



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #452

Waterfowl Stamp Increase (Natural Resources -- Fish and Wildlife)

[LFB 2021-23 Budget Summary: Page 429, #2]

CURRENT LAW

The waterfowl stamp is required of any person at least 16 years old who must purchase a state license to hunt waterfowl. Two-thirds of stamp revenues are to be used for managing, preserving, or restoring wetland habitat and for producing waterfowl and related species. These funds may be awarded to DNR or to other cooperating entities. Priority is given to projects including nesting habitat restoration, wetland hydrology enhancements, or major wetland management and maintenance.

The remaining one-third is to be used to develop propagation areas in Canada to support bird populations through the state and the Mississippi River Flyway. Funds for propagation areas are provided only to nonprofit conservation organizations through a separate aids appropriation.

DISCUSSION POINTS

1. According to the Audubon Society, approximately 325 species of bird migrate annually from breeding grounds in Canada to wintering grounds along the Gulf of Mexico, passing over and stopping in 14 U.S. states that constitute the Mississippi River Flyway: Alabama, Arkansas, Indiana, Illinois, Iowa, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Ohio, Tennessee, and Wisconsin. To protect these birds, the United States and Canada signed the Migratory Bird Treaty of 1918. In 1929, Congress enacted the Migratory Bird Conservation Act to protect wetland habitat areas that these birds relied on. In 1934, the Migratory Bird Hunting Stamp Act created a dedicated funding source to protect wetland habitat, paid for by the hunters who pursue these birds. Revenues from the federal duck stamp support the acquisition and lease of wetland habitat areas and federal wildlife refuges.

2. Today, all 14 states in the Mississippi River Flyway require waterfowl hunters to purchase a dedicated state-issued duck stamp or other authorization in addition to a hunting or small game licenses. Chapter 376, Laws of 1977 established the state waterfowl stamp in Wisconsin. When the Wisconsin waterfowl stamp was created, both the resident small game hunting license and the federal duck stamp cost \$5 each. With the \$3 fee for the state waterfowl stamp, the cost of waterfowl hunting in Wisconsin was \$13.

3. Under current law, a Wisconsin resident must purchase the \$18 small game license, the \$7 Wisconsin waterfowl stamp, and the \$25 federal waterfowl stamp, for a total cost of \$50. Table 1 shows the combined price of waterfowl hunting in each of the Mississippi River Flyway states. Each state requires hunters to purchase a base hunting license in addition to the waterfowl authorization. The table includes the minimum annual license required of both resident and nonresident waterfowl hunters. Additionally, the total cost shown in the table includes the \$25 federal waterfowl stamp, which is required of all waterfowl hunters nationwide. As shown in the table, the price of waterfowl hunting in Wisconsin ranks low among states in the Mississippi River Flyway. Wisconsin's \$50 combined resident fee is the sixth lowest among the 14 states. Wisconsin's \$117 combined nonresident fee is the third lowest in the flyway.

TABLE 1
Cost of Waterfowl Hunting Authorizations, by State

State	Resident			Nonresident		
	Base License	Waterfowl Authorization	Total Price	Base License	Waterfowl Authorization	Total Price
Alabama	\$18.70	\$11.00	\$54.70	\$106.40	\$11.00	\$142.40
Arkansas	10.50	7.00	42.50	110.00	35.00	170.00
Indiana	17.00	6.75	48.75	80.00	6.75	111.75
Illinois	12.50	15.50	53.00	57.75	15.50	98.25
Iowa	22.00	11.50	58.50	144.00	11.50	180.50
Kentucky	27.00	15.00	67.00	150.00	15.00	190.00
Louisiana	15.00	5.50	45.50	150.00	25.00	200.00
Michigan	11.00	12.00	48.00	151.00	12.00	188.00
Minnesota ¹	22.00	7.50	54.50	102.00	7.50	134.50
Mississippi ²		37.29	62.29		118.29	143.29
Missouri	10.00	6.00	41.00	94.00	6.00	125.00
Ohio	19.00	15.00	59.00	125.00	15.00	165.00
Tennessee ³	34.00	40.00	99.00	111.00	40.00	176.00
Wisconsin	18.00	7.00	50.00	85.00	7.00	117.00

¹ Minnesota hunters have the option of purchasing the \$7.50 electronic duck stamp or the \$8.25 physical duck stamp.

