ASSOCIATION of FISH & WILDLIFE AGENCIES

The voice of fish and wildlife agencies

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Trust Fund Committee
Chair: Ed Carter
Meeting of September 12, 2016
Marriott Downtown Philadelphia
Philadelphia, Pennsylvania

Committee Charge

Meeting convened during 8:00AM – 11:45AM EST chaired by Ed Carter. 35 participants in attendance, including 14 current Committee members.

Scheduled Discussion Items

- Call to Order, Introductions, Announcements, and Agenda Review – **Ed Carter**

  The meeting was called to order at 8:00AM. The Committee Chair, Ed Carter welcomed all the attendees and asked the participants to introduce themselves.

- Approval of the March 2016 Meeting Minutes

  The meeting minutes from March 2016 in Pittsburg were approved.

- Refresher on Fish and Wildlife Trust Fund – **Ed Carter**

- WSFR Update:

  - WSFR leadership update & priorities – **Paul Rauch**

    There have been leadership updates and priorities within WSFR program. Bob Curry was appointed the new deputy on January. On April Paul Rauch was asked to step in as Acting Assistant Director and on August he was asked to accept the position permanently.
    The first priority is the communication which has been a challenge. With so many partners and organizations comes internal communication challenges. WSFR has been spending a lot of time and efforts working close with regions and WSFR chiefs across the nation to address this challenge.
    The main focus will be on making sure that across the programs we enhance and support strong communication so all parties know all the information they need to know.

The other focus will be on cultural compliance, how the internal control will function within the office. WSFR commitment is to operate efficiently, effectively and by rules. The goal is that in two years people look at the program and they know how things are managed.
TRACS review is another goal WSFR is working on. More details are included in the later presentation.
And the next priority is addressing the issues that have been kicking around on administrative fees. The goal is to work closely with the partners and states and figure out how much support is needed by WSFR and to lay out what the actual requirements are. After we put these together we can figure out what the administrative fees will be.

- Update on audits and WSFR organizational changes – **Bob Curry**

  - New Assistant Director & other personnel changes make this an opportune time to re-organize.
  - Changes are not major – streamline the organization and reduce direct reports to the Assistant Director
  - We will monitor organizational effectiveness and make further adjustments if needed
  - All audit recommendations for FY 2011-2012 have been resolved and closed.
  - The audit for FY 2013-2014 had 16 recommendations.
    - 8 have been resolved and closed
    - 8 are in process
  - The Audit for Fiscal Years 2015-2016 has started
  - Will review results with the JTF in November

Q: What is your actual position that you are coming up with in terms of Trade shows?

The position is that WSFR is not allowed to be engaged and we have guidance that we can't be engaged.

- Measuring performance of the WSFR program – **Tom Busiahn**

WR Trust Fund Receipts trends from 2015 to 2016 through Q3:

- Archery down 13%
- Firearms/ammo up to 16%

SFR average 2011-15:

- Motorboat gas tax=54.6% of receipts
- Small engine gas tax=18.6% of receipts

WR/SFR Sequestration:

- Budget Control Act requirement
- FY 2016: 6.8% reduction, to be returned in FY 2017
- FY 2017: 6.9% reduction, to be returned in FY 2018

- Net result: small decrease in apportioned funds in 2017 due to sequestration
- Actual numbers will depend on final tax receipts, which are not yet available.

State Wildlife Action Plans

- 34 plans have been approved by FWS Director:
- 16 under review by Regional Review Teams:
- 6 not yet submitted: *

**** A State is not eligible for new State Wildlife Grant funds until its Plan is submitted for approval. –*** If a state doesn't have a plan yet, the funds have already been apportioned so they will be sitting there till the state submits a plan. The state has 2 years to get those funds, so there is still time to get 2017 funds.

Policy Updates

Wildlife Restoration / Sport Fish Restoration regulation at 50 CFR 80

- WSFR has identified +/- 100 issues that merit updates in the 2011 version of the regulation.
- States and FWS Regions requested a "slow down" in the update process to allow thorough review. There is a lot of push backs from states and regions to slow down because there is a lot of issues. Schedule has been provided to JTF for review.
- A State-Federal team proposes a 4-phase schedule to complete the update by mid-2018.
- The proposed schedule was sent to JTF, FAC Work Group, & WSFR Chiefs for review on Sept 6.
    - The reason why they are going through JTF is because these issues are moving from policy to regulations
- The first revision – on predator control + minor fixes – is scheduled to begin in October 2016.

