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2018

Environmental Quality Council  
Hope Stockwell

**FINAL REPORT TO THE 66<sup>TH</sup> MONTANA LEGISLATURE**

**DON'T MOVE A MUSSEL:  
FUNDING THE FIGHT  
AGAINST AIS IN MONTANA**

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**Environmental Quality Council  
Legislative Environmental Policy Office**

**This report is a summary of the work of the Environmental Quality Council,** specific to the council's 2017-2018 aquatic invasive species program evaluation as outlined in the EQC's 2017-18 [work plan](#). Members received additional information and public testimony on the subject, and this report is an effort to highlight key information and the processes followed by the EQC in reaching its conclusions. To review additional information, including audio minutes, and exhibits, visit the Environmental Quality Council's website: <http://leg.mt.gov/eqc>.

**A full report** including links to the documents referenced in this print report is also available at the Environmental Quality Council's website: <http://leg.mt.gov/eqc>.

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## INTRODUCTION

State agencies have been on the lookout for aquatic invasive species (AIS) for years, but the issue first hit the legislative scene in 2009 when the Legislature enacted the Montana Aquatic Invasive Species Act ([Title 80, chapter 7, part 10, MCA](#)). Subsequent legislatures modified agency responsibilities, rulemaking, and other authorities under the Act in response to emerging issues and changes in best practices for inspecting boats and other equipment. But it wasn't until 2017, after officials confirmed the presence of mussel larvae in Tiber Reservoir and suspected their presence in Canyon Ferry, that the Legislature established a dedicated funding source for AIS programs.

[Senate Bill No. 363 \(2017\)](#) created hydroelectric and angler fees to generate an estimated \$7 million in revenue per year for the AIS account. Just one catch: the funding sources sunset in 2019 and 2020, respectively.

For the 2017-2018 interim, the Environmental Quality Council embarked on an AIS program evaluation to explore future funding sources and monitor the AIS-related activities and expenditures of the departments of Fish, Wildlife, and Parks, Natural Resources and Conservation, Agriculture, and Transportation. The EQC also monitors the newly created Invasive Species Council and the Upper Columbia Conservation Commission, as required by [House Bill No. 622 \(2017\)](#).

# DON'T MOVE A MUSSEL

## DOWN AT THE DOCKS

The EQC kicked off its AIS program evaluation with a visit in September 2017 to the boat launch at Silos Campground on Canyon Ferry Reservoir southeast of Helena.

There, the Department of Fish, Wildlife, and Parks (FWP) [recapped](#) the 2017 watercraft inspection season and demonstrated tools it uses to gather water samples to monitor for AIS.

The EQC also observed operations at the nearby watercraft inspection and decontamination station, one of four located on Canyon Ferry.

### 2017 Watercraft Inspection Stats

- 35 state-funded inspection stations
- >200 employees
- >101,000 watercraft inspected
- 703 fouled boats; 17 with mussels

### 2017 Monitoring Stats

- >1,500 plankton tow samples from over 240 waterbodies collected and analyzed
- Five technicians hired
- AIS lab capacity expanded



