

Review of Fuel Tax Refunds for Nonhighway or Off-road use of Gasoline

Joint Transportation Committee

October 14, 2010

DRAFT 3.3 – Executive Summary and Program descriptions

Proviso, 2010 Supplemental Transportation Budget, ESSB 6381, Sec 204(4).

The Joint Transportation Committee (JTC) shall perform a review of the fuel tax refunds for nonhighway or off-road use of gasoline and diesel fuels as listed in RCW 46.09.170, 46.10.150, and 79A.25.070. The review must:

- *Provide an overview of the off-road programs;*
- *Analyze historical funding and expenditures from the respective treasury accounts;*
- *Outline and provide process documentation on how the funds are distributed to the treasury accounts; and*
- *Document future identified off-road, snowmobile and marine funding needs.*

A report on the JTC review must be presented to the House and Senate Transportation Committees by December 31, 2010.

DRAFT

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LIST OF STUDY PARTICIPANTS

Thanks are due to the many individuals in both the public sector and the private sector who contributed to this study. The list below includes those individuals who participated in one or more meetings. Many others no doubt have participated within their organizations, reviewing drafts, collecting data, and compiling lists of unmet needs.

State agency personnel

Department of Ecology -- David Byers
Department of Fish and Wildlife -- Kathy Cody, Paul Dahmer, Ann Larson, Bill Phillips, Stephen Sherlock
Governor's Policy Office – Teresa Berntsen
Department of Licensing – Jean Du, Paul Johnson, Sam Knutson
Department of Natural Resources – Mark Mauren, Heath Packard
Office of Financial Management – Matt Bridges, Eric Hansen
Recreation and Conservation Office – Jim Eychaner, Steve McLellan
State Parks and Recreation Commission – Susan Kavanaugh, Deb Wallace
Department of Transportation – Lizbeth Martin-Mahar

Legislative staff

Office of Program Research – Susan Howson, Jerry Long, Mark Matteson, Owen Rowe, Nona Snell
Senate Committee Services – Amanda Cecil, Maria Hovde, David Ward

Stakeholders

Association of Washington Cities – Ashley Probart
Back Country Horsemen -- Bob Brook, Terry Kohl, Darrell Wallace
Evergreen Mountain Bike Alliance -- Glenn Grover, Jon Kennedy
NW Marine Trade Association -- James Curry, George Harris, Peter Schrappen, Cliff Webster
Okanogan-Wenatchee National Forest – Randy McLandress, Brenda Yankoviak
Pacific NW Four Wheel Drive Association -- Arlene Brooks
Recreational Boaters Association of Washington – Steve Greaves, Ed Jennerich, Doug Levy
United States Coast Guard – Dan Shipman
Washington Off-Highway Vehicle Association – Tod Petersen, Byron Stuck
Washington Public Ports Association – Johan Hellman
Washington Recreation and Park Association – Brit Kramer
Washington State Snowmobile Association – Terry Kohl, Wayne Mohler
Washington Trails Association – Jonathan Guzzo

Nonhighway and ORV Fuel Tax Refund Administration

The Legislature has directed the Joint Transportation Committee to review fuel tax refunds for nonhighway or off-road use of gasoline and diesel fuels, and to

- provide an overview of each of the off-road programs;
- analyze historical funding and expenditures;
- outline how the funds are distributed to the accounts; and
- document future identified off-road, snowmobile and marine funding needs.

A final report is due to the House and Senate Transportation Committees by December 31, 2010.

What programs are to be included in the review?

This review will consider nonhighway fuel tax refunds of taxes paid on marine fuels, and by off-road vehicles and snowmobiles. These three revenue sources are allocated among seven accounts, and distributed among seven state agencies for various purposes described below.

The seven agencies receiving nonhighway and off-road vehicle fuel tax refunds are as follows:

- The Department of Ecology (Ecology)
- The Department of Licensing (DOL)
- The Washington Department of Fish and Wildlife (WDFW)
- The Department of Natural Resources (DNR)
- The Recreation and Conservation Office (RCO)
- The State Parks and Recreation Commission (State Parks)
- Washington Department of Transportation (WSDOT)

Marine fuel tax refunds (RCW 79A.25)

RCW 79A.25.030 states that 1% of gross motor vehicle fuel tax revenue collected annually is the amount paid by marine fuel users, and is transferred to the Marine Fuel Tax Refund account. Individuals may apply for a personal refund of the fuel tax paid on marine fuel.

A penny per gallon of each marine use refund claim is transferred to the Department of Ecology's Coastal Protection Fund to restore natural resources.

In FY 2009, 6% of the total amount transferred to the Marine Fuel Tax Refund Account was refunded to individuals applying for refunds.

After refunds are paid from the 1%, the remaining balance is divided between two accounts:

- the equivalent of 22 cents per gallon of marine fuel is transferred to the Recreation Resource Account, for administration by the Recreation and Conservation Funding Board to benefit watercraft recreation; and
- the equivalent of 15.5 cents per gallon of marine fuel is transferred to the Motor Vehicle Account.

Off-road vehicle fuel tax refunds (RCW 46.09)

RCW 46.09 states that 1% of net¹ fuel tax is paid by off-road vehicle users. No individual refunds are made. A portion of that 1% equivalent to 22 cents per gallon of off-road vehicle fuel tax is divided between two accounts:

- Off Road Vehicle and Nonhighway Vehicle Account, (41.5%), for the development and maintenance of nonhighway roads and recreation facilities, administered by the Department of Natural Resources, Washington Department of Fish & Wildlife, and the State Parks and Recreation Commission
- NOVA Account -- Nonhighway and Off-Road Vehicle Activities Program Account (58.5%), for the development and management of ORV, non-motorized and nonhighway road recreation facilities. Administered by the Recreation and Conservation Office's Recreation and Conservation Funding Board.

On July 1, 2011, the amount distributed to the various recreation accounts will increase from the equivalent of 22 cents to 23 cents per gallon, and the amount distributed to the motor vehicle account will decrease from 15.5 cents to 14.5 cents per gallon.

The balance of the 1% up to 37.5 cents per gallon fuel tax rate, remains in the Motor Vehicle Account.

Snowmobile fuel tax refunds (RCW 46.10)

The Department of Licensing calculates how much fuel is used by snowmobiles (the number of registered snowmobiles multiplied by 135 gallons as the average yearly fuel used), and a fuel tax rate of 22 cents per gallon. This amount less 3% for administrative costs is transferred to the Snowmobile Account administered by the State Parks and Recreation Commission.

No individual refunds are made.

The balance of the fuel tax estimated for snowmobile use, up to 37.5 cents per gallon fuel tax rate, remains in the Motor Vehicle Account.

¹ The off-road vehicle refund transfer is based on fuel taxes less nonhighway and tribal refunds and administrative costs.

EXECUTIVE SUMMARY

The Legislature directed the Joint Transportation Committee (JTC) to review fuel tax refunds for nonhighway or off-road use of gasoline and diesel fuels, and to

- provide an overview of each of the nonhighway and off-road program they fund;
- analyze historical funding and expenditures;
- outline how the funds are distributed to the accounts; and
- document future identified off-road, snowmobile and marine funding needs.

This review will consider nonhighway fuel tax refunds of taxes paid on marine fuels, and by off-road vehicles and snowmobiles. These three revenue sources are allocated among seven accounts, and distributed among seven state agencies.

