
To: Alternative Funding Task Force  
From: Ray Houston, Legislative Budget and Policy Analyst   
Subject: Follow-up to First Meeting Questions (June 30, 2009)

1) Senator Cameron asked Jim Alcorn, Director of the State Insurance Fund, to provide a claims history for the Idaho Petroleum Clean Water Trust Fund.

See attached (page 3) 18 year history since 1992 (inception in 1990). Claims total \$29.2 million, average \$1.6 million/year.

### Rough Annual Income Statement

Revenues				
Transfer Fee 20% of 1 cent		\$1.9	to \$2.0	million
Policy Fee		\$1		
Interest on Reserves* 3%	\$32.3	\$1.0		
<u>Subtotal Revenue</u>		<u>\$3.0</u>		
Personnel Costs and Operating Expenditure		\$1.6	to \$1.7	
<u>Subtotal Available for Claims</u>		<u>\$1.4</u>		
<u>Average Claims</u>		<u>\$1.6</u>		
Estimated Ending Balance		(\$2)		

\*unencumbered surplus of \$21.7 million and claim reserves of \$10.6 million

2) Senator Cameron asked me what was the reason behind the large increase in dedicated funding for the Department of Parks and Recreation between 2005 and 2010.

\$ in Millions	FY 2005		FY 2010	
	Actual	Approp.	Difference	% of Total
1) Registration Fees	\$6.35	\$10.49	\$4.14	35.9%
2) Park Entry & Camping Fees	\$3.73	\$7.47	\$3.74	32.5%
3) Expend. Trusts	\$.59	\$1.93	\$1.34	11.6%
4) Recreational Fuels	\$4.25	\$5.30	\$1.05	9.1%
Misc. Revenue (local match)	\$.02	\$.67	\$.64	5.6%
Enterprise (marina/store sales)	\$.86	\$1.32	\$.47	4.0%
Indirect Cost Recovery (of fed\$)	\$.24	\$.38	\$.14	1.2%
<u>TOTAL DED. FUNDS</u>	<u>\$16.03</u>	<u>\$27.55</u>	<u>\$11.52</u>	<u>100.0%</u>

The largest part of the \$11.5 million increase is due to **Registration Fees** of boats, snowmobiles, motorbikes, and recreational vehicles due to fee increases and an increase in the number of registered vehicles. Second is **Park Entry and Camping Fees** with an increase of \$3.7 million due to fee increases and an increase in the number of camping days. Third is **Expendable Trusts** with an increase of \$1.3 million due to additional appropriations for the McCrosky Trust, Harriman Trust, Ritter Island Trust, and the Trail of the Coeur d'Alenes Trust. **Recreational Fuel** appropriations were also up during that period.

Continued....

3) Representative Labrador asked me for more information about gasoline tax refunds paid to off-road recreational vehicle users.

I have attached H565aaaS of 1972 (pages 4-9) including fiscal note and daily data. Section 1 includes legislative findings and policy stating that 2 1/2% of all motor fuel taxes are derived from the use of off-highway vehicles, and that 1/2% is sufficient to pay the costs of administration. Sections 2,3 and 4 increase the distribution to off highway uses from 1% to 2% of the motor fuels tax, and Section 5 eliminates refunds of gasoline taxes for non-highway use by recreational vehicles. Dan John of the Tax Commission states that there are no available records indicating the extent of refunds provided to off highway users prior to this legislation.

4) Senator Cameron asked me how Idaho funds its Parks and Recreation Department compared to other states.

IDPR agreed to address this question in their presentation. Idaho belongs to the National Association of State Park Directors (NASPD).

I have included an article from the Billings Gazette (pages 10-13) dated July 11, 2009, titled "Montana state parks rebound after tight times in 2002". Legislature approved \$4 opt-out automobile registration fee in 2004.