WARNING SIGN AT THE SILOS CAMPGROUND BOAT LAUNCH, SEPTEMBER 2017



EQC MEETS WITH FWP REPRESENTATIVES AT SILOS CAMPGROUND BOAT LAUNCH, SEPTEMBER 2017



EQC OBSERVES WATERCRAFT INSPECTION AND DECONTAMINATION AT CANYON FERRY RESERVOIR, SEPTEMBER 2017

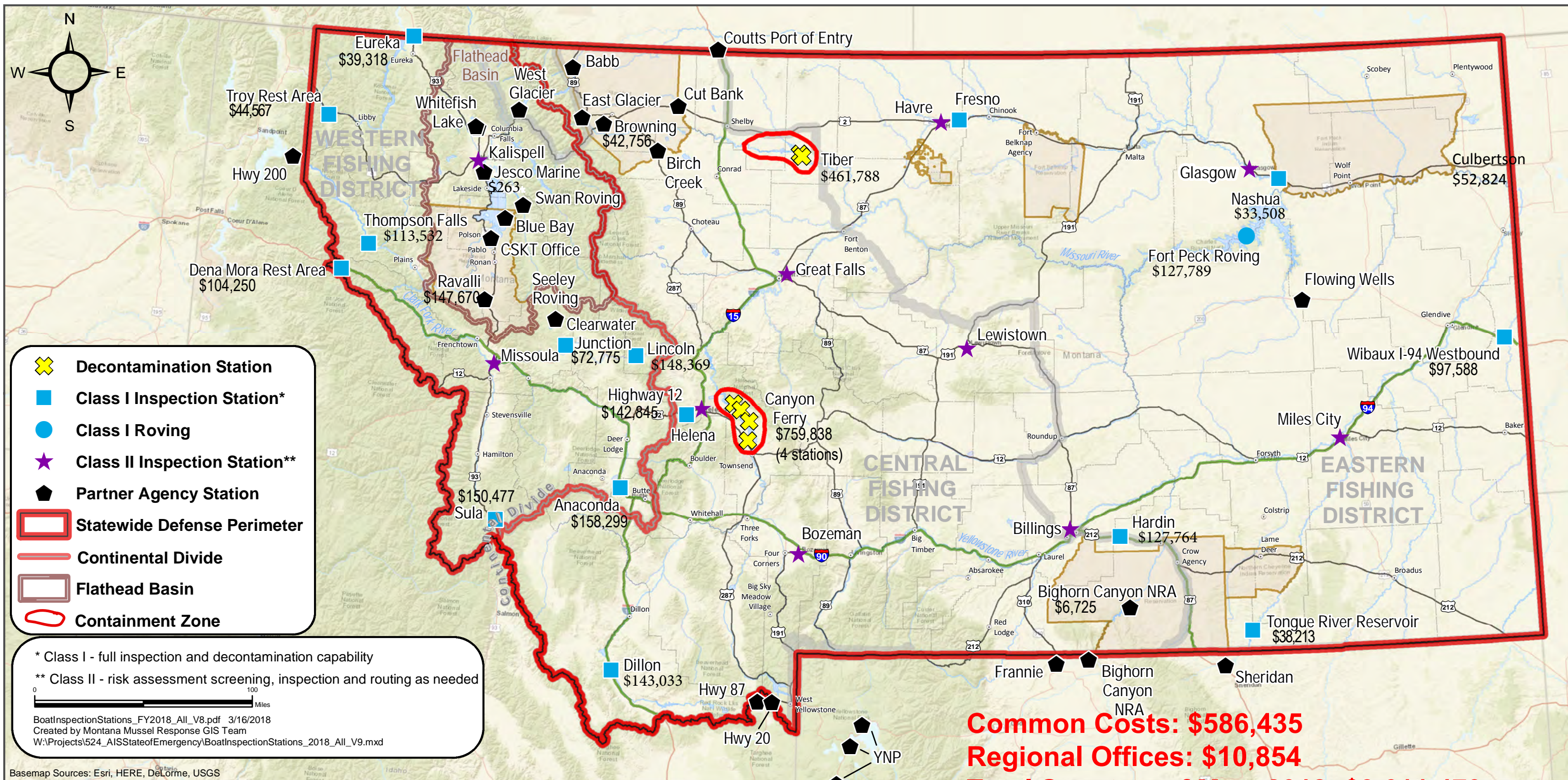
In 2018, the state again funded 35 inspection stations; FWP upgraded to an electronic data collection system to increase efficiency and deployed sheds at 18 sites to shelter equipment and employees, reducing equipment transport costs and improving work conditions.





# FWP Watercraft Inspection and Decontamination Stations

## Expenditures in Fiscal Year 2018



## IN THE WEEDS

Currently, FWP operates the primary AIS program in the state with DNRC administering the Invasive Species Council and Upper Columbia Conservation Commission enacted by HB 622, as well as a \$500,000 grant program that supports AIS-related activities at the local level. The departments of Agriculture and Transportation coordinate as needed.

