



BILL SUMMARY

SJR 2002 Constitutional Amendment for Natural Resources

Status of Bill: First House Passage
Committee: Natural Resources
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Summary

SJR 2002 passed the Senate by a vote 47-2 on March 19th. It passed the House Natural Resources Committee by a vote of 20-0 on March 26th.

The resolution adds an amendment to Iowa's constitution that creates a natural resources and outdoor recreation trust fund for the purpose of protecting and enhancing water quality and natural areas in Iowa. This would include parks, trails, fish and wildlife habitat, and conserving agricultural soils. Moneys in this fund can only be used for these purposes. The resolution further explains that no revenue will be credited to the fund until the tax rate in effect on the effective date of the joint resolution is increased, which is after the general public votes on it. The intent is to credit 3/8th of 1¢ to the fund, when the sales tax is increased after the general public votes, which would generate approximately \$150 million. The Legislature is to establish the parameters for administration of the fund.

At the earliest, if adopted by the House this year, and the House and Senate again over the next two years, it would be on the November 2010 ballot for the general public to vote on.

Actual Bill Language

Section 1. The following amendment to the Constitution of the State of Iowa is proposed:

Article VII of the Constitution of the State of Iowa is amended by adding the following new section:

NATURAL RESOURCES. SEC. 10. A natural resources and outdoor recreation trust fund is created within the treasury for the purposes of protecting and enhancing water quality and natural areas in this State including parks, trails, and fish and wildlife habitat, and conserving agricultural soils in this State. Moneys in the fund shall be exclusively appropriated by law for these purposes.

The general assembly shall provide by law for the implementation of this section, including by providing for the administration of the fund and at least annual audits of the fund.

Except as otherwise provided in this section, the fund shall be annually credited with an amount equal to the amount generated by a sales tax rate of three-eighths of one percent as may be imposed upon the retail sales price of tangible personal property and the furnishing of enumerated services sold in this State.

No revenue shall be credited to the fund until the tax rate for the sales tax imposed upon the retail sales price of tangible personal property and the furnishing of enumerated services sold in this State in effect on the effective date of this section is increased. After such an increased tax rate becomes effective, an amount equal to the amount generated by the increase in the tax rate shall be annually credited to the fund, not to exceed an amount equal to the amount generated by a tax rate of three-eighths of one percent imposed upon the retail sales price of tangible personal property and the furnishing of enumerated services sold in this State.

Sec. 2. REFERRAL AND PUBLICATION. The foregoing proposed amendment to the Constitution of the State of Iowa is referred to the General Assembly to be chosen at the next general election for members of the General Assembly and the Secretary of State is directed to cause it to be published for three consecutive months before the date of the election as provided by law.

Background

The Legislative Council created a Sustainable Funding for Natural Resources Interim Study Committee in 2007 and charged it to study how best to provide for sustainable funding for natural resource needs. The committee was also to cooperate with members of the Sustainable Natural Resource Funding Advisory Committee, which was established in 2006, and other interested persons in performing the study.

The advisory committee has been meeting regularly since 2006. Members of this advisory committee are from the following organizations:

- ⇒ The Director of the Department of Natural Resources, or designee, who serves as the chairperson
- ⇒ The Secretary of Agriculture, or designee
- ⇒ Soil and Water Conservation Districts of Iowa
- ⇒ Ducks Unlimited
- ⇒ The Iowa Chapter of the Sierra Club
- ⇒ The Nature Conservancy
- ⇒ Iowa Association of County Conservation Boards
- ⇒ Iowa Environmental Council
- ⇒ Iowa Farm Bureau Federation
- ⇒ Iowa Farmers Union
- ⇒ Iowa Natural Heritage Foundation
- ⇒ Iowa Renewable Fuels Association
- ⇒ Izaak Walton League of America
- ⇒ Pheasants Forever
- ⇒ Four members of the General Assembly who serve as ex officio, nonvoting members

The requirements of the advisory committee, as outlined in HF 2797 in 2006, were:

1. Research and submit “information on what surrounding states have done to provide sustainable funding for natural resource conservation.”
2. Provide an “outline of a conservation funding initiative agreed upon by the advisory committee.”
3. Provide an “outline of the amount of revenue needed and what would be accomplished if the conservation funding initiative is implemented.”
4. Provide an “analysis of Iowa's citizens' willingness to pay for an identified conservation funding initiative.” The committee did this through creating a website, having an Iowa Communications Network (ICN) public information and input meeting, paying for a telephone survey of Iowans’ willingness to pay, and evaluating numerous other sources.

The advisory committee came to a consensus on how to garner sustainable funding for natural resources. First, they defined natural resources as fish, wildlife and natural areas; soil and water; and parks and trails. Second, they recommended a constitutional amendment to protect 3/8th of 1¢ sales tax for natural resources and outdoor recreation. The Legislative interim committee agreed with these recommendations.

Advisory Committee Recommendations

Below is information that came directly from the advisory committee on how they would recommend the money be divvied up. The Legislative interim committee also agreed with these recommendations. It will be up to a future Legislature to adopt legislation on how the money would be earmarked and to increase the sales tax. Those decisions would be made in legislation adopted by the House and Senate and signed into law by the Governor in the future.