Marine fuel tax refunds (RCW 79A.25)

- Marine fuel tax refund account (Dept. of Licensing)
- Coastal protection fund (Ecology)
- Recreation resource account (RCO)
- Motor vehicle account (WSDOT)

Off-road vehicle fuel tax refunds (RCW 46.09)

- ORV and nonhighway vehicle account – ORV account (DNR, WDFW, Parks)
- Nonhighway and off-road vehicle activities program account -- NOVA account (RCO)
- Motor vehicle account (WSDOT)

Snowmobile fuel tax refunds (RCW 46.10)

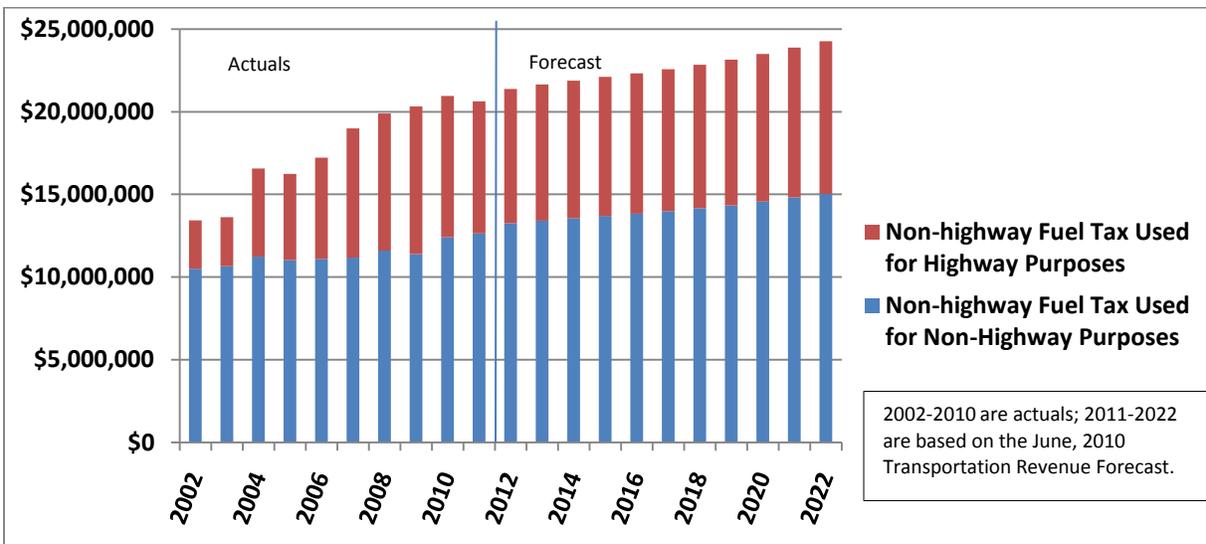
- Snowmobile account (Parks)
- Motor vehicle account (WSDOT)

Taxes refunded to these recreational programs are calculated using lower than actual motor vehicle fuel tax rates. In 1990, when the motor vehicle fuel tax was raised to 23 cents per gallon, the refunds were limited to 18 cents per gallon. In 2003 when the fuel tax was increased by a nickel, the refund rate was increased by a penny per gallon per biennium, ending at 23 cents per gallon after July 1, 2011. The motor vehicle fuel tax is currently 37.5 cents per gallon.

Need general summary data, paragraph, description -- yet to come

The chart below shows the nonhighway vehicle fuel taxes used for nonhighway purposes, and for highway purposes. For example, in FY 2010, 22 cents is used for nonhighway purposes, valued at \$12.4 million, and 15.5 cents is used for highway purposes, valued at \$8.7 million.

Nonhighway Vehicle Fuel Taxes Used for Nonhighway vs. Highway Purposes



Uses of nonhighway fuel tax refunds

Seven agencies receive nonhighway fuel tax refunds, including the departments of Ecology, Fish and Wildlife (WDFW), Licensing (DOL), Natural Resources (DNR), the Recreation and Conservation Office (RCO), State Parks and Recreation Commission (State Parks), and the Department of Transportation (WSDOT). Six of the seven use the revenue for nonhighway purposes; WSDOT uses its share for highway purposes.

The bulk of the refunds used for nonhighway purposes is allocated to four agencies: DNR, RCO, State Parks, and WDFW.

- The Department of Natural Resources (DNR) uses the refunds as a primary funding source for their recreation program; refunds account for 84% of their \$5.1 million FY 2009-11 budget. They receive a direct revenue stream from the ORV account (\$3.4 million), which is used to support camping and picnicking sites, trails for motorized and non-motorized uses, and a variety of other recreational uses. In FY 2009-11, they also received a legislative appropriation from the NOVA account (\$871,000), to install ORV signs to address safety and liability concerns, and to implement recreation plans for the Reiter and Ahtanum ORV facilities.
- The Recreation and Conservation Office (RCO) receives fuel tax refunds from two sources – off-road vehicle fuels, and marine fuels. ORV refunds are deposited in the NOVA account, and used for the development and management of ORV, non-motorized and nonhighway road recreation facilities, and enforcement and education. In FY 2007-09, ORV fuel tax refunds provided 66.8% of the revenue in the NOVA account, or \$6.4 million. The balance of \$3.2 million came from permits, fees and ORV dealer plates. Marine fuel refunds are deposited in the Recreation Resource Account and used for watercraft recreation (\$10.2 million in FY 2007-09). Both are administered by the Recreation and Conservation Funding Board.

State, tribal and local governments are eligible to apply for RCO boating facilities program grants. State, tribal, local government, federal agency, and some non-governmental organizations are eligible to apply for NOVA grants.

- The State Parks and Recreation Commission manages the snowmobile account, using the refunds primarily for trail grooming, and snow removal and sanitation (\$1.9 million in FY 2007-09). Fuel tax refunds provided 47% of the revenue in the account in FY 2007-09; the balance came from snowmobile registrations. State Parks also receives 2% of ORV refunds, used are used to support the Riverside ORV area in Spokane (\$237,000 in FY 2007-09).
- The Department of Fish and Wildlife (WDFW) uses their 3.5% revenue stream from the ORV account primarily for road and parking lot maintenance (\$412,000 in FY 2007-09). They have received some NOVA grants in the past for trail developments, as well as RCO boating facilities grants.

The other three agencies use the nonhighway fuel tax dollars as follows:

- The Department of Ecology receives a penny of each marine fuel tax refund for their Coastal Protection Program. Refunds generate \$21,000/biennium on average, compared to biennial spending from the fund ranging from \$121,410 to-date in the current 2009-11 biennium, to \$1,236,600 in the 2007-09 biennium.
- The Department of Licensing (DOL) refunds about \$300,000 a year to marine fuel tax refund claimants, less sales/use tax of \$157,100 per year and the coastal protection fee of \$8,300. This means on average, a net of about \$136,652 was refunded to customers over the last three years.
- The Department of Transportation (WSDOT) currently receives 15.5 cents of the 37.5 cents fuel tax paid by nonhighway users. This will drop to 14.5 cents on July 1, 2011. In FY 2007-09, WSDOT received \$17.1 million in fuel tax paid by nonhighway users. WSDOT is projected to receive \$16.7 million in FY 2009-11. They funds are deposited into the motor vehicle fund and used for highway purposes.

PAST UNMET NEED

The agencies compiled evidence of past unmet need – projects that went unfunded due to lack of revenue.

Marine fuel tax refunds

- RCO's Boating Facilities Program. Since 2002, 76 projects in the Boating Facilities Program were ranked and scored; 47 were funded and 29 were not funded due to insufficient revenue. Unfunded projects include 19 local boating facilities projects worth \$6.2 million and 10 state boating facilities projects worth \$3.9 million.
- Other evidence of unmet need. RCO's boating policy plan suggests that an increase in the number of recreational boats is an indicator of unmet need. The 2008 recreational fleet was estimated at 334,000 boats, compared to 310,000 in 2003 – a 7.7% increase in five years.