License certification provisions of 50 CFR 80

- WSFR is ready to publish a proposed simplified approach to counting license holders, pending OK from AFWA.
- The draft proposal must be published in the Federal Register before going final. This is not part of the 4-phase update of 50 CFR 80.
- The proposal was developed by the JTF, based on suggestions from WSFR.
- Proposed method requires a minimum of $2 of revenue to the State agency for each year the license is valid.
- Effective date will be determined based on State input.

- Licenses sold before the effective date will be "grandfathered" under current rule

Real property policy (aka "Lands Chapters")

- In October, WSFR will provide a 60-day review period of our responses to 520 comments received on draft FWS Manual chapter on real property acquisition.
- This is the 2nd of 3 new draft chapters. WSFR responses to 54 stakeholder comments on 1st chapter were previously distributed for review.
- WSFR responses to 165 comments on 3rd chapter will be distributed for stakeholder review in March 2017.
- Starting in July 2017, WSFR will meet with up to 3 State agencies at a time for a "fatal flaw" review.
- When FWS Manual chapters are final, WSFR will initiate rulemaking in Code of Federal Regulations.

Clean Vessel Act regulation at 50 CFR 85

- Published "Advance Notice of Potential Rulemaking" in fall 2015 to request input and expert information on how to improve regulation.
- Holding discussions with stakeholders through SOBA and SFBPC
- Expect a draft rule to be published in the *Federal Register* early in 2017.

Administrative Effectiveness Measures

- Requested by AFWA and JTF to justify admin funding increase
- 26 measures across 9 categories (grant admin, policy development, state capacity development, etc.)
- Focus on things that are meaningful and measurable
- Trial implementation in FY 2015
- Full implementation in FY 2016
- Will review results with the JTF in November

o Trust Funds Collection Working Group – **Tom Busiahn**

- Meets once per year. Next Meeting February 21, 2017. It's staffed by Lorrie Bennett
- **Internal Revenue Service and Customs & Border Protection:** Discussed efforts to pick up bigger offenders of internet sales (approx. $3M SFR taxes and $1M archery)
- **Alcohol & Tobacco Tax and Trade Bureau (TTB):**
  - Air guns are NOT taxed.
  - FAET Tax Collections Statistics since 1991 at www.ttb.gov/tax_audit/tax_collections.shtml

- **US Coast Guard:** Registered motorized boats INCREASED 0.5% in 2015
- **FWS:** Invited IRS to participate in 2017 trade shows, with expenses paid by FWS
- **ATA**
  - Discussed issues with archery manufactures shipping product or manufacturing off shore, then selling via Internet to US individuals to beat the excise tax.
  - Proposed further discussions with trade associations and AFWA regarding the use of WR/SFR trust funds to fund 1-2 more IRS excise tax agents to ensure collections made on non-filers
  - Clarified air guns and air bows used for hunting are NOT taxed

- **TRACS Status**
  - Released to the States, June 2013;
  - Currently 700+ Registered Users;
  - Over 5,000 Active Projects in System;
  - Nearly 95,000 "Legacy" Projects in System;
- **TRACS 2017 Enhancement initiated June, 2015.**
  Priorities include:
  - Address Technical Debt
  - Grant Workflow Support
  - Develop Project and Program Outcomes
  - Redesign User Interface
- **TRACS Partners Status Review**
  - PURPOSE: To review purpose, function, and implementation of a national performance-reporting database.
  - TIMELINE: Needs Analysis Begins - July 15, 2016
    Meeting of the Parties - September 29-30
    Final Report - December, 2016
  - PRODUCT: A common vision and shared purpose and goals for TRACS as the national performance-reporting database for the WSFR Program.

- TRACS Partners Review meetings update - **Jon Gassett**

  WMI was contracted by AFWA who is partnered with FWS to do a review of TRAC system. The ultimate goal is to develop a vision and purpose for TRACS to benefit states and wildlife agencies, accomplishes what FWS was mandated to do and also benefits industry and other stakeholders. We have to figure the challenges to continue the successful implementation. WMI gathered information directly from states, the FWS, and OMB staff, as well as background information provided by AFWA, the states individually, and the FWS including: minutes from the WSFR-JTF from 2006 to 2016, communications, instructional and reference

materials, notes from TRACS Project Advisory Group (PAG) conference calls, notes from TRACS Guidance committee meetings, and other documents.
This independent review, and the subsequent Meeting of the Parties will accomplish the mutually desired outcome of a common vision and shared purpose and goals for a national performance-reporting database for the WSFR Program, such that continued development and implementation of TRACS may proceed efficiently and with a high likelihood achieving its common vision.