# STATE INSURANCE FUND

## MEMORANDUM

**Date:** June 30, 2009

**To:** Senator Dean Cameron  
Co-Chair HCR 32 Legislative Task Force

**From:** James M. Alcorn

**Subject:** Claim Payments – Idaho Petroleum Clean Water Trust Fund

In this morning's meeting you requested a claims history for the fund. Currently the amount for all aspects of the fund's claims reserves is \$10,588,381. If you wish a more detailed breakdown of how this figure is attained, please let me know.

The claims payments history by year is as follows:

1992	\$212,969
1993	\$1,047,577
1994	\$1,260,068
1995	\$1,848,616
1996	\$1,476,615
1997	\$1,730,888
1998	\$3,014,438
1999	\$2,803,858
2000	\$2,492,671
2001	\$2,099,620
2002	\$1,862,848
2003	\$969,532
2004	\$1,955,863
2005	\$2,339,359
2006	\$1,536,616
2007	\$1,419,575
2008	\$763,997
2009	\$397,911 (to date)

Please let me know if you wish any additional information or if you have questions.

1972

IN THE HOUSE OF REPRESENTATIVES  
HOUSE BILL NO. 565, AS AMENDED, AS AMENDED IN THE SENATE  
BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO MOTOR FUELS AND SPECIAL FUELS TAXES, STATING LEGISLATIVE FINDINGS AND POLICY; AMENDING SECTION 49-1210A, IDAHO CODE, TO PROVIDE THAT ONE PER CENT OF THE MOTOR FUELS TAX SHALL GO TO THE PARK FUND; AMENDING SECTION 49-1231A, IDAHO CODE, TO PROVIDE THAT ONE PER CENT OF THE TAX SHALL GO TO THE PARK FUND; AMENDING SECTION 49-1241, IDAHO CODE, TO PROVIDE THAT ONE PER CENT OF THE TAXES, INTEREST AND PENALTIES SHALL GO TO THE PARK FUND; ADDING A NEW SECTION 5 TO PROVIDE THAT WHILE THIS ACT IS IN EFFECT THERE SHALL BE NO REFUND OF GAS TAXES PAID ON FUEL CONSUMED IN NON-HIGHWAY USE OF RECREATIONAL VEHICLES; AND PROVIDING AN EFFECTIVE DATE.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. The legislature hereby finds that of all the taxes collected under sections 49-1210 and 49-1231, Idaho Code, two and one-half per cent (2½%) are derived from motor fuels and special fuels sold for use in off the highway vehicles, and that one-half of one per cent (½%) is sufficient to pay the costs of administration and claimed refunds by such users. The legislature hereby declares it to be the policy of this state to use the funds derived from the sale of such fuels for park department purposes.

SECTION 2. That Section 49-1210A, Idaho Code, be, and the same is hereby amended to read as follows:

49-1210A. PARTIAL ALLOCATION OF EXCISE TAX FUNDS. — An amount equal to one-seventh (1/7) of the excise tax moneys received by the state treasurer under section 49-1212, Idaho Code, and remaining after making the allocations required by subsections (a), (b) and (c) of section 49-1212, Idaho Code, but prior to making the payment to the state highway fund required by subsection (d) of section 49-1212, Idaho Code, shall be distributed by the state treasurer as follows:

(a) One per cent (1%) to the credit of the waterways improvement

fund, ~~and ninety-nine per cent (99%)~~ **one per cent (1%)** to the credit of the park fund, and ~~ninety-eight per cent (98%)~~ shall be divided among incorporated and specially chartered cities of the state which construct and maintain roads and streets, in the same proportion as the population of said incorporated or specially chartered city bears to the total population of all such incorporated or specially chartered cities of the state as shown by the last regular or special federal census.

(b) There is hereby appropriated and allocated out of said excise tax revenues, accruing between January 1 and December 31 of each year, the sum equal to one-seventh (1/7) of said excise tax revenues, as provided above, to be distributed by the above formula.