Off-road fuel tax refunds

- DNR's Recreation Program. Until 2008, DNR received about \$3 million a biennium from RCO's NOVA grant program, which funded maintenance and enforcement at their larger recreational areas. In 2008 the legislature redirected these funds to State Parks. The loss of the NOVA grants, coupled with a reduction in general fund appropriations, led DNR to reduce services to 30% of their recreational facilities.
- DNR identifies four categories of need that have historically been underfunded: resource damage, safety, maintenance and new construction.
 - Resource damage results from lack of funding to maintain existing facilities, and unauthorized user-built trails that pose threats to water quality and public safety. DNR estimates there are 6,000 to 8,000 miles of unauthorized user-built trails on DNR-managed trust lands, which have caused tens of millions of dollars of environmental cost to natural resources, habitats, wildlife and state trust assets statewide.
 - The loss of the NOVA grants in 2008 led DNR to eliminate five education and enforcement wardens who were stationed at the most frequently-used facilities.
 - Maintenance at DNR recreational sites has declined considerably from the early 1990s, to the point where most facilities no longer receive routine maintenance.
 - DNR has not built any new facilities or trails since the early 1980s, and they currently have \$4 million in deferred maintenance.
- In the past 20 years, DNR's Recreation Program has increasingly relied on grants and volunteers to keep recreation trails and facilities open. Today volunteer hours are the equivalent of 44 FTEs.
- RCO's NOVA Program. Since 2002, 161 projects were ranked and scored; 106 were funded, and 55 worth \$5.8 million were not funded due to insufficient revenue. These include non-highway road, off-road, non-motorized, maintenance and operations, and education and enforcement projects.
- State Parks' ORV Program. Originally the Riverside ORV Area was fully supported by fuel tax refunds. But revenues have declined and inflation has increased costs, leading to cutbacks. Staff was reduced from 2.3 FTEs in FY 2000 to 1.4 FTEs today, and cuts in operating hours are currently being contemplated.

Snowmobile fuel tax refunds

- State Parks' Snowmobile Program. State Parks identified three types of unmet need: trail grooming, equipment purchases, and part-time staff to monitor snowmobile site conditions. They estimated unmet need ranging from \$13,930 in 2007 to \$630,720 in 2009. Over the four-year period, 38% of the unmet need was in deferred equipment purchases, and 60% was in trail grooming.

FUTURE NEED

ACTIVITIES FUNDED FROM MARINE FUEL TAX REFUNDS

The agencies and potential grant recipients estimated future capital and operating needs funded from marine fuel tax refunds.

Department of Fish and Wildlife

- \$1.2 million in unmet operating needs each biennium for parking lot maintenance and additional staffing to adequately maintain access sites
- \$15.6 million in capital needs for access and boat ramps, gates, toilet replacements, parking lot improvements and fishing piers
- \$3.4 million in capital needs that could be funded from ORV or Marine Fuel tax refunds, including access gates and ramps, toilets, flood damage repair.

State Parks

- \$30.3 million in capital projects needed across the state, including maintenance; new buoys, piers, launches and floats; and sewer pump-out stations

Washington Public Ports Association

- Seven ports identified \$13 million worth of capital projects for which \$8.8 million in fuel tax funding is needed. These include boat ramp expansions, sewer pump-out stations; boat launch replacements; dock reconfigurations; ADA restroom and shower facilities; and guest moorage facility expansion.

Cities

- The Lions Park Boat Ramp in Bremerton has not been operable since 2007 due to deterioration of the floating dock structure. Total cost is \$621,000, of which \$417,600 would come from marine fuel tax refunds.
- Phase 1 of the Al Helenberg Boat Launch in Castle Rock was completed in 2010 with 75% of funds coming from RCO. Phase 2 capital cost is \$550,000, of which \$412,500 would be requested from marine fuel tax refunds.

FUTURE NEED

ACTIVITIES FUNDED FROM ORV FUEL TAX REFUNDS

The agencies and potential grant recipients estimated future capital and operating needs to be funded from ORV fuel tax refunds.

Department of Fish and Wildlife

- \$2.2 million in unmet operating needs each biennium to maintain access sites, roads and parking lots, and other maintenance and education materials
- \$4.5 million in capital needs for toilet replacements, access gates, parking and flood repair, of which \$3.4 million could also be funded from marine fuel tax refunds.

Department of Natural Resources

- \$75.2 million in operating needs for the next ten years (\$15.04 million a biennium) including maintenance, education and enforcement, grant management, volunteer management, safety, and public engagement.
- \$141.5 million in capital needs for the next ten years to renovate existing trails and facilities, restore unauthorized trails and facilities, develop 15 new recreation areas, renew expiring leases from trust lands, and deferred infrastructure replacement.

State Parks

- ORV revenue stream is insufficient to fully maintain the Riverside ORV Area in Spokane. They have implemented service and safety reductions at the Area and are considering reducing operating hours. Staff is down from 2.3 FTEs in 2000 to 1.4 FTEs today.

Okanogan-Wenatchee National Forest

- 48 projects worth \$5 million over the next six years (\$1.7 million a biennium) to develop new horse camps, maintain their extensive motorized trail systems, implement a forest-wide travel plan; and install road and trail signs across the forest.

Pacific NW Four-Wheel Drive Association

- Unmet needs at 18 sites across the state owned by DNR, the US Forest Service, and the Bureau of Land Management. Needs include trail repairs, building reconstruction, creating four-wheel drive recreation opportunities in unserved counties; parking lot, toilet and campground improvements, and other needs.

Back Country Horsemen of Washington

- 300 projects to improve recreation opportunities. They include road improvements, trail construction or relocation; parking lot construction; bridge, fence and gate construction; culvert installation; signage; maintenance, and other projects.

FUTURE NEED

ACTIVITIES FUNDED FROM SNOWMOBILE FUEL TAX REFUNDS

State Parks estimated the capital and operating needs to be funded from snowmobile fuel tax refunds.

State Parks

- State Parks has projected \$11.5 million in unmet need over the next 10 years, including \$8.8 million for trail grooming, \$1.6 million in equipment purchases, \$188,000 to upgrade sno-park staging areas, and other education, safety, mapping, and public outreach needs.

**Distributions Based on the June 2010 Transportation Revenue Forecast
(Dollars in Millions)**

The following tables show how much revenue will be distributed to the three recreation accounts in the next five biennia under current law (23 cents -- gray table), and if that amount were increased by a penny (green table), by a nickel (blue table) and by 14.5 cents (pink table). For example, if 24 cents were distributed to the recreation accounts in 2011-13, the marine refund account would pick up \$543,000; the outdoor recreation account would pick up \$529,000; and the snowmobile account would pick up \$86,000.

Existing 23 Cents (as of 7/1/11)	2011-13	2013-15	2015-17	2017-19	2019-21	Total
Marine Refund Account	\$12.500	\$12.777	\$13.039	\$13.357	\$13.780	\$65.453
Outdoor Recreation Vehicle Accounts	\$12.174	\$12.441	\$12.693	\$13.000	\$13.409	\$63.717
Snowmobile Account	\$1.988	\$2.040	\$2.091	\$2.140	\$2.183	\$10.442
Total	\$26.662	\$27.258	\$27.823	\$28.497	\$29.372	\$139.612

Add 1 cent -- refund 24 cents	2011-13	2013-15	2015-17	2017-19	2019-21	Total
Marine Refund Account	\$0.543	\$0.556	\$0.567	\$0.581	\$0.599	\$2.846
Outdoor Recreation Vehicle Accounts	\$0.529	\$0.541	\$0.552	\$0.565	\$0.583	\$2.770
Snowmobile Account	\$0.086	\$0.089	\$0.091	\$0.093	\$0.095	\$0.454
Total	\$1.159	\$1.185	\$1.210	\$1.239	\$1.277	\$6.070

Add 5 cents -- refund 28 cents	2011-13	2013-15	2015-17	2017-19	2019-21	Total
Marine Refund Account	\$2.717	\$2.778	\$2.835	\$2.904	\$2.996	\$14.229
Outdoor Recreation Vehicle Accounts	\$2.647	\$2.705	\$2.759	\$2.826	\$2.915	\$13.852
Snowmobile Account	\$0.432	\$0.443	\$0.455	\$0.465	\$0.475	\$2.270
Total	\$5.796	\$5.926	\$6.048	\$6.195	\$6.385	\$30.350

Add 14.5 cents -- refund 37.5 cents	2011-13	2013-15	2015-17	2017-19	2019-21	Total
Marine Refund Account	\$7.880	\$8.055	\$8.220	\$8.421	\$8.687	\$41.264
Outdoor Recreation Vehicle Accounts	\$7.675	\$7.843	\$8.002	\$8.196	\$8.453	\$40.169
Snowmobile Account	\$1.253	\$1.286	\$1.318	\$1.349	\$1.376	\$6.583
Total	\$16.809	\$17.184	\$17.541	\$17.965	\$18.517	\$88.016

Increase for the Off-Road Accounts	2011-13	2013-15	2015-17	2017-19	2019-21	Total
1 Cent Increase	\$1.159	\$1.185	\$1.210	\$1.239	\$1.277	\$6.070
5 Cent Increase	\$5.796	\$5.926	\$6.048	\$6.195	\$6.385	\$30.350
14.5 Cent Increase	\$16.809	\$17.184	\$17.541	\$17.965	\$18.517	\$88.016

REVENUE

Taxes refunded to the marine, off-road and snowmobile recreational programs are calculated using lower than actual motor vehicle fuel tax rates. In 1990, when the motor vehicle fuel tax was raised to 23 cents per gallon, the refunds were limited to 18 cents per gallon. When the fuel tax was increased by a nickel in 2003, the refund rate was increased by a penny per gallon per biennium, ending at 23 cents per gallon after July 1, 2011. The motor vehicle fuel tax is currently 37.5 cents per gallon.