Over the course of the interim, the EQC received several agency updates.

Department of Fish, Wildlife, and Parks

[September 2017](#)

[2017 Watercraft Inspection Annual Report](#)

[2017 AIS Monitoring Report](#)

[March 2018](#)

Department of Natural Resources and Conservation (DNRC)

[September 2017](#)

[2019 biennium grant awards](#)

Department of Agriculture

[September 2017](#)

Montana Invasive Species Council

[September 2017](#)

[January 2018](#)

[July 2018](#)

Upper Columbia Conservation Commission

[August 2018](#)

## FUNDING THE FIGHT

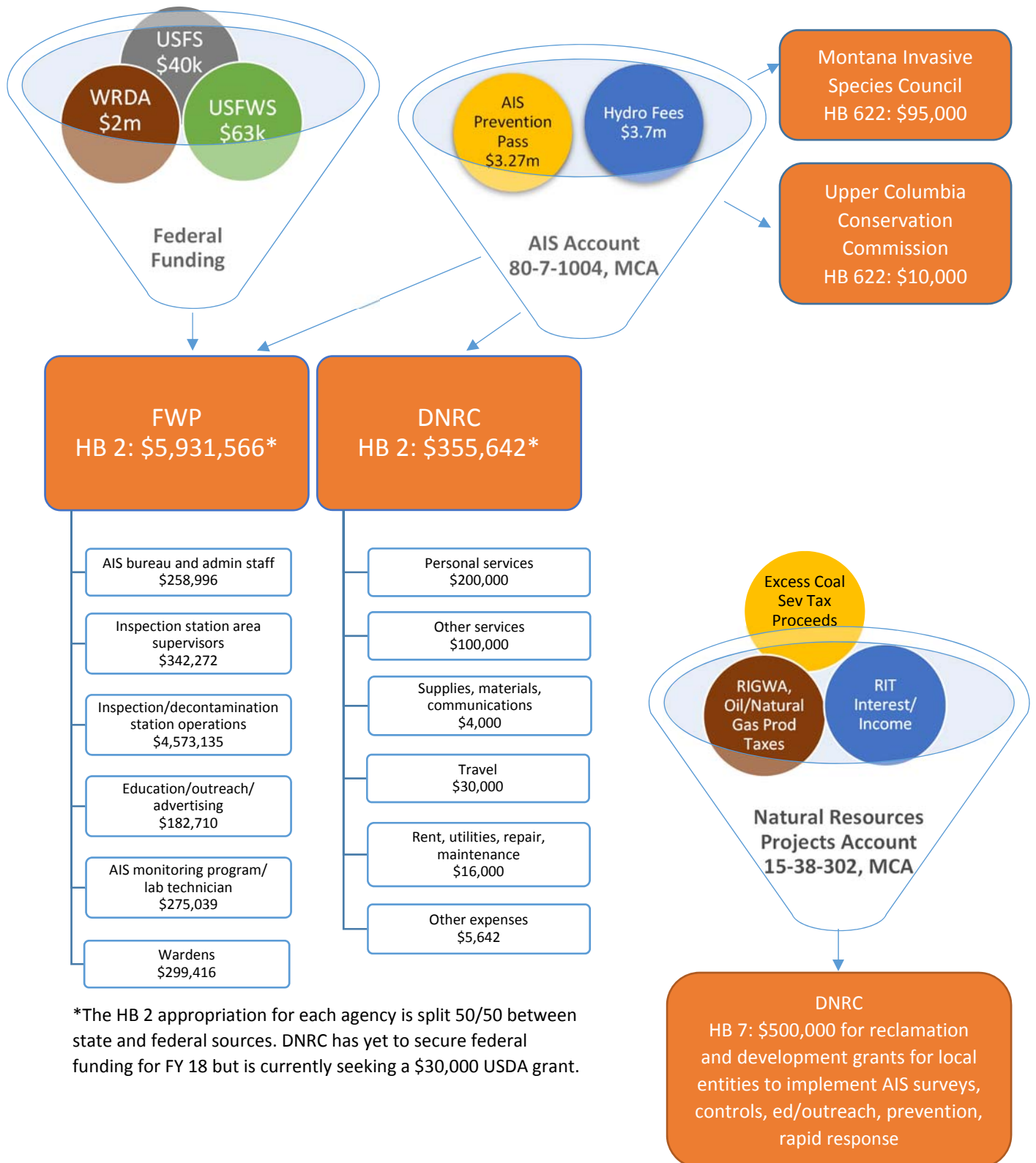
SB 363 was the first time the Legislature created dedicated funding sources for AIS programs. Previously, between 2009 and 2015, the Legislature made one-time appropriations from the general fund.