SECTION 3. That Section 49-1231A, Idaho Code, be, and the same is hereby amended to read as follows:

49-1231A. PARTIAL ALLOCATION OF EXCISE TAX FUNDS. — An amount equal to one-seventh (1/7) of the excise tax moneys received by the state treasurer under section 49-1241, Idaho Code, prior to making the allocations to the state highway fund, the park fund and waterways improvement fund required by said section, shall be distributed by the state treasurer as follows:

(a) **One per cent (1%)** to the credit of the waterways improvement fund, and ~~ninety-nine per cent (99%)~~ **one per cent (1%)** to the credit of the park fund, and ~~ninety-eight per cent (98%)~~ shall be divided among incorporated and specially chartered cities of the state which construct and maintain roads and streets, in the same proportion as the population of said incorporated or specially chartered city bears to the total population of all such incorporated and specially chartered cities of the state as shown by the last regular or special federal census.

(b) There is hereby appropriated and allocated out of said excise tax revenues, accruing between January 1 and December 31 of each year, the sum equal to one-seventh (1/7) of said excise revenues, as provided above, to be distributed by the above formula.

SECTION 4. That Section 49-1241, Idaho Code, be, and the same is hereby amended to read as follows:

49-1241. DISPOSITION OF FUNDS. — All taxes, interest and penalties collected under this act shall be turned over promptly to the state treasurer and, except as provided in sections 49-1210A and 49-1231A, Idaho Code, the state treasurer shall place ~~ninety-nine per cent (99%)~~ **ninety-eight per cent (98%)** thereof to the credit of the state highway fund, **one per cent (1%)** thereof to the credit of the park fund, and one per cent (1%) thereof to the credit of the waterways improvement fund.

SECTION 5. ELIMINATION OF GAS TAX REFUNDS ON

NON-HIGHWAY USE BY RECREATIONAL VEHICLES. — While this act is in effect there shall be no refund of gas taxes paid on fuel consumed in the non-highway use of recreational vehicles.

SECTION 6. This act shall be in full force and effect on and after July 1, 1972.

RS03730

STATEMENT OF PURPOSE

There is no loss or gain involved to the state.  
It is a reclaim of the refund set out by law and using  
it as a dedication to a recreation oriented agency.  
We are claiming the refund for off the highway recreation  
vehicles.

FISCAL NOTE

There is no fiscal loss or gain to the state. There  
is only a shift of monies

H561 continued

2/23 SENATE introduced  
3/10 3rd rdg - passed 29-1-5  
Nays—Yarbrough  
Absent—Brassey Brown Ellsworth High Rigby

H562 CRIMINAL OFFENSES & PROCEDURES, multiple sentence . . . by Judiciary, Rules & Administration  
Amends 18-2306, Idaho Code, to revise the regulations regarding the length of consecutive definite and indefinite terms of imprisonments.

2/14 HOUSE introduced  
2/17 3rd rdg - passed 56-0-14  
Nays—none  
Absent—Cammack Carr Danielson Hammond  
Jenkins Kearnes Looney McKinney Palmer  
Ravenscroft Sessions Tibblitts Wagner Worthen  
2/18 SENATE introduced - to Jud

FINAL DISPOSITION  
NOT LAW

H563 SCHOOLS, Eastern Idaho Vocational . . . . . by Education  
Amends various sections in Title 33, Idaho Code, to change the name of Eastern Idaho Vocational School to Eastern Idaho Vocational-Technical School.

2/15 HOUSE introduced  
2/19 3rd rdg - passed 49-5-16  
Nays—Cammack Davidson Hartvigsen McDermott  
Palmer  
Absent—Carr Condie Dunn Edwards Hammond  
Jackson Jenkins Keithly Kendell Koch(19) Lincoln  
Merrill Onweiler Ravenscroft Roberts Snow  
2/21 SENATE introduced  
2/29 3rd rdg - passed 26-1-8  
Nays—White  
Absent—Brassey Egbert Evans McDevitt Mitchell  
Murphy Summers Swenson

FINAL DISPOSITION  
3/8 Governor signed  
Effective July 1, 1972  
Session Law Chapter 110

H564 EDUCATION, State Board supervision . . . . . by Education  
Amends 33-107, Idaho Code, to provide the State Board of Education with general supervision and direction of all public school districts and the right to withhold funds from a school district which willfully fails to comply with the school laws.