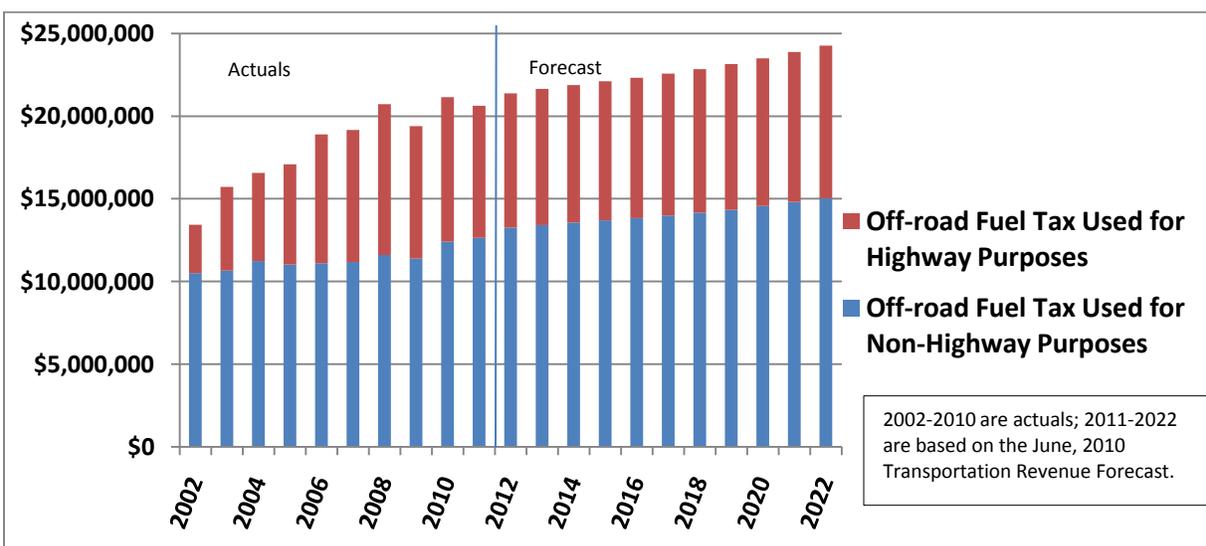
State Fuel Tax Allocations (per gallon of gasoline)					
Year	Total State Fuel Tax Rate RCW 82.36.025	State Fuel Tax Rate Used for Nonhighway Purposes	State Fuel Tax Revenue Used for Nonhighway Purposes ¹	State Fuel Tax Paid by Nonhighway Users and Used for Highway Purposes	State Fuel Tax Revenue paid by Nonhighway Users, Used for Highway Purposes ³
2002	\$0.23	\$0.18	\$10,507,179	\$0.05	\$2,918,661
2003	\$0.23	\$0.18	\$10,663,757	\$0.05	\$2,962,154
2004	\$0.28 ²	\$0.19	\$11,240,723	\$0.09	\$5,324,553
2005	\$0.28	\$0.19	\$11,018,609	\$0.09	\$5,219,341
2006	\$0.31	\$0.20	\$11,108,810	\$0.11	\$6,109,461
2007	\$0.34	\$0.20	\$11,174,016	\$0.14	\$7,821,811
2008	\$0.36	\$0.21	\$11,608,082	\$0.15	\$8,291,487
2009	\$0.375	\$0.21	\$11,382,819	\$0.165	\$8,943,644
2010	\$0.375	\$0.22	\$12,401,181	\$0.155	\$8,556,211
2011	\$0.375	\$0.22	\$12,631,600	\$0.155	\$8,899,536

(1) Nonhighway purposes include refunds of taxes paid on marine fuels, RCW 79A.25; refunds of taxes paid on fuel used for off-road vehicles, RCW 46.09; and refund of taxes paid on fuel used by snowmobiles, RCW 46.10

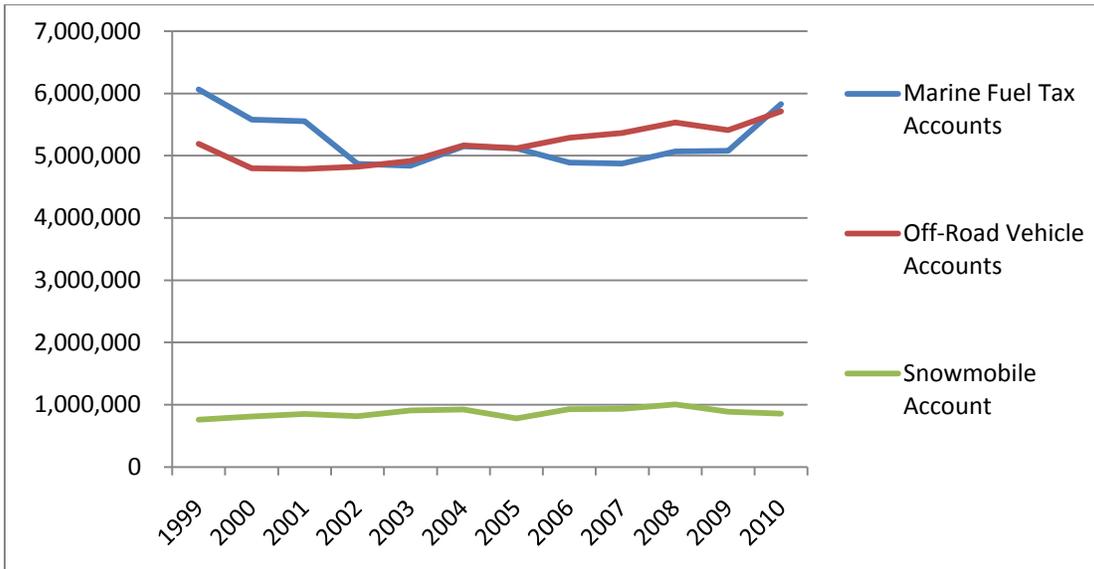
(2) RCW 82.36.025(2) requires this \$0.05 to expire “when the bonds issued for transportation projects 2003 are retired.” The last bonds are forecasted to be sold during the 2023-25 biennium, to be paid off in 2053.

(3) The past and future off-road fuel tax revenue used for highway purposes is calculated by legislative staff working on the study. The state fuel tax rate used for highway purposes is calculated by estimating the number of fuel gallons refunded as compared to the fuel tax rate in effect at the time.