Issues identified so far:

- Several Aspects of TRACS are duplicative
- More detailed required reporting level and financial data in system
- Hand off data entry for TRACS states
- Grants are not reviewed/approved till entered in TRACS
- Required outcome reporting in TRACS after grants are closed
- Outcome reporting will drive approval of grants
- Compliance with 2CFR200
- Access for non-state entities to TRACS
- Communication between WSFR program and states
- Revision on integration of EMS for all WSFR programs reporting in TRACS

- Modernizing Pittman-Robertson **– Mitch King**

  Our (recruitment community) overall goal is the maintenance, the growth and long term viability of PR. Archery industry is in a very slow growth. There is a growth at guns not used for hunting but shooting. In guns and archery industry ¾ of money is coming from shooters. Our focus is 3Rs. PR modernization is trying to remove obstacles allowing states and fish & wildlife agencies the opportunity to address recruitment and to maintain the long term viability of PR, and we are not forcing directors to do anything but we are trying to remove obstacles which are result of outdated law (78 years old). We are trying to give the state directors more flexibility in their choices.
  Early this year senate bill 2690, House Resolution 4818 was introduced. We need to continue build cosponsors. There is lots of resistance but there is lots of support.
  The key is to provide funding so we can work at national level to really focus on national ideas. There will be more flexibility on using the funds.
  Another part of modernization is that it allows PR side to be doing the same as DJ side.

- Discuss and identify any outstanding national policy issues related to the WSFR program for JTF – **Paul Rauch**

  States seem concerned on predator control. The FWS is trying to impose its perception on states. The predator management in Alaska is more of food security which is different from other states such as Florida. The predator

management is more of a state issue and state responsibility and it bothers us that it might be some policy that will reach down and take that responsibility away from the states because someone at FWS doesn't like predator management.

> Decision came to the table in 1996. We were charged on putting a policy together (it took 3 years). It was a very inclusive process with states, service, NGOs involved. The issue is what's the definition of what's ineligible on Wildlife Restoration project. It's defined somehow loosely in the policy. FWS is not trying to impose on policy.

If this is the case, we shouldn't be trying to write a policy about predator management but we need to define that loosely defined. No hunter dollar should be used to impose social restriction on wildlife agencies.

JTF Issues to look at:

- Predator control/invasive species
- JTF needs to coordinate with FAC working group and see if they have any issues that need to be addressed at JTF

- Industry/Agency Progress – **Jon Gassett**

Recently completed the annual business summit which has been going on for a decade.
There were 4 focus areas identified:

- Identifying and increasing contribution of recreational shooters. There is a significant increase on PR and that's due to recreational shooters so there is a need to serve these people. We are working with the states trying to share information especially with the ones who have dealt with this, through shooting range development plans or state wide levels. Working to develop a series of plans that we can provide to the states so they can look at the models and see what fits for them.
- Explaining the North American model for conservation funding, identifying and elevating what WSFR program does, what PR/DJ funds have done for conservation in this country. How to brand it/market it/sell it to public. And that requires PR Modernization.
- Maintaining the integrity of WSFR program through the fairness of application of excise tax and adequative administrative support. Specifically, on archery and angler. There is an excise tax equity issue on audits perspective. In some parts of the country a product is taxable and some other parts the same product is not taxable, so it puts businesses in competitive disadvantages. Shifting some of multistate grant money to work on this issue.
- Coordinating between industry and states and developing local level partnerships.

- The Council to Advance Hunting & Shooting Sports – **John Frampton**

  The National R3 Plan has been released. There is a website where groups can communicate to each other. You can get approved to get a login.
  The 22 member working group spent 2 years to develop the national plan.
  R3 community site is another great resource. We have started scheduling the state level meetings and workshops. We have involved WMI staff who possess great expertize and will help with these meetings. We have been working with NRA who has come up with a new hunter certification program. They will launch that on fall 2017 (they put $2.5 million on developing that program) and it will be a free program offered to states.
  We are taking the national plan and moving down to state level. We have been talking with the directors to get them on board. We are not looking at being coordinators, we are planning on being facilitators. We are looking at putting together a workshop/summit sometime late 2017 so we can look at issues and solutions.