² Mississippi sells an all-in-one waterfowl hunting package, which reduces the cost to hunters relative to purchasing a small game licenses and waterfowl authorization. The package does not include the federal duck stamp.

³ The Tennessee \$40 waterfowl authorization includes a \$38 supplemental waterfowl hunting license and a \$2 Tennessee waterfowl stamp.

4. Assembly Bill 68/Senate Bill 111 would increase the price of the waterfowl stamp by \$5, from \$7 to \$12. (A 25¢ issuing fee is included in that price.) This would increase the combined resident fee to \$55 and the combined nonresident fee to \$122. In license year 2020 (February 2020 through January 2021), waterfowl stamps raised \$556,900 in revenue, including \$172,600 from conservation patrons. Table 2 shows the number of waterfowl stamps sold and revenues raised since license year 2016. As shown in the table, stamp sales generally declined from 2016 to 2019. In 2020, waterfowl stamp sales increased to their highest level in recent years. This is likely attributable at least in part to the COVID-19 pandemic, which spurred an increase in outdoor recreation.

TABLE 2

Waterfowl Stamp Sales

<u>License Year</u>	<u>Stamps Sold</u>	<u>Stamp Revenue</u>	<u>Conservation Patron Revenue</u>	<u>Total Revenue</u>
2016	53,061	\$358,200	\$156,100	\$514,300
2017	52,591	355,000	161,300	516,300
2018	49,471	333,900	163,000	496,900
2019	50,066	337,900	162,400	500,300
2020	56,936	384,300	172,600	556,900
Average	52,425	\$353,860	\$163,080	\$516,940

5. Despite a recent increase in waterfowl hunting in Wisconsin, the decline in waterfowl hunting is a regional and nationwide issue. According to the U.S. Fish and Wildlife Service 2020 Waterfowl Harvest and Population Survey Data, 11 of the 14 Mississippi River Flyway states, including Wisconsin, had fewer active duck hunters as measured by five-year averages from 1999 through 2019.

6. As the number of waterfowl hunters and stamp revenue has declined, Ducks Unlimited reports that the need for waterfowl conservation projects has grown. As the climate across the Mississippi River Flyway warms, overwinter grounds and breeding grounds have begun to shift north. Wildlife managers and hunting and conservation organizations argue protecting and conserving propagation areas and habitat areas are necessary for waterfowl to survive the annual migration over the Mississippi River Flyway. Increasing the waterfowl stamp fee would be anticipated to increase revenue for waterfowl habitat conservation, but by shifting more of this cost onto a declining number of hunters.

7. Typically, as a product's price increases, sales for that product decline. As noted above, the number of waterfowl stamps sold in recent years has generally declined. It could be argued that increasing the price of the waterfowl stamp would hasten the decline in sales. However, the \$5 increase is modest compared to the overall cost of waterfowl hunting in Wisconsin (\$50 for residents, \$117 for nonresidents). Additionally, the cost of waterfowl authorizations is only a portion of the cost of waterfowl hunting. Waterfowl hunting equipment, including waders and other protective clothing,

firearms, and ammunition are costly purchases. Under this perspective, it could be argued that a \$5 increase is unlikely to affect the number of waterfowl stamps sold.

8. Revenues from the state waterfowl stamp are divided between two continuing appropriations. Two-thirds (67%) of revenues fund DNR wetland conservation efforts and the remaining one-third (33%) of stamp revenues fund the development of propagation areas in Canada that support migratory bird populations. Table 3 shows the condition of the appropriations, including stamp revenues and expenditures since fiscal year 2017-18. The table shows actual expenditures from each appropriation. However, it should be noted that many of the projects funded by waterfowl stamp revenues are long-term projects. DNR typically allocates funding for a project and expends those funds only after project goals are completed.