During the 2017 session, agencies estimated the SB 363 fees assessed on anglers (in the form of an AIS prevention pass priced at \$2/resident and \$15/nonresident) and fees assessed on hydroelectric facilities and electric cooperatives that receive more than 50 percent of their annual electricity supply from hydroelectric generation would provide almost \$7 million per year, combined.

The 2017 Legislature appropriated \$5.9 million in Fiscal Year 2018 and \$5.5 million in Fiscal Year 2019 to FWP via [House Bill No. 2](#). The DNRC received \$356,000 in HB 2 authority per year, plus \$500,000 via [House Bill No. 7](#) to support grants for local AIS-related efforts.

The Legislature encouraged both agencies to seek federal funding for their AIS programs by splitting their spending authority in HB 2 in half between state and federal sources. However, the Legislature allowed that if one source didn't provide its half, the agencies could tap the other source for the remainder.

# Montana Aquatic Invasive Species (AIS) Funding, FY 2018: Where does it come from, where does it go?



\*The HB 2 appropriation for each agency is split 50/50 between state and federal sources. DNRC has yet to secure federal funding for FY 18 but is currently seeking a \$30,000 USDA grant.

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## Revenue

The first year of hydroelectric fees came in on target at \$3.7 million. The AIS prevention pass (AISPP) brought in about \$3 million in its first year depending on whether you look at calendar, license, or fiscal year results. The fiscal note for SB 363 predicted \$3.27 million from the AISPP.

There may be some buyer resistance to the AISPP; the number of residents buying fishing licenses declined 3 percent in 2017 and the number of nonresidents declined 7 percent overall. The potential impact is most evident when comparing the sale of 2-day and 10-day nonresident fishing licenses.

Nonresident Fishing Licenses Sold	2015	2016	2017
2-day	130,015	122,299	109,111
10-day	31,710	39,354	37,359

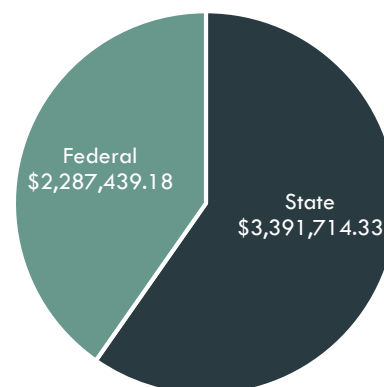
In 2015, the Legislature adopted an across-the-board license fee increase via [House Bill No. 140](#). This caused a change in buying trends with 7,700 nonresidents choosing to buy 10-day fishing licenses in 2016 instead of 2-day licenses. However, instead of pushing buyers from one category to another, the addition of the \$15 AIS fee in 2017 may have led nearly 15,000 nonresidents not to buy a fishing license at all.<sup>1</sup>

## Expenditures

FWP and DNRC are operating within budget. FWP reports \$5.68 million in expenditures in Fiscal Year 2018. The agency received a total of \$1.82 million in federal funding. For its state-funded expenditures, FWP drew evenly from the hydroelectric and angler fees.