  Samantha gave a quick review on License Data Dashboards. License data dashboards are an interactive tool that provide states with a way to review details of their license sales database. Database managers can quickly identify trends regarding sales of fishing and hunting licenses, revenue, and much more. Timely and accurate data analysis permit agencies to make more informed decisions regarding marketing, R3 and other critical topics.

- The Federal Aid Coordinators Working Group & NCN – **Bob Longcor**

  There are 5 topics we have been focused on:
  1. ***2017 National Federal Aid Coordinator meeting*** – the proposal that was submitted made it to the priority list. The FACWG is prepared to be an active partner in meeting planning and agenda development activities. A conference call will be scheduled between WMI, the FACWG, and WSFR to discuss meeting logistics, agenda items, and meeting workload distribution.
  2. ***5-year report*** -Sheila Cameron (Region 1, 7 &8) attended a meeting of the 5-Year Report Editorial Working Group (EWG) in Washington, D. C., from August 29-31. The meeting focused on identifying target audiences (such as OMB, state directors, industry, and stakeholder groups) and looking at the plethora of possible indices on each of the topics identified for inclusion in the report (such as boating, conservation, hunting, fishing, etc.). Four individuals will be pulling information together and writing the bulk of the report: Paul Van Ryzin and Matt Fuller with FWS and Stacey Whichel and Chris Burkett from FL and VA respectively.
  3. ***Communication*** - During the spring 2016 Joint Meeting, the following concerns regarding communication were raised:
     a. Lack of Trust Fund Committee (TFC) and Joint Task (JTF) engagement

b. The need to improve communication between FACWG members and the regions they represent.
c. Improvement of communication between various WSFR working groups, FACWG, TFC, and JTF.

The FACWG further believes its communication efforts can be enhanced through reengagement of the TFC and JTF. To do so, the FACWG is proposing changes to its bylaws to extend the working group's current TFC roles and responsibilities to the JTF. A working draft of the bylaws revision is attached for consideration.

4. ***TRACS*** **-** The development and use of TRACS continues to dominate conversations between the States and the Wildlife and Sport Fish Restoration (WSFR) program. The FACWG was provided a copy of a letter submitted to WSFR by Region 6 State Fish and Wildlife Agencies that generally outlines the areas of concern for the states. After review of WSFR's response to Region 6's TRACS concerns, and statements made during the spring 2016 Joint Meeting, the FACWG believes WSFR is making progress towards addressing some of these concerns. WSFR has added a provision to their agreement with the Office of Inspector General specifying that financial information in TRACS is not to be audited (R6 response letter).
5. ***CFR Revision Scheduling –*** We are talking about some really weighty issues. We are talking about something as simple as definition of wildlife which right now is defined in the policy and we are talking into moving that policy into regulations. Just changing that definition could change how we allocate our PR/DJ money, what activities could be eligible. The WG can work diligently to try to get every state to get comments/input into the issues.

- Bipartisan Sportsmen's Act – **Garry Taylor**

  The House has passed its Bipartisan Sportsmen's Act and added it to their comprehensive energy bill that they sent to the Senate 3 months ago. On the Senate side, two committees have jurisdictions over issues or topics under the bundle of bills in the BSA, one is the Energy and Natural Resources Committee which reported its bill out favorable, and the other one is the Environment and Public Works Committee which reported its bill out but it wasn't a bipartisan bill but passed on partisan lines. The Chairwoman of Energy and Natural Resources Committee amended their Bipartisan Sportsmen's Act to the Senate comprehensive energy bill, which is what the House was responding to when the Senate send their energy bill over. The difference between the two bills is that the House bill doesn't contain reauthorization of any conservation programs and the Senate bill contains the National Fish Habitat Conservation Management Act, and other program reauthorizations. The BSA is ready to go to conference either as part of a comprehensive energy bill, or should the leadership of the respective committees decide to do so, they can pull those BSA titles out of the energy bill and bring them up on the floor. The Energy package is not ready for the floor yet.

Q: If it passed, what would two major benefits be to the states?

The Fish Habitat Conservation Act is included so that would benefit the states. Provisions on both bills that would direct the forest service lands to be open unless specifically closed to hunting, fishing and recreational shooting, is helpful. Reauthorization of the NAWCA is a big deal for the states, and Land and Water Conservation Fund reauthorization is another great benefit.