2/15 HOUSE introduced  
2/21 3rd rdg - FAILED 13-45-12  
Ayes—Allen Andersen Brennan Farner Haekenson  
Hale Kennevik Kraus Looney Merrill Molyneux  
Rice Sweeney  
Absent—Arnzen Cammack Davidson Dunn Hedlund  
Jackson Jenkins McKinney Palmer Roberts  
Wagner Worthen

FINAL DISPOSITION  
NOT LAW

H565 TAX & TAXATION, motor fuels/Park Fund . . . . . by Revenue & Taxation  
Amends sections 49-1210A, 49-1231A and 49-1241, Idaho Code, to provide that the Park Fund shall receive 1% of the motor fuels tax and related penalties and interest received by the State Treasurer.

daily data

8



H565 continued

2/15 HOUSE introduced  
 2/26 House amended  
 3/1 3rd rdg as amen - passed 60-5-5  
 Nays—Claiborn Dean Greenawalt Hale McHan  
 Absent—Judd Larsen Lincoln Litton Scoresby  
 3/2 SENATE introduced  
 3/9 Senatè amended  
 3/14 3rd rdg as amen - passed 21-9-5  
 Nays—Allen Barker Budge Ellsworth Klein  
 Peavey Steen Swenson Williams  
 Absent—Brown High Manley White Yarbrough  
 3/15 HOUSE CONCUR in Senate amen  
 3/17 3rd rdg - passed 53-2-15  
 Nays—Greenawalt McHan  
 Absent—Carr Copple Dunn Edwards Fogg Hammond  
 Jackson McKinney Murphy Onweiler Palmer Reardon  
 Roberts Sessions Tibbitts

FINAL DISPOSITION  
 3/27 Governor signed  
 Effective July 1, 1972  
 Session Law Chapter 281

H566 FISH & GAME, game preserves . . . . .by Resources & Conservation  
 A new act that would authorize the creation of "private shooting preserves" and would provide that they be controlled, licensed and regulated by the Fish & Game Department.

2/15 HOUSE introduced  
 2/16 Rpt prt - to Res

FINAL DISPOSITION  
 NOT LAW

H567 COURTS, reporters, salaries . . . . . by Judiciary, Rules & Administration  
 Establishes and confirms the salaries of District Court Reporters at \$11,400 as the intent of the last session of the legislature; and amends 1-1102, Idaho Code, to increase that salary to \$12,600 effective July 1, 1972.

2/15 HOUSE introduced  
 3/15 House amended  
 3/18 3rd rdg as amen - passed 46-9-15  
 Nays—Antone Brocke Chatburn Greenawalt  
 Hartvigsen Kearnes Kendell McHan Ravenscroft  
 Absent—Allen Copple Crapo Dunn Hale  
 Jackson Johnson(29) Kraus Larsen Little Looney  
 Loveless Palmer Reardon Sessions  
 3/20 SENATE introduced  
 3/21 3rd rdg - FAILED 11-18-6  
 Nays—Allen Bilyeu Brown **Budge Chase Evans Fredericksen**  
 High Miller Mitchell Murphy Peavey Solberg Stoicheff  
 Swenson Watkins Williams Yarbrough  
 Absent—Brassey Kidwell McDevitt Saxvik Summers  
 White  
 3/22 Reconsidered - passed 29-4-2  
 Nays—Budge Peavey Solberg Stoicheff  
 Absent—Bivens Swenson

FINAL DISPOSITION  
 3/27 Governor signed  
 Effective July 1, 1972  
 Session Law Chapter 282

H568 LEGISLATIVE DISTRICTS, revisions . . . . . by State Affairs  
 Amends 67-202, Idaho Code, to revise the boundaries of and add certain precincts of Legislative Districts 6, 7, 8, 33 and 35.