**FWP Expenditures by Source  
FY 2018**

FWP HB 2 Expenditures	FY 2018
Area Managers	\$414,829
Enforcement	\$299,254
Monitoring	\$335,571
Program Management	\$1,018,021
WIS Stations	\$3,611,479
Total	\$5,679,154

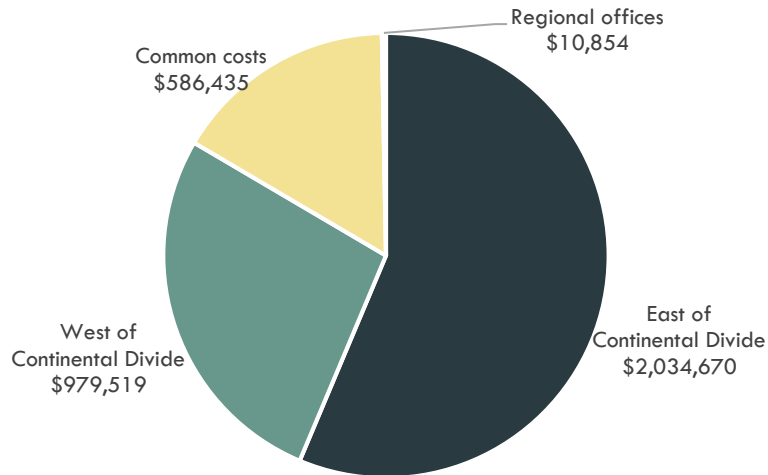


<sup>1</sup> About 500 nonresidents bought a season-long fishing license instead of a 2-day or 10-day license in 2017.

# DON'T MOVE A MUSSEL

Watercraft inspection stations account for the biggest chunk of FWP's expenditures with more than half spent at inspection sites east of the Continental Divide. That spending is driven by the locations of Tiber Reservoir, where FWP spent \$461,788, and Canyon Ferry Reservoir, where FWP spent \$759,838.

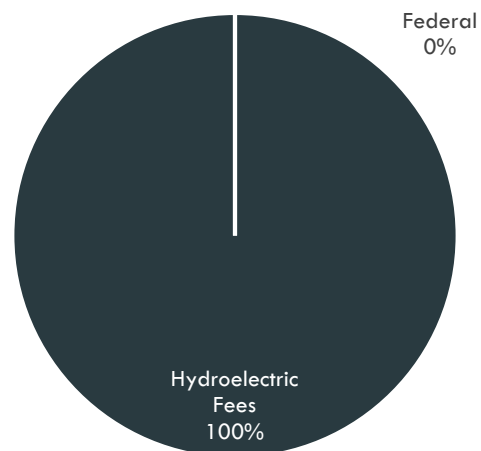
**FWP Inspection Station Expenditures  
FY 2018**



DNRC reports \$345,889 in HB 2 expenditures and \$325,420 in [HB 7 grant awards](#) in Fiscal Year 2018. The agency did not receive any federal funding. DNRC's state-sourced funds come entirely from the hydroelectric fees. The agency is not eligible to use AIS prevention pass funds, because they are considered license money and may only be used by FWP.

DNRC HB 2 Expenditures	FY 2018
Personal Services	\$113,245
Other Services	\$196,682
Supplies & Materials	\$5,212
Communications	\$47
Travel	\$9,954
Rent	\$90
Repair & Maintenance	\$539
Other Expenses	\$5,120
Grants	\$15,000
<b>Total</b>	<b>\$345,889</b>

**DNRC HB 2 Expenditures by Source  
FY 2018**



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“Other services” makes up the biggest portion of DNRC’s spending. The category accounts for several contracts listed below.

Vendor	Term Date	Authorized Amount	Purpose
University of Montana	12/31/19	\$15,000	Analysis of economic impacts of an invasive mussel infestation in Montana. Deliverables scheduled for completion Fall 2018.
University of Montana (Montana Natural Heritage Program)	12/31/19	\$133,327	Invasive species data management, as reflected in SB 363 fiscal note. Ongoing project of collecting and maintaining data in the Montana State Library.
Invasive Species Action Network	9/30/18	\$8,000	Series of AIS educator training workshops.
Missoula County Weed District	12/31/18	\$15,000	Personnel services for the law intern working on the invasive species law review and summit. Summit is scheduled for November 15-16, 2018.
Windfall, Inc.	3/1/19	\$25,000	Design and development services for <a href="http://invasivespecies.mt.gov">invasivespecies.mt.gov</a> and associated displays and materials. Scheduled for completion December 2018.
Petroleum County Conservation District	12/31/19	\$15,000	For Central-Eastern Montana Mussel Response Team to implement its strategic plan to provide education and outreach to regional stakeholders.