Why \$150 million?

The advisory committee reviewed and researched current budgets and current streams of funding and concluded from that research that an additional \$150 million per year, strategically used at state and local levels, will go a long way toward meeting the needs of Iowa's natural resources. The committee determined broad categories for the additional funding: parks and trails; soil and water conservation; and fish, wildlife, and natural areas. The committee made a conservative estimate of the additional annual need based on solid research such as a comprehensive infrastructure and management needs assessment of state parks, analysis of current and projected demand for conservation cost share funds and REAP grant funds, the recommendations from the broad base of conservation professionals who contributed to the State Wildlife Action Plan, and other studies and analyses.

The following are the categories that were identified by the advisory committee where additional baseline funding should be used to meet current needs.

- **REAP (Resource Enhancement and Protection).** \$20 million additional funds to meet the demands on REAP. The committee also recommends full funding of REAP to the authorized level. This would provide a total of \$40 million from current and future sources. This program provides monies for projects that enhance our natural, cultural, and recreational resources across the state at multiple levels of government and management.
- **Local Conservation Partnership Program.** \$20 million for habitat protection and conservation, infrastructure needs, conservation education, and nature interpretation at the local level. Dedicating these funds is part of a strategic effort to best address conservation needs in local communities. Funds would be made available to county conservation boards (\$12 million), nongovernmental organizations (\$5 million), and cities (\$3 million).
- **Watershed Protection.** \$20 million to improve and encourage a watershed approach to solving water quality environmental problems. Watershed protection includes encouragement of watershed groups, targeted projects, wetland restoration, and runoff filtration management techniques.
- **Lakes Restoration.** \$10 million additional for lake restoration needs. Iowans value water quality and desire safe, healthy lakes that provide a full complement of aesthetic, ecological, and recreational benefits. Local involvement and watershed protection are essential components of all successful lake restoration projects.
- **Trails.** \$15 million for the addition of new hiking, walking, biking, and water trails, and maintenance of existing trails. At this time, Iowa's trails are owned and managed by various entities such as county conservation boards, the state, cities, and non-profit organizations. These state investments in trails will be able to leverage additional federal, local and private funds.
- **Natural Resources Management.** \$35 million additional to the Iowa Department of Natural Resources for identified needs in state parks, state preserves, wildlife areas, state forests, wildlife habitats, wildlife diversity program, access for hunting and other recreational activities, technical assistance from forestry, fisheries and wildlife biologists through private landowner programs and incentives, water trails, river and streams programs, natural resources outreach including natural history interpretation in the parks and natural areas, angling opportunities, conservation law enforcement, recreational safety programs, etc. DNR is the state agency charged with conserving and enhancing Iowa's natural resources and providing quality outdoor recreational opportunities.
- **Agriculture and Land Stewardship.** \$30 million additional to the Iowa Department of Agriculture and Land Stewardship to meet the identified demand for the soil conservation and watershed protection programs the department administers. This money would provide additional technical assistance to soil and water conservation districts, develop a stream bank and buffer stabilization project, initiate a state-funded CRP-type program to keep lands in hay and grass, and start a tillage management incentives program to assure adequate crop residue levels in areas impacted by demand for cel-

lulosic ethanol production. This new money would also be used to support environmental agricultural and livestock stewardship.

How will the fund be administered?

A new trust fund should be administered by the Department of Natural Resources and the Department of Agriculture and Land Stewardship, along the same model as the REAP program. In this scenario, a limited percentage of the funds could be used by the agencies for administration of the program.

Why were the funds less or the needs less in the other states, such as Michigan and Missouri?

The Missouri model presented to the Legislature's interim committee on 11/02/07 addressed one part of the funding mechanism in that state: 1/8 of a penny sales tax for fish, forest and wildlife conservation. This generates about \$100 million per year. Missouri also has 1/10th of a penny sales tax for soil and water conservation and for parks and historic preservation, which raises about \$82 million per year. Combined, these two programs are close to the Iowa proposal before the committee.

In Michigan, the additional funds (\$20-\$25 million) raised by leases and royalties for the extraction of nonrenewable resources from state owned lands is used for the sole purpose of land acquisition, acquiring the rights on land for recreational uses or for protection of unique areas. This is a small piece of the comprehensive Iowa assessment of needs for natural resource funding before this committee.

Common messages that the panel of advisory committee members presented on 11/02/07 to the Legislature's interim committee were:

- Protection, enhancement, and management of our natural resources are vital to all Iowans and the legacy we leave to future generations.
- Investments in Iowa's natural resources reap great economic benefits.
- If we want to expand Iowa's workforce and attract visitors to the state, we need to provide outdoor recreation and natural resource amenities that provide them the opportunities they seek and require, and have the financial ability to support and maintain those investments.
- The dedicated tax constitutes irrefutable evidence that Iowans want action and recognize the need to save Iowa's natural areas and other special places.
- Stable funding fosters long term vision and partnerships needed to uphold the promise of a quality environment for all Iowans.

DNR Website:

There is more information posted on DNR's website regarding the work of the advisory committee: <http://www.iowadnr.gov/sustainablefunding/index.html>