

Commission Budget Policy 2015-17 (Draft revised 09/1/2014)

Reduction in General Funds and Increase in License Fees

The Department's share of General Funds - State (GF-S) has declined dramatically over the past five years, decreasing from \$110 million in 2008 to \$61 million in 2014. Once again this year, the Department was directed to prepare and submit a budget with additional GF-S reductions of 15%, or roughly \$11 million. The cuts presented in that submission are distributed over the activities that are largely supported with GF-S: enforcement, habitat protection, native fish recovery, and fish management activities associated with commercial fisheries.

Over this same period, the share of Department costs supported with sport fishing license revenues has grown. License fees were increased three years ago and now represent the largest single portion of funding. The Department now faces increased costs of maintaining existing services. In addition, we see the potential of additional cuts in future biennia to allow the state to meet its K-12 educational obligations under the McCleary decision. The Department also faces the prospects of additional reductions in federal funding that support hatchery production and critical fishery sampling and monitoring activities. If it is to maintain and expand opportunity for recreational fishing, the Department must pursue additional fee increases.

Approach for Sport Fishing License Fee Increases

The Commission recognizes the benefits of sport fishing across the state in generating funding for agency activities well beyond fishery management cost. Deposited in the Wildlife Account, user fees support such things as native fish recovery, fish production, and a variety of costs associated with management of the fisheries.

It is the policy of the Department to ensure that recreational license fees are used for the benefit of the sport fishery. To be successful, the Department is committed to working closely with the sport fishing community to define the new fee structure and to identify specifically the use of the new revenue created from the new fees.

The Commission recognizes that increased fees can be counterproductive. Increased fees can lead to declines in sales. To counteract that response, the Department must develop specific proposals that result in increased sport fishing opportunity.

The Commission believes that it would be beneficial to look for ways to make practical commitments to expand sport fishing opportunities at the same time that it pursues a course during this Legislative Session that avoids the need for additional license increases in the next two biennia.

Cost Benefit Analysis and Budget Decisions: Salmon Fishery Activities

The Director will provide a report to the Commission that includes all the available information relative to the costs of providing and managing sport and commercial fisheries including enforcement, monitoring, and hatchery production costs. The Director will include in his report a breakdown of the revenue sources that support the activities (GFS, federal, local, DJ). Within existing resources, the Director will also report to the Commission the Department's best estimates of the economic benefits and license revenues that are derived by the state from each major salmon fishery, e.g. Puget Sound, Willapa Bay, and the Columbia River.

It is the policy of the Department that consideration be given to the comparable economic and agency revenue benefits of respective fisheries as various cuts, fee increases, and policy changes are proposed and discussed by budget decision-makers.

Promote Selective Fisheries

The Commission adopted policies that support hatchery and harvest reform and realigned management in a number of specific fisheries to promote more selective harvest practices. The Director will ensure that the Department's biennial budget submission includes elements that significantly advance selective fisheries and hatchery reform measures.

Equitable Sharing of the Costs of Management

In light of continued reduction of GF-S, the Commission directs the Department to seek means to recoup the costs of hatchery production and management of commercial fisheries from the participants in the commercial fisheries or reduce agency activities in support of these fisheries.

The cost of managing and maintaining commercial fisheries has long been funded with general fund revenue. Commercial licenses provide very limited revenues to offset management costs -- roughly 4% of the costs of these fisheries. Unlike sport fishing license revenue, funds from the sale of commercial salmon licenses largely go directly to the state treasury. The sizable reduction in general fund revenue that the Department has experienced over the last two

biennia has left it without the financial means to continue providing the existing commercial fisheries the hatchery fish that sustain them. The Director will include in his legislative requests submission a proposal that is designed to raise new revenues from commercial license holders that will help offset the costs of providing commercial salmon fishing opportunities.

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