At the end of each fiscal year, SB 363 directs unreserved funds in the AIS account ([80-7-1004, MCA](#)) to be swept into the AIS trust fund ([80-7-1016, MCA](#)). The 2017 Legislature prohibited use of trust fund monies until the corpus reaches \$100 million. After that, funds in excess of \$100 million revert to the AIS account.

The Legislative Fiscal Division estimates \$650,000 in hydroelectric fees could be transferred to the trust fund in 2018. Since AIS prevention pass revenue is considered license money, unreserved funds from that source must remain in FWP’s general license account.

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## Options for Future Funding

The EQC reviewed Montana's existing AIS funding sources and looked at options for the future. A review of ten [other states](#) found 73 percent assess some kind of [watercraft-related fee](#) and nearly 55 percent use general fund monies.

State	Total Budget	Watercraft Fees	General Fund (GF)	Fishing Fees	Gas Tax	Hydroelectric Fees
California	\$5.98 million	✓	✓			
Colorado	\$4 million		✓			
Idaho	\$5.4 million	✓	✓			
Minnesota	\$9.9 million	✓	✓	✓		
Montana	\$5.9 million			✓		✓
Nevada	\$600,000 to \$750,000	✓				
Oregon	\$810,000	✓				
Washington	\$1.2 million	✓				
Wisconsin	\$4.5 million				✓	
Wyoming	\$1.35 million	✓	✓			
Utah	\$2.867 million	✓	✓			
		On average, watercraft fees account for 53.5% of all funding in these states.	On average, GF accounts for 52% of all funding in these states.		The gas tax provides 100% of funding in this state.	



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Of the states charging watercraft fees, 100 percent charge resident motorized craft, 63 percent charge nonresident motorized craft, 63 percent charge resident nonmotorized craft, and 50 percent charge nonresident nonmotorized craft.

How watercraft fees are administered varies by state, as shown below.

State	Resident Motorized	Nonresident Motorized	Resident Nonmotorized	Nonresident Nonmotorized	How Displayed	Mechanism
California	\$8				On craft	2-year sticker (\$16) purchased at registration.
	✓				N/A	Portion of overall vessel registration revenue.
Colorado	\$25	\$50			On person or craft	Annual stamp. Residents purchase at registration. CPI adjustment by Parks and Wildlife Commission allowed.
Idaho	\$10	\$30	\$7 Inflatables < 10' in length exempt	\$7 Inflatables < 10' in length exempt	On craft	Resident motorized included in registration, administered by Idaho Parks and Recreation. Others purchase online, by phone, or at vendors. Online purchasers receive decal in mail and print temporary authorization for use in meantime. Not transferable.
Minnesota	\$1.67				On person	3-year AIS surcharge (\$5) on registration.
Nevada	\$12 statutory maximum	\$12 statutory maximum	\$5 statutory maximum	\$5 statutory maximum	On craft	The Wildlife Commission sets fee by regulation. Only applies to watercraft that can contain water. Online purchasers receive decal in mail and print temporary authorization for use in meantime. Not transferable.
Oregon	\$2.50	\$20	\$5 for watercraft ≥ 10' in length	\$5, for watercraft ≥ 10' in length	On person	Resident motorized pay every 2 years (\$5) with registration. Others purchase online or at vendors. Online purchasers receive permit in mail and print temporary authorization for use in meantime. Except for resident motorized, permits are transferable.
Washington	\$2	\$20†			On person or craft	Resident motorized paid at registration. Others purchase online or at vendors.
Wyoming	\$10	\$30	\$5 Inflatables ≤ 10' in length exempt	\$15 Inflatables ≤ 10' in length exempt	On craft	Resident motorized paid every 3 years with registration (\$30), which is administered by the Wyoming Game and Fish Department. Others may buy online or at vendors. Online purchasers receive decal in mail and may print a temporary authorization for use in the meantime. Transferable between nonmotorized watercraft.
Utah	\$10				N/A	Assessed during registration. No sticker.