TABLE 3

Waterfowl Stamp Appropriation Condition

	Wetlands Habitat <u>Restoration</u>	Waterfowl Propagation <u>(Canada)</u>
2017-18		
Opening Balance	\$589,000	\$173,700
Revenue	347,900	173,400
Expenditures	227,300	173,700
2018-19		
Opening Balance	\$709,600	\$173,400
Revenue	339,100	167,000
Expenditures	268,500	171,400
2019-20		
Opening Balance	\$780,200	\$169,000
Revenue	356,200	175,400
Expenditures	262,600	167,000
2020-21		
Opening Balance	\$873,800	\$177,400
Estimated Revenue	354,000	174,000
Budgeted Expenditures	<u>357,600</u>	<u>167,500</u>
Balance -- June 30, 2021	\$870,200	\$183,900

9. Under s. 29.191(1)(b) of the statutes, 33% of waterfowl stamp revenues are provided as aids to nonprofit conservation organizations (NCOs) for propagation areas in Canada. In recent years, DNR has provided waterfowl stamp revenues to Ducks Unlimited, which has used funding to acquire properties, easements and leases in Manitoba and Saskatchewan to protect nesting areas. According to Ducks Unlimited, over one-third of all banded waterfowl harvested in Wisconsin between 1986 and 2019 came from these two provinces. Including an additional 18% of birds from Ontario, over

half of all waterfowl hunted in Wisconsin propagate in Canada.

10. The remaining 67% of waterfowl stamp funds are to be used by DNR for "developing, managing, preserving, restoring and maintaining wetland habitat and for producing waterfowl and ecologically related species of wildlife." In recent years, DNR has used waterfowl stamp funds to repair dikes, control beaver dams, install dams, pumps, and other mechanisms to control water levels, and to restore wetland areas on state and private lands. These projects protect ducks and other migratory waterfowl by providing nesting areas for waterfowl. These projects have the added benefit of improving hunting grounds for waterfowl hunters. Wetlands are also generally thought to have benefits to their watershed, including mitigating flooding, limiting excessive runoff, protecting shoreline, and improving water quality.

11. While Table 3 shows an estimated June 30, 2021, habitat restoration balance of over \$870,000, DNR reports that all continuing amounts have been committed to projects. As waterfowl stamp revenues are deposited in continuing appropriations, DNR has flexibility to develop work plans for funds over multiple years. The Department indicates that it develops and plans several wetland improvement projects at a time. Waterfowl stamp funding is committed to these projects based on a project's relative prioritization and the actual amount of revenues received to the appropriation.

12. DNR reports that approximately \$520,000 in habitat improvement projects are unfunded. The Department will commit funding to these projects as actual revenues accrue to the waterfowl habitat improvement appropriation. Under current revenue projections, DNR estimates that these projects will need to be delayed beyond the 2023-24 fiscal year. The \$5 fee increase included in AB 68/SB 111 is estimated to increase waterfowl stamp revenues by between \$247,000 and \$285,000 annually. These amounts would be split, with between \$165,700 and \$190,700 funding habitat work in Wisconsin and between \$81,600 and \$93,900 funding propagation work in Canada.

13. Given the demonstrated need for additional revenues as well as the long-term trend of declining participation in waterfowl hunting, the Committee could consider providing a stamp fee increase. An increase of \$7, from \$7 under current law to \$14, would set the total cost of waterfowl hunting for Wisconsin residents at \$57 [Alternative A1], and would raise an estimated \$390,000 in additional revenue annually. These revenues would be split between habitat conservation in Wisconsin (\$260,000) and grants for propagation areas in Canada (\$130,000).

14. The Committee could also consider other fee increases. AB 68/SB 111 would raise waterfowl stamp fees by \$5, from \$7 to \$12, setting the total cost of waterfowl hunting for Wisconsin residents at \$55 [Alternative A2]. Such a fee increase would raise an estimated \$259,500 in additional revenue, with \$173,900 funding habitat restoration in Wisconsin and \$85,600 funding propagation areas in Canada. 2019 Assembly Bill 543 would have enacted an identical increase in the waterfowl stamp fee. The bill had bipartisan co-sponsorship; it failed to pass pursuant to SJR 1.

15. A \$3 fee increase, from \$7 under current law to \$10, setting the total cost of waterfowl hunting for Wisconsin residents at \$53, would raise additional revenue at a lower cost to waterfowl hunters [Alternative A3]. Such an increase would raise an estimated \$157,300 in additional revenue. These revenues would be split, with \$105,400 annually funding habitat projects in Wisconsin and \$51,900 funding propagation areas in Canada.