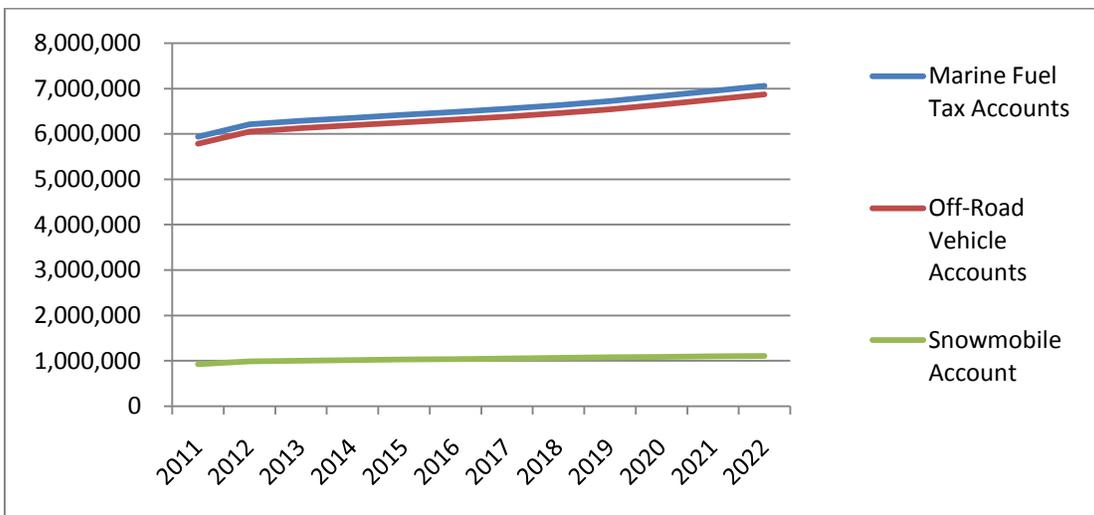
Nonhighway Vehicle Fuel Taxes Used for Nonhighway vs. Highway Purposes



Historical Nonhighway Fuel Tax Refund Account Distributions, 1999-2010



Forecasted nonhighway Fuel Tax Refund Account Distributions 2011 – 2022 (Based on June 2010 Forecast)



The marine fuel tax account is higher than the off-road vehicle account in future forecasts even though both allocation percentages equal one percent. This is due to differences in administering the funds: the off-road vehicle fuel allocation being based on net gas tax less non-highway refunds, tribal refunds and administrative costs, while the marine fuel tax is based on the gross fuel tax amount. The forecasts for the non-highway user accounts are a function of the total fuel tax projections in the Transportation Revenue Forecasts. As those forecasts change, so will the projected funding allocations to the non-highway user accounts.

Marine fuels (RCW 79A.25) -- State Fuel Tax Allocations (per gallon of gasoline)						
Year	Total State Fuel Tax Rate RCW 82.36.025	State Fuel Tax Rate Used for Nonhighway Purposes	State Fuel Tax Revenue Used for Nonhighway Purposes ¹	Marine Fuel tax refunds to individuals	Marine fuel tax to Recreation Resource Account, admin by RCFB for watercraft recreation	Marine Fuel tax used for highway purposes ³
2002	\$0.23	\$0.18	\$4,869,600	\$267,475	\$4,602,125	\$1,352,667
2003	\$0.23	\$0.18	\$4,840,207	\$265,859	\$4,574,348	\$1,344,502
2004	\$0.28 ²	\$0.19	\$5,148,827	\$311,273	\$4,837,554	\$2,438,918
2005	\$0.28	\$0.19	\$5,117,887	\$328,504	\$4,789,383	\$2,424,262
2006	\$0.31	\$0.20	\$4,891,827	\$352,587	\$4,539,240	\$2,690,505
2007	\$0.34	\$0.20	\$4,872,758	\$335,190	\$4,537,568	\$3,410,931
2008	\$0.36	\$0.21	\$5,068,359	\$321,106	\$4,747,253	\$3,620,256
2009	\$0.375	\$0.21	\$5,081,522	\$292,851	\$4,788,671	\$3,992,624
2010	\$0.375	\$0.22	\$5,829,865	\$292,254	\$5,537,611	\$4,107,405
2011	\$0.375	\$0.22	\$5,938,200	\$312,453	\$5,625,747	\$4,183,732

Off-Road Vehicles (RCW 46.09) -- State Fuel Tax Allocations (per gallon of gasoline)						
Year	Total State Fuel Tax Rate RCW 82.36.025	State Fuel Tax Rate Used for Nonhighway Purposes	State Fuel Tax Revenue Used for Nonhighway Purposes ¹	ORV refunds transferred to off-road vehicle and nonhighway vehicle account (DNR, FYW, Parks) -- 41.5%	ORV refunds transferred to NOVA Account, admin by RCFB 58.5%	ORV fuel tax used for highway purposes
2002	\$0.23	\$0.18	\$4,821,740	\$2,001,022	\$2,820,718	\$1,339,372
2003	\$0.23	\$0.18	\$4,915,383	\$2,039,884	\$2,875,499	\$1,365,384
2004	\$0.28 ²	\$0.19	\$5,167,990	\$2,144,716	\$3,023,274	\$2,447,995
2005	\$0.28	\$0.19	\$5,121,564	\$2,125,449	\$2,996,115	\$2,426,004
2006	\$0.31	\$0.20	\$5,287,241	\$2,194,205	\$3,093,036	\$2,907,983
2007	\$0.34	\$0.20	\$5,365,673	\$2,226,754	\$3,138,919	\$3,755,971
2008	\$0.36	\$0.21	\$5,535,708	\$2,297,319	\$3,238,389	\$3,954,077
2009	\$0.375	\$0.21	\$5,413,641	\$2,246,661	\$3,166,980	\$4,253,575
2010	\$0.375	\$0.22	\$5,715,262	\$2,371,834	\$3,343,428	\$4,026,662
2011	\$0.375	\$0.22	\$5,784,800	\$2,400,692	\$3,384,108	\$4,075,655

Snowmobiles (RCW 46.10) -- State Fuel Tax Allocations (per gallon of gasoline)					
Year	Total State Fuel Tax Rate RCW 82.36.025	State Fuel Tax Rate Used for Nonhighway Purposes	State Fuel Tax Revenue Used for Nonhighway Purposes ¹	Snowmobile refunds transferred to Snowmobile Account, admin by State Parks	Snowmobile fuel tax used for highway purposes
2002	\$0.23	\$0.18	\$815,839	\$815,839	\$226,622
2003	\$0.23	\$0.18	\$908,167	\$908,167	\$252,269
2004	\$0.28 ²	\$0.19	\$923,906	\$923,906	\$437,640
2005	\$0.28	\$0.19	\$779,158	\$779,158	\$369,075
2006	\$0.31	\$0.20	\$929,742	\$929,742	\$511,358
2007	\$0.34	\$0.20	\$935,585	\$935,585	\$654,910
2008	\$0.36	\$0.21	\$1,004,015	\$1,004,015	\$717,154
2009	\$0.375	\$0.21	\$887,656	\$887,656	\$697,444
2010	\$0.375	\$0.22	\$856,054	\$856,054	\$603,129
2011	\$0.375	\$0.22	\$924,800	\$924,800	\$651,564

- (1) Nonhighway purposes include refunds of taxes paid on marine fuels, RCW 79A.25; refunds of taxes paid on fuel used for off-road vehicles, RCW 46.09; and refund of taxes paid on fuel used by snowmobiles, RCW 46.10
- (2) RCW 82.36.025(2) requires this \$0.05 to expire "when the bonds issued for transportation projects 2003 are retired." The last bonds are forecasted to be sold during the 2023-25 biennium, to be paid off in 2053.
- (3) Past and future off-road fuel tax revenue used for highway purposes is calculated by legislative staff. The state fuel tax rate used for highway purposes is calculated by estimating the number of gallons refunded as compared to the fuel tax rate in effect at the time.

JLARC's 2007 study of tax preferences

In 2007, the Joint Legislative Audit and Review Committee (JLARC) undertook a study of tax preferences, including a review of refunded fuel tax for nonhighway use. A copy of the full report can be found at <http://www.leg.wa.gov/JLARC/AuditAndStudyReports/2007/Documents/07-15.pdf>. Following are JLARC's findings and recommendations concerning the refunded fuel tax for nonhighway use.