2/15 HOUSE introduced  
 2/21 House amended  
 2/24 3rd rdg as amen - passed 51-1-18  
 Nays—McDermott

FINAL DISPOSITION  
 3/13 Governor signed  
 Effective immediately  
 Session Law Chapter 127

daily data

9

\$4 fee added to cost of vehicle licenses pays for upkeep, new sites

## **Montana state parks rebound after tight times in 2002**

**By BRETT FRENCH**

**Of The Gazette Staff | Posted: Saturday, July 11, 2009 8:55 pm**

On an overcast July afternoon, fishing was slow at the "whale-watching" hole along the north bank of Lake Elmo State Park.

Perched at a picnic table near the edge of the lake, Dennis Hofelich and his father-in-law, Buck McClellan, baited and re-baited their hooks with night crawlers. But some greedy fish kept nibbling the food loose without getting caught.

"This is the first time I've been fishing in a couple of years," said McClellan, 79, from beneath the shade of his straw hat.

Posted in a green bucket full of sand in front of the table is a handmade sign by the Lake Elmo Whale Watching Club urging visitors to keep the area clean. Hofelich and McClellan aren't members of the club, but they still enjoyed the spot.

The two were able to fish in the park without paying an entry fee thanks to a \$4 fee McClellan paid when he licensed his vehicle.

"That's fine with me I guess," he said. "I don't use the state parks much anymore, but as long as it's not too expensive."

For Hofelich, wearing a T-shirt that reads "If fishing is a sport, I'm an athlete," being a Californian helps him appreciate Montana's state parks.

"In California it costs us \$15 to get in a state park just one time," he said. "I like the condition of your parks, too. They're very well kept."

### **Life support**

Montana's state parks seemed in need of life support back in 2002 when a special committee was formed to come up with ideas to fund park maintenance.

Some of the ideas to raise more money included taxes on land sales, increased park entrance fees and even a 1-mill levy. One consideration for saving money was to hire private contractors to maintain state fishing access sites.

"The funding stream wasn't sufficient to keep up with what parks we had," said John Brueggeman, a Polson state legislator who was one of nine members of the State Parks Futures Committee II.

"Things were tight, and where it really hit us was our capital improvement - maintenance and general upgrades, new roofs, new latrines, boat ramps and parking," said Tom Reilly, assistant parks division administrator for Fish, Wildlife and Parks.

In 2002, state parks division administrator Doug Monger said the division was nearly bankrupt.

## **New dollars**

Fast-forward seven years, and the state parks system has grown, some would say flourished, thanks to a \$4 opt-out fee that was added to the cost of licensing most vehicles. To not pay the fee, Montanans have to either scratch it out on their renewal form or request that the fee be removed when they go to the county courthouse. The voluntary fee was passed by the 2004 Legislature. It replaced a \$5-per-vehicle access fee to sites. An annual state parks pass was available as well. Nonresidents still pay an access fee, and residents and nonresidents alike pay to camp in state parks. In 2008, nonresidents contributed \$102,000 to access state parks.

"I like the idea because we use the park a lot," said Jennifer Momohara of Billings. She visits Lake Elmo at least two times a week during the summer.

"It's more than fair," said her friend, Katie Mohler, of Billings.

So far, only 20 to 25 percent of Montanans licensing their vehicles have chosen to opt out of the fee, which has raised about \$3.06 million each of the past four years, Reilly said.

Of the \$4 collected, \$3.50 goes to state parks, 25 cents to fishing access sites for general maintenance and 25 cents to the state-owned ghost towns of Virginia City and Nevada City. In 2008, that meant \$2.85 million for parks, and \$204,300 each for fishing access sites and the two ghost towns.

"I think it's worked very well," Reilly said. "And the biggest compliment we have is that other states are looking to benefit from what we've done."

In the face of a projected \$9 billion deficit over the next two years, Washington was one of five states eyeing Montana's fundraising model for parks.

"Some of these larger states wouldn't be pursuing it if there wasn't a success story in Montana," Reilly said.