16. 2019 AB 543 contained requirements that DNR report to the Legislature on how money received from fees for waterfowl hunting stamps was awarded to habitat projects, including amounts expended and amounts unobligated. In addition to one of Alternatives A1 through A3, the Committee could consider establishing a requirement that DNR report by November 15 of each odd-numbered year on the amounts in the preceding fiscal biennium: (a) received from the waterfowl stamp; (b) obligated to habitat projects; (c) expended on habitat projects; and (d) remaining unobligated [Alternative A4].

17. Other items under Committee consideration could also increase state support for wetland restoration. For instance, AB 68/SB 111 would provide a sales tax exemption for landscape planning and counseling services that pertain to the restoration, reclamation, or revitalization of prairie, savanna, or wetlands. While the proposal does not specify that the exemption be used for waterfowl habitat projects, wetland restoration would likely benefit migratory waterfowl. Further, DNR administers programs for wetland restoration under: (a) the Wisconsin Wetland Conservation Trust, which receives fees from activities that disturb or fill wetlands for the purpose of creating or restoring wetland functions elsewhere in the watershed; and (b) the Knowles-Nelson Stewardship program, which authorizes grants to nonprofit conservation organizations to undertake wetland restoration, creation, and enhancement on DNR properties. Additionally, because wetlands are thought to have broad benefits beyond providing waterfowl habitat, some may argue it is not necessary to fund additional wetland restoration or creation from a smaller base of fee payers. Under this perspective, the Committee could take no action [Alternative A5].

18. AB 68/SB 111 would allow DNR to award grants to NCOs for wetland habitat conservation projects. DNR may already award grants for propagation area improvements in Canada. Current law is ambiguous to whether or not DNR may award habitat area funding to NCOs and local governments.

19. Current law authorizes DNR to "expend 67 percent of the money received for waterfowl hunting stamps" for improving waterfowl habitat. The method by which DNR expends these funds is not specified. DNR has interpreted this authority to include awarding funds to NCOs under cooperative agreements. DNR indicates that amending the statutory language would clarify the Department's authority to award funds to NCOs. The Committee could consider amending the allowable uses of funds to include grants to NCOs and local governments for waterfowl habitat improvement projects [Alternative B1]. Clarifying this language would provide clear legal authority for the Department to offer grants.

20. It could be argued that DNR's practice of collaborating with NCOs and local governments on waterfowl stamp funded projects is already authorized. To date, there has been no known challenge to the Department's authority to offer these funds to external groups. Under this perspective, the Committee could take no action to amend the statutory uses of waterfowl stamp funds [Alternative B2].

ALTERNATIVES

A. Waterfowl Stamp Fee

1. Increase the waterfowl stamp fee by \$7, from \$7 to \$14. Reestimate stamp revenue and expenditures by \$390,000 SEG, including \$260,000 for habitat improvement and \$130,000 for aids for propagation areas.

ALT A1	Change to Base	
	Revenue	Funding
SEG	\$780,000	\$780,000

2. Increase the waterfowl stamp fee by \$5, from \$7 to \$12. Reestimate stamp revenue and expenditures by \$259,500 SEG, including \$173,900 for habitat improvement and \$85,600 for aids for propagation areas.

ALT A2	Change to Base	
	Revenue	Funding
SEG	\$519,000	\$519,000

3. Increase the waterfowl stamp fee by \$3, from \$7 to \$10. Reestimate stamp revenue and expenditures by \$157,300 SEG, including \$105,400 for habitat improvement and \$51,900 for aids for propagation areas.

ALT A3	Change to Base	
	Revenue	Funding
SEG	\$314,600	\$314,600

4. In addition to one of the alternatives above, require DNR to report by November 15 of each odd-numbered year on the amounts in the preceding fiscal biennium: (a) received from the waterfowl stamp; (b) obligated to habitat projects; (c) expended on habitat projects; and (d) remaining unobligated.

5. Take no action on the waterfowl stamp fee.

B. Allowable Uses of Funds

1. Authorize DNR to award waterfowl habitat improvement funds to NCOs and local units of government.

2. Take no action to amend the allowable uses of waterfowl stamp revenues.

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