†Washington's \$20 fee for nonresident motorized watercraft also applies to commercial vessels, seaplanes, and commercial transporters of vessels.

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As of May 11, 2018, there were 128,054 [registered](#) motorized watercraft in Montana. Not all are operational; about 70,500 currently have the validation decals that owners must obtain from FWP every 3 years.

AIS inspection stations saw 6,438 nonresident motorized watercraft and 11,012 nonresident nonmotorized watercraft in 2017. Nearly 34,000 resident nonmotorized watercraft passed through in 2017, but FWP estimates there could be as many as 72,000 in the state.

However, plugging these figures into other states' fee structures reveals Montana could not adequately fund its current AIS program with watercraft fees alone.

The EQC also looked at how much gas tax revenue generated by motorboat use might be available, as such monies generated by off-highway uses are not required to go into the highway trust fund. [Estimates](#) compiled by EQC staff found up to \$12.85 million in gas tax revenue could be allocated to AIS programs in Fiscal Year 2020.

In May 2018, the EQC put out a draft funding package for public comment. It proposed repricing the AIS prevention pass fee charged to anglers (increasing the resident price to \$4 and decreasing the nonresident price to \$7.50), establishing watercraft fees, and including general fund monies and gas tax revenue in the mix.

Funding Sources Proposed by EQC, May 2018	Annual estimated revenue
Anglers/Aquatic Invasive Species Prevention Pass* (Resident=\$4, Nonresident=\$7.50)	\$2,079,120
Resident motorized watercraft fee (\$25/year)	\$1,734,250
General Fund, statutory appropriation	\$1,160,000
Nonmotorized watercraft fee (Resident=\$10, Nonresident=\$10)	\$640,350
Motorized watercraft-generated gas tax	\$500,000
Nonresident motorized watercraft fee (\$60/year)	\$386,280
Commercial watercraft fee (\$100/year)	TBD
Total estimated annual revenue	\$6,500,000

An initial bill draft ([LCaisp](#)) would have implemented the watercraft fee by requiring owners to obtain a correspondingly priced AIS prevention pass each calendar year.

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EQC staff could not find a reliable way to predict total revenue that could be generated by commercial watercraft. At a minimum, about \$140,000 would be collected from hunting and fishing outfitters and guides who register watercraft with the Board of Outfitters. EQC staff identified at least 90 other businesses through which various types of watercraft might be rented, including motorboats, jet skis, rafts, canoes, kayaks, and paddleboards. However, such companies are not required to register with the state and their watercraft inventory is unknown. A small sampling of such businesses in Helena found each had between 21 and 25 watercraft for rent. One business contacted in Billings had 10 for rent. Another in Bigfork had about 45.

At its July 2018 meeting, the EQC made changes to the funding proposal, removing the commercial watercraft fee and gas tax revenue generated by motorboats, reverting the AISPP price for residents to \$2, and adding a \$2 AISPP fee for migratory game bird hunters, which was estimated to generate \$52,226 per year.

## CONCLUSION

After taking another round of public comment, the EQC revised its proposal again at its September 2018 meeting, removing migratory game bird hunters from the equation. The final proposal is reflected below. The EQC moved the concept forward as a bill draft that became [House Bill No. 32](#) in the 2019 session.

Funding Sources Proposed by EQC, September 2018	Annual estimated revenue
Anglers/Aquatic Invasive Species Prevention Pass* (Resident=\$2/year, Nonresident=\$7.50/year)	\$1,707,420
Motorized watercraft fee (Resident=\$10/year, Nonresident=\$60)	\$1,090,780
Nonmotorized watercraft fee (Resident=\$5, Nonresident=\$10)	\$375,235
General Fund	\$3,326,565
Total estimated annual revenue	\$6,500,000

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