Findings and Recommendations

JLARC's review of Washington's motor vehicle fuel tax refunds for nonhighway or off-road use of motor vehicle fuel evaluated the legal history, public policy objectives, economic and revenue impacts and other states' similar tax preferences. The following were determined through the JLARC audit:

Legal History and Public Policy Objectives

Washington State first imposed the motor vehicle fuel tax in 1921 on the sale of liquid fuel for use in internal combustion engines. In 1923, the tax was changed to be a tax on fuel used to operate motor vehicles upon the public highways. Tax refunds were provided for the nonhighway use of fuel, except in motor vehicles operated or intended to be operated upon the public highways.

The 18th Amendment to the State's Constitution provides that all excise taxes collected on the sale of motor vehicle fuel were to be placed in a dedicated account to be used exclusively for highway purposes. The term "highway purposes" includes refunds authorized by law.

In addition to refunds authorized for individuals who use fuel off-road, there are three "refund" programs for the benefit of recreational users of fuel off-road – marine fuel used by boaters (1964); fuel used by off-road vehicles (1971); and fuel used in snowmobiles (1971).

Taxes refunded to the recreational programs are calculated using lower than actual motor vehicle fuel tax rates. In 1990, when the motor vehicle fuel tax was raised to 23 cents per gallon, the refunds were limited to 18 cents per gallon. In 2003, the refund rate was increased by one cent per gallon per biennium, ending at 23 cents per gallon after July 1, 2011. The motor vehicle fuel tax is currently 36 cents per gallon. (EDITOR'S NOTE: The fuel tax in 2010 is 37.5 cents.)

The public objective of providing tax refunds to nonhighway users of motor vehicle fuel is one of equity. If the fuel is used on the public highways, the fuel is collected to support the public highway system; if the fuel is not used on the public highways, the tax may be refunded.

There have been two court decisions that clearly articulate the concept of equity in the motor vehicle fuel taxes. In 1939, the State Supreme Court found that there was a long established general policy that the burden of gasoline taxes should be borne exclusively by those who use the roads for motor vehicle traffic. In 2005, the Court of Appeals, Division Three, found that the framers of the 18th Amendment intended to (1) ensure that gasoline taxes paid by drivers using public highways would be used to construct and maintain those public highways, and (2) return the share of those taxes paid by drivers who expended fuel driving on roadways other than public highways.

There is some evidence that the public policy objective of equity is only partially being fulfilled. First, not all off-road users of fuel claim a refund. Second, by statute, only a portion of the fuel taxes collected on fuel used for off-road recreational purposes are refunded to the three recreational programs.

Beneficiaries

There are two sets of beneficiaries of the tax refunds:

- Direct tax refunds may be claimed by the private businesses and individuals that use fuel off-road; the primary industries include agriculture, logging and construction. In 2006, the Department of Licensing made 4,967 refunds to off-road users of fuel.
- Recreational users of fuel off-road, specifically watercraft, off-road vehicles, and snowmobiles, are also indirect beneficiaries as their tax dollars are “refunded” to special programs to develop facilities for recreation.

Economic and Revenue Impacts

Total refunds, both direct refunds to individual users and transfers to the recreational accounts, came to \$20.3 million in 2006. Fuel used in Washington, if not taxed by the motor vehicle fuel tax, is then taxed by the retail sales or use tax. Gross refunds to private businesses and individual off-road users of fuel amounted to \$9.0 million in 2006. Of this amount \$4.9 million was collected in use tax, and the net refund amount was \$4.1 million.

Refunds to the three recreational programs amounted to \$11.3 million in 2006. This amount was computed at a fuel tax rate of 20 cents per gallon when the actual fuel tax was 34 cents per gallon. At the full rate, the amount refunded would have been \$19.2 million.

There are competing uses of fuel tax revenues. The various short-term and long-term economic impacts can be described as follows:

- Short- and long-term impacts of lower costs in the agricultural, logging, and construction industries;
- Short-term impacts of recreational facilities construction and maintenance;
- Long-term impacts of additional recreational facilities;
- Short-term impacts of highway construction and maintenance; and
- Long-term impacts of an improved highway system.

The trade-offs between spending in the various sectors are probably offsetting within the amount of tax revenues being discussed.

Other States

Thirty-three states either exempt or refund fuel taxes for the private and commercial general nonhighway use of gasoline. Forty-eight states exempt or refund fuel taxes for the agricultural use of gasoline.

JLARC Recommendation

In an effort to maintain equity in the treatment of fuel taxes, the Legislature should review its policy of restricting the amount of fuel taxes that may be refunded to programs for off-road recreational users of motor vehicle fuel.

PROGRAM OVERVIEWS

DEPARTMENT OF ECOLOGY

MARINE FUEL TAX REFUNDS (RCW 79A.25)

The Department of Ecology receives 1 cent per gallon of each marine use refund claim, for deposit in the Coastal Protection Fund to restore natural resources.

Program Description

The Washington Legislature established the Coastal Protection Fund (CPF) as part of the Oil and Hazardous Substance Spill Prevention and Response Act for environmental restoration and enhancement projects; investigations of the long-term effects of oil spills; and developing and implementing an aquatic land computer geographic information system. Funds may also be allocated for research and development regarding the causes, effects, and removal of oil spill pollution.

Average Funds Available per Biennium

Funding sources for the CPF include penalties, damages and charges assessed to spillers, compensation for damages, and an amount equal to 1 cent per gallon from each marine use tax refund claim. It is difficult to predict fund balances in the CPF; damage and penalty assessments can range from hundreds of dollars up to millions of dollars, and it is hard to know when spills will occur.

The fuel tax refunds are a small portion of total funds available in the Coastal Protection Fund. They average about \$21,000 a biennium, compared to biennial spending from the fund ranging from \$121,410 spending-to-date in the current 2009-11 biennium, to \$1,236,600 in the 2007-09 biennium.

Fiscal Year	# of Claims	Refundable Gallons	Gross Refunds	Use Tax	Coastal Protection	Net Refunds
FY 2003	1967	1,150,789	\$265,859	\$92,022	\$11,508	\$162,329
FY 2004	2168	1,192,878	\$311,273	\$109,245	\$11,930	\$190,098
FY 2005	2184	1,173,208	\$328,504	\$150,950	\$11,732	\$165,822
FY 2006	2270	1,185,157	\$352,587	\$183,668	\$11,852	\$157,067
FY 2007	2138	1,018,180	\$335,190	\$202,203	\$10,182	\$122,806
FY 2008	1856	912,999	\$321,106	\$169,289	\$9,130	\$142,867
FY 2009	1788	793,962	\$292,851	\$176,503	\$7,940	\$108,408
FY 2010	1681	779,276	\$292,254	\$125,602	\$7,793	\$158,860
8-year annual average	2007	\$1,025,806	\$312,453	\$151,185	\$10,258	\$151,032

Note: Marine Fuel Refunds reported above are only related to gasoline.
Refunds for diesel fuel do not have a specific classification code that would identify marine fuel refunds.

Source: Fuel Tax Refund System Fuel Tax Summary by Major Occupation Code.
Class = M, Description = Marine

Funding and decision-making criteria

The Coastal Protection Fund Steering Committee decides how the fund is used. RCW 90.48.400 (3) defines membership of the committee as representatives from Ecology, WDFW, DNR and State Parks, each agency appointing their own representative. The CPF is used for

- Environmental restoration and enhancement projects
- Investigations of the long-term effects of oil spills
- Developing and implementing an aquatic land computer geographic information system.
- Research and development regarding the causes, effects, and removal of oil spill pollution.

After a major spill, the Committee looks at ways to use the fund for restoration and enhancement activities in the affected area. The Committee also oversees the selected restoration and enhancement projects.

Types of Investments

Sample projects funded from the Coastal Protection Fund

Fuel tax refunds are a small portion of total funds available in the Coastal Protection Fund. They average \$21,000 a biennium, compared to biennial spending from the fund ranging from \$121,410 spending-to-date in the current 2009-11 biennium, to \$1,236,600 in the 2007-09 biennium. The bulk of the funding comes from penalties, damages and assessments levied against oil spillers.