Monger, who retired as parks division manager not long after the fee was passed, said it was a huge morale boost to the division and one of the reasons he stepped down. "I would never do anything better in my career than get that license fee passed," he said.

## **How good are things?**

Since the fee was implemented, the number of state parks has grown from 42 to 54, fishing access sites have increased from 320 to 330 and the parks division is completing

construction of a new interpretive center at Pictograph Caves and Lewis and Clark Caverns state parks.

"The public is seeing some of the benefits of supporting the state's park system," Reilly said.

"It's hard to go through McDonald's for four dollars," he added.

Brueggeman said he's a frequent visitor to state parks in the Polson area, using them to access Flathead Lake to swim or launch his boat.

"My impression is you could always do more," he said. "But for running a fairly tight parks program, we're doing really well."

The Futures Committee toured some state parks back in 2002 as part of its education into the issue. Brueggeman said many were in disrepair.

Committee member Christine Kaufmann, of Helena, said the group's main concern was safety issues that could arise from deferring maintenance, as well as protection of the resource.

"I think there's been a lot of improvement out there," Brueggeman said.

Kaufmann said Montana is luckier than states like California and Washington that are considering closing parks to trim their budget deficits.

"Personally, I think it should be mandatory to pay that fee. Everyone benefits," Kaufmann said. "I mean, it's \$4 and you have the freedom to enjoy something like 50 state parks for an entire year. That's a small price to pay. They're available to all of us and important to all of us."

### **Not everyone agrees**

As executive director of the Montana State Parks Foundation in 2004 and a former state legislator, Bob Raney of Livingston opposed the \$4 fee.

"I have a considerably different view of this than the department," he said. "I believe that it's just dead wrong. They were building new things while old things were deteriorating.

"And the popular opinion was that there shouldn't be an access fee to public lands."

What's more, Raney and others wanted the fee to be opt-in rather than opt-out. He said the department should be doing a better job of informing people about the fee. As it is, he said many are uninformed.

Raney said he's not against parks, but he is against developed parks.

"I want to see them buy nice places but keep them natural," he said.

Likewise, he doesn't support upgrades such as the electrification of campsites for RVs or the construction of visitor centers, which he said are geared more toward out-of-state

tourists. Sooner or later, he said, the revenue supporting parks will dry up and the state will be forced to close sites or let them go without maintenance.

"I would not have built Pictograph Cave visitor center unless they could have shown the money going there wouldn't impact maintenance in the rest of the state," Raney said.

"(Visitor centers) don't pay for themselves, they suck money."

Monger said he faced off against Raney time and again over the issue of parks funding.

"He accused us of developing the parks for out-of-staters," Monger said. "We did a lot of restroom improvement and, lo and behold, our nonresident visitation stayed about the same and the resident visitation actually increased."

## Money's worth

Brueggeman said many people choose to live in Montana because of its outdoor amenities, and state parks a vital part of the experience.

"It's one of the critical services we provide in the state," he said. "That's still one of the most important things for Montanans."

He said that having the majority of people pay for the parks also gives them a sense of ownership, appreciation and respect for the resource.

"For the most part, I think we've got a good system," he said.

Even though Buck McClellan, the Lake Elmo angler, uses state parks only now and then, he doesn't begrudge paying the fee.

"I've gotten my money's worth out of state campgrounds," he said. "We used to fish and camp a lot."

Contact Brett French at [french@billingsgazette.com](mailto:french@billingsgazette.com) or at 657-1387.

## By the numbers

54 - state parks

330 - state fishing access sites

39,633- acres in the state park system

1.8 million - state park visitors

16 percent - state park nonresident visitors

84 percent - state park resident visitors

\$10.7 million - state parks division budget, 33 percent of which comes from the registration fee

\$6.8 million - state parks capital program made up of federal grants and other dollars for building new sites and major maintenance

52 - state parks division permanent full-time employees

150-200 - state parks seasonal employees (equal to about 70 full-time employees)

3.7 million - visits to fishing access sites

148,000 - fishing access site campers