Q: The Land and Water Conservation Fund, if the impact from the Blue Ribbon Panel Legislation were to pass is viewed by some Members of Congress as being in competition with LWCF

We need to guard against the Congress taking the attitude if they reauthorize the LWCF, then wildlife conservation is taken care of, because it is not. The needs addressed in LWCF are significantly different compared to the needs to be addressed through the funding coming from Blue Ribbon panel recommendations.

- License Certification – **Ed Carter**

3 years ago a committee started thinking of different ways to go through License Certification. All feedback and ideas have been going through JTF meetings and Executive Committee meetings.
We started with the idea of "do no harm". Whatever we were doing we didn't want to come back and harm any funds that flow back to your agency. It's strictly on how the money (that is in your pot) is allocated that goes back to your state after licenses are certified.
What's the easiest way to make this easier?

  - The result of this change is that a State fish & wildlife agency would not need to:
    - Assess the many types of administrative costs associated with license sales and compare against the money received when selling a license in order to calculate net revenue.
    - Compare receipts and costs for multiyear licenses to annual licenses. Multiyear licenses will be treated the same as an annual license.
    - Determine how to compare a multiyear license to an annual license for "close approximation" and "similar privileges." These terms have been interpreted and applied inconsistently. The only two license types that a State fish & wildlife agency will need to distinguish is between a fishing license and a hunting license.
  - We propose to set a date by which all State fish & wildlife agencies MUST follow the new standard.

- We ask States to respond to the proposed date we inserted. We need the month/day to be prior to when WSFR sends the letter requesting license certification information, so we suggest July 1. We wish the year to be as soon as reasonable, while allowing all States the opportunity to change legislation as needed.
- As of July 2016, we do not know how many States could meet the proposed criteria under their current structure and how many States would need legislative action to prepare for implementing the new standard. AFWA is asking States to respond with this information.

If this proposal is accepted by this group and goes out to Business Meeting and it's adopted by the Directors during the business meeting it would give a green light to USFWS to put forward a rule.

- A State fish & wildlife agency MAY choose to begin using the new standard at any time following when the Service publishes the Final rule and the mandatory implementation date, at their discretion. However, all States will be held to the new standard from the mandatory implementation date forward.

- The proposed language includes a "grandfather" clause which requires that any licenses sold prior to the date that the State agency implements the new standard MUST follow the 2011 rule for certifying license holders. (Refer to handout for examples)

Implementation would be mandatory in 2018.

- We expand the section that gives rules for when a State covers fees for license holders to include cases in which a non-State entity gives the State fish & wildlife agency funds to cover the license fees for a designated group of license holders. An example might be a veteran's organization that wishes to pay the State fish & wildlife agency for fishing licenses for disabled veterans.

The proposal was voted and accepted by F&W Trust Fund Members to go out to Business Meeting for adoption by the Directors and to give the green light to USFWS to put forward a rule.

- Blue Ribbon Panel Update – **Sean Saville**

The Blue Ribbon Panel on Sustaining America's Diverse Fish and Wildlife Resources is made up of 26 business, academic and conservation leaders. In March 2016, the Panel recommended that $1.3 billion in existing revenues from energy and mineral development on federal lands and waters be invested annually in fish and wildlife conservation through the Wildlife Conservation and Restoration Program account under the Pittman-Robertson Act.

As a result of elections we have a smaller window of opportunity to work on this. The bill of The Recovering America's Wildlife Act has been introduced. We have 8 cosponsors (5D and 3R) currently. We are trying to work with other partners. We are trying to maintain bipartisan approach which is critical for all effort and success. We are focusing on Republicans outreach at this point and we have some targets we are trying to get to. We are aiming for 20 cosponsors.

State Directors/Agencies can adopt a resolution in support of the Blue Ribbon Panel's Recommendations and thank them for their work. Directors can help with calls to target congressional offices if there are personal relationships. You have to think about strategic partnerships to be built in your states. Think outside of the typical conservation groups and sportsmen orgs, i.e. industry, business leaders, community orgs, etc.

The money offset is going to be an issue but it's congress' job to think how to offset. We can only suggest how the money should be spent.

- Committee Workplan – **Ed Carter**

  We drafted the work plan in the last meeting and there have been no changes. So, we are good to go with this.

- Wrap-up Discussion / Adjourn

  The meeting was adjourned at 11:45 AM