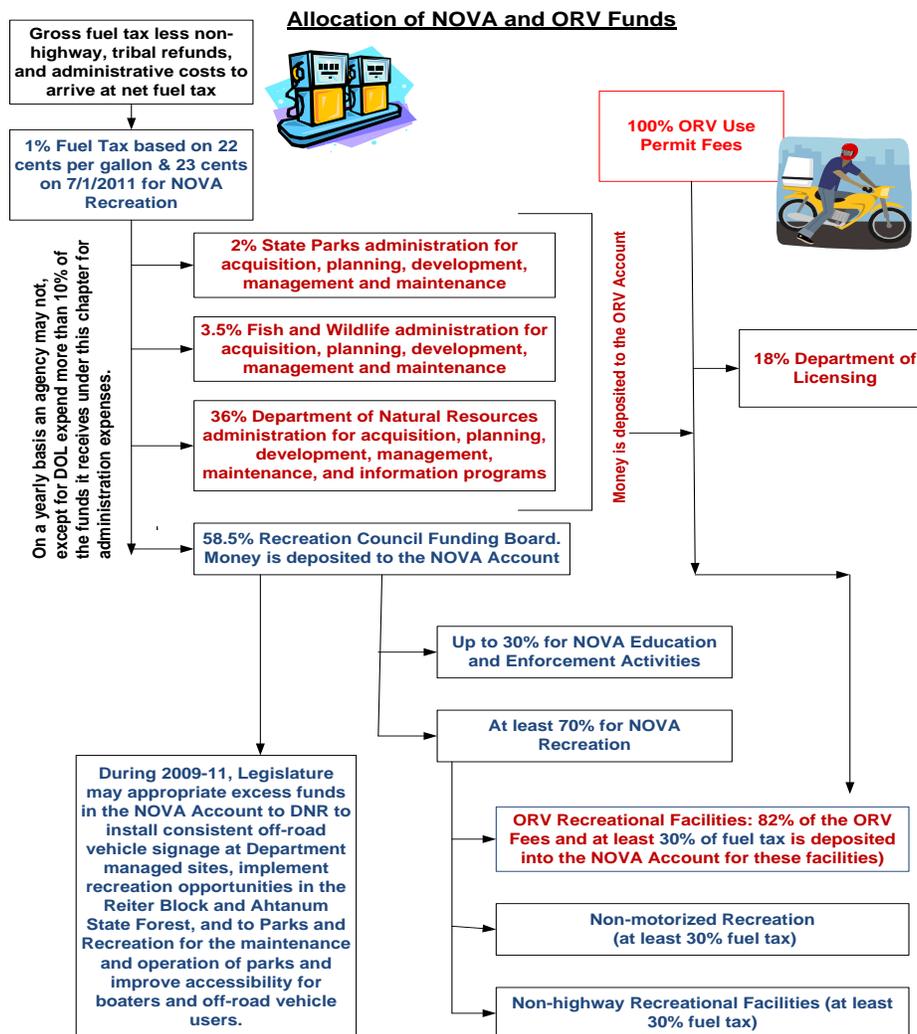
(complete list at <http://www.ecy.wa.gov/programs/spills/restoration/restorationprojects/cptrestorationprojects.html>)

Year	Amount	Sample projects
Thru 6/1/10	\$66,500	\$30,000 to remove culverts and bulkheads on Mudd Bay
2009	\$54,910	\$19,550 partial funding to remove spoils berm to reconnect Chimacum Creek to floodplain
2008	\$80,600	\$13,500 partial funding to acquire 40 acres of high quality off-channel wetland habitat on Goldsborough Creek near Shelton; \$20,000 partial funding to begin weed control and revegetation along 1.35 miles of marine riparian shoreline in Maury Island Marine Park.
2007	\$1,156,000	\$500,000 acquisition of 78 acre Haynie Creek/Fenton Pond Tract in the Drayton Harbor watershed; \$5,000 to remove rip-rap along 400 ft of shoreline in Eld Inlet
2006	\$356,065	\$8,000 to re-establish stream channel within a tributary to Perry Creek, allowing unimpeded fish passage to one mile of excellent habitat; \$36,000 to DNR to develop and distribute a GIS dataset that identifies uses of state-owned aquatic lands
2005	\$420,169	\$35,000 to replace a fish blocking culvert on Blacksmith Lake Creek; \$29,400 to remove creosote-laden wood materials from Lake Hancock.
2004	\$160,741	\$11,000 matching funds to enhance and restore native fish habitat in Yelm Creek; \$40,000 matching fund to remove 5 culvert barriers to salmonid migration within the Minter Creek Watershed on the Key Peninsula
2002	\$281,500	\$159,000 partial funding to acquire and protect 25 acres at the head of Seabeck Bay
2001	\$240,000	\$110,000 for park improvements related to Lewis and Clark Bicentennial commemoration in Sacajawea State Park; \$130,000 partial funding to restore and enhance wetlands along the Walla Walla River in the Wallula National Wildlife Refuge.

WASHINGTON DEPARTMENT OF FISH AND WILDLIFE

OFF-ROAD VEHICLE FUEL TAX REFUNDS (RCW 46.09) MARINE FUEL TAX REFUNDS (RCW 79A.25)

The Washington Department of Fish and Wildlife (WDFW) receives NOVA fuel tax refunds from three sources: a 3.5% direct revenue stream of off-road vehicle fuel tax refunds, grants from the NOVA Account and Boating Facilities Grants.



Program Description

The WDFW manages 18 wildlife areas throughout the state that comprise 900,000 acres of land for fish and wildlife and for a wide range of public recreational opportunities. In addition, WDFW manages the largest water access program in the state with over 650 access sites that function as gateways to vast areas of public waters including rivers, lakes and marine areas. In many instances, these sites provide the only public access available to Washington State waters. WDFW also manages over 1,300 miles of non-highway roads for public access.

WDFW estimates that the public makes 14 million visits to these lands each year. WDFW public lands provide recreation opportunities including hunting, fishing, wildlife viewing, hiking, bicycling, camping and picnicking. Other uses include rock climbing, hang gliding, geocaching, boating, rafting, etc.

Responsible management of these lands and facilities allow safe recreational opportunities while protecting habitat quality for fish and wildlife. The challenge to manage these lands for recreation continues to grow as access opportunities diminish and as Washington’s population increases.

NOVA Funds Available per Biennium and WDFW Use of NOVA Funds

WDFW receives 3.5% of off-road vehicle fuel taxes. The table below shows a ten-year history of biennial appropriations. Ninety-four percent is used for road and parking lot maintenance with the remaining six percent used for enforcement of ORV users and other users of recreational facilities.

WDFW NOVA Direct Appropriation

Fiscal Year	3.5% ORV Revenue
2001-03	\$474,629
2003-05	\$506,000
2005-07	\$392,000
2007-09	\$412,000
2009-11	\$413,000

Expenditures from fuel tax funds are restricted to WDFW roads and access parking areas that are not directly serviced by a publicly-funded road such as a state highway, county, or city road system. WDFW has no secure funding stream for other roads or access parking area maintenance on areas that are not eligible for NOVA funds. Road and parking area conditions often deteriorate to a point where damage becomes more significant and capital funds are then needed to renovate the road, parking lot, or other recreational facility.

Investment criteria

Fuel tax funds are allocated to road and parking lot maintenance based on the greatest need determined by the number of users and condition of the road or parking lot. Wildlife area plans also identify road and parking lot maintenance needs. Each wildlife area management plan includes input from a Citizens Advisory Group (CAG) to capture public values and input toward WDFW land management.

NOVA grants

WDFW competes for and receives a limited number of NOVA grants to fund recreational development projects on wildlife areas.

WDFW NOVA Grant History

Fiscal Year Awarded	Project Name	NOVA Grant Funds	Match Funds
2005	Conners Lake to Forde Lake Trail	\$100,000	\$30,000
2006	Forde Lake to Blue Lake Trail	\$100,000	\$30,000
2006	Sprague Lake Trail	\$61,319	\$64,681
2009	Scotch Creek Coulee Trail System	\$86,756	\$20,000
2009	Whatcom Wildlife Area ADA Dock Planning	\$100,000	\$0

Marine Fuel Tax Funds Available per Biennium and WDFW Use of Funds

WDFW competes for and receives marine fuel tax funds through Boating Facility Project (BFP) grants. WDFW has received an average of \$921,000 each of the last five biennia for a total of \$4,605,000. Examples of completed projects in this category include boat ramp replacements, new restroom facilities, fences, gates, signs, kiosks, paved access roads and parking lots, etc.

 Project Funding By Program			
Project Name	This Program Amt	Sponsor Amt	Total Amt
Lake Terrell Boat Dock	84,658		84,658
Lake Kapowsin Boat Launch	718,978		718,978
Sunland Public Boat Launch	112,103	54,967	167,070
Kenmore Park/Fish & Wildlife Boat Launch	74,726		74,726
Point Whitney Boat Access	57,962		57,962
Riverfront Park Boat Launch Improvement	21,509		21,509
Port of Manchester Boating Access Ph 3	225,910		225,910
Palmer Lake Boat Ramp	139,325		139,325
Paterson Boat Launch	62,654		62,654
Big Lake Boat Launch	186,815		186,815
Misery Point Launch Planning	191,550		191,550
Long Lake Public Access	50,927		50,927
Pleasant Harbor Phase I	639,740		639,740
Silver Lake Public Access 04	48,585		48,585
Waitts Lake Public Access	296,712		296,712
Silver Lake Public Access Phase 2	301,842		301,842
Point No Point Boat Launch Planning	250,000	50,000	300,000
Pleasant Harbor Boat Launch Phase 2	352,554		352,554
Eloika Lake Public Access	305,755		305,755
Jameson Lake Boat Launch	185,000		185,000
Sidley Lake Boat Launch	102,500		102,500
Modrow Boat Launch	195,196		195,196
	4,605,000	104,967	4,709,967
Grand Total: 22 Projects	4,605,000	104,967	4,709,967

Other Recreation Funding and Uses

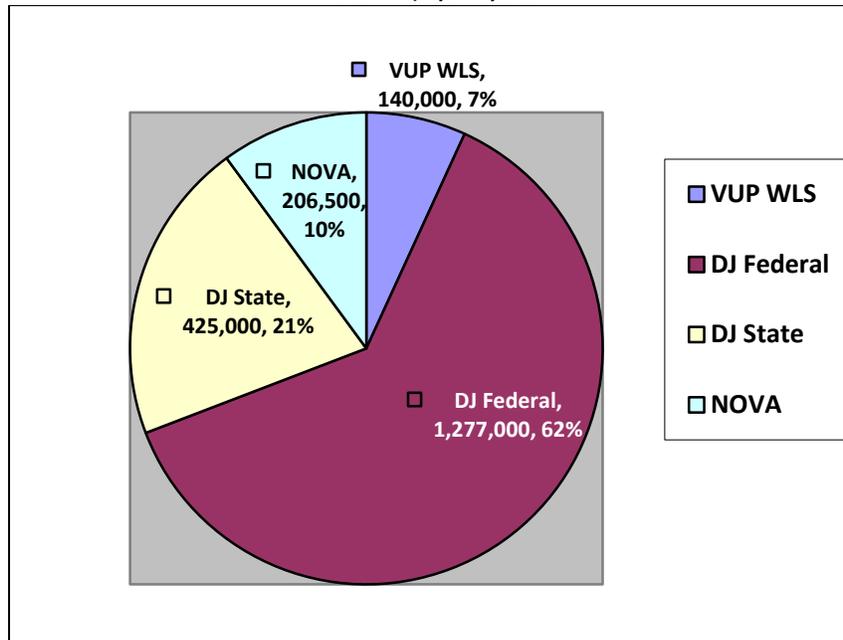
Additional funds used to maintain recreational opportunities on WDFW lands are limited.

Opportunities on wildlife areas are primarily primitive supporting many forms of dispersed recreation. Recreational facilities are limited to parking lots, roads, 21 designated primitive campgrounds, interpretive points and limited trails. There are no specific recreation funds for wildlife area recreational facilities other than NOVA funds. Limited state and federal funds allow very basic operation and maintenance of lands which includes maintenance of fences, gates, signs, water control structures, irrigation structures; weed control; etc.

WDFW's most significant recreation funding is provided through federal Dingell-Johnson (DJ) funds, which requires a 25% state match, and which is used to maintain the over 650 water access sites throughout the state. The fiscal year 2010 DJ contract provided \$1,703,542 for this purpose. Dedicated revenue from the sale

of Vehicle Use Permits (VUP) also supports operation and maintenance of access sites. Approximately \$140,000 is received each year.

Annual Operation and Maintenance Funding On WDFW Water Access Sites
Total = \$2,048,500



WDFW employs eleven full-time Access Area Managers and Assistants to manage and maintain the water access area sites. Program management is provided at the regional level by Lands Supervisors and Lands Agents and at the statewide level by the Statewide Access Area Coordinator.

Maintenance activities at various sites include restroom cleaning and repair, toilet pumping, fence repair, boat ramp maintenance and repair, grading and graveling roads and parking areas, litter and weed control, sign and kiosk repair, landscaping and drainage projects.

In addition to operating funds, varying levels of state capital funds are also used to address major renovations at access sites. This includes Boating Facilities Program grant dollars described above, WWRP State Lands Development grant dollars, and State Capital Budget dollars.

WWRP State Lands Development (SLD) Funds: WDFW has received an average of \$730,000 each of the past three biennia in the RCO State Lands Development funding category for a total of approximately \$2,190,000. These are Capital Budget dollars. Examples of completed projects in this category include trail developments, fishing floats, boat launch improvements, parking lot improvements, kiosks, signs, and ADA parking and pathway construction. These projects would also be eligible for funding from fuel tax refunds.

DEPARTMENT OF LICENSING

MARINE FUEL TAX REFUNDS (RCW 79A.25)

Program Description

RCW 79A.25 provides for refunds to individuals of taxes paid on marine fuel.

To obtain refunds, individuals contact Dept. of Licensing (DOL), and complete a Fuel Tax Refund Permit Application, which includes the vessel's registration number or out-of-state vessel registration form. Once DOL verifies the information, a permit number is issued and a refund account is created for that customer. The customer then receives claim forms with the permit number from DOL to use for submitting marine fuel refund claims along with receipts for processing by DOL. Customers may request marine fuel refunds for fuel purchases made within the previous thirteen months.

The motor vehicle fuel tax is collected at the terminal rack and taxes are paid electronically to DOL and deposited to the Motor Vehicle Fund. On a quarterly basis (or as needed), DOL submits a journal voucher to transfer funds to the Marine Fuel Refund account to pay refund claims. The amount of the transfer varies upon season and the amount of refunds claimed.

While the fuel tax is refunded, the customer must instead pay the sales/use tax on fuel purchased, and the 1 cent per gallon coastal protection fee.

Average Refunds per Biennium

Over the past three years, the average total marine fuel refund has been about \$300,000 per year less sales/use taxes (\$157,100 per year) and coastal protection fee (\$8,300 per year). This means on average a net of about \$136,652 was refunded to customers.

Fiscal Year	# of Claims	Refundable Gallons	Gross Refunds	Use Tax	Coastal Protection	Net Refunds
FY 2003	1967	1,150,789	\$265,859	\$92,022	\$11,508	\$162,329
FY 2004	2168	1,192,878	\$311,273	\$109,245	\$11,930	\$190,098
FY 2005	2184	1,173,208	\$328,504	\$150,950	\$11,732	\$165,822
FY 2006	2270	1,185,157	\$352,587	\$183,668	\$11,852	\$157,067
FY 2007	2138	1,018,180	\$335,190	\$202,203	\$10,182	\$122,806
FY 2008	1856	912,999	\$321,106	\$169,289	\$9,130	\$142,867
FY 2009	1788	793,962	\$292,851	\$176,503	\$7,940	\$108,408
FY 2010	1681	779,276	\$292,254	\$125,602	\$7,793	\$158,860
8-year annual average	2007	\$1,025,806	\$312,453	\$151,185	\$10,258	\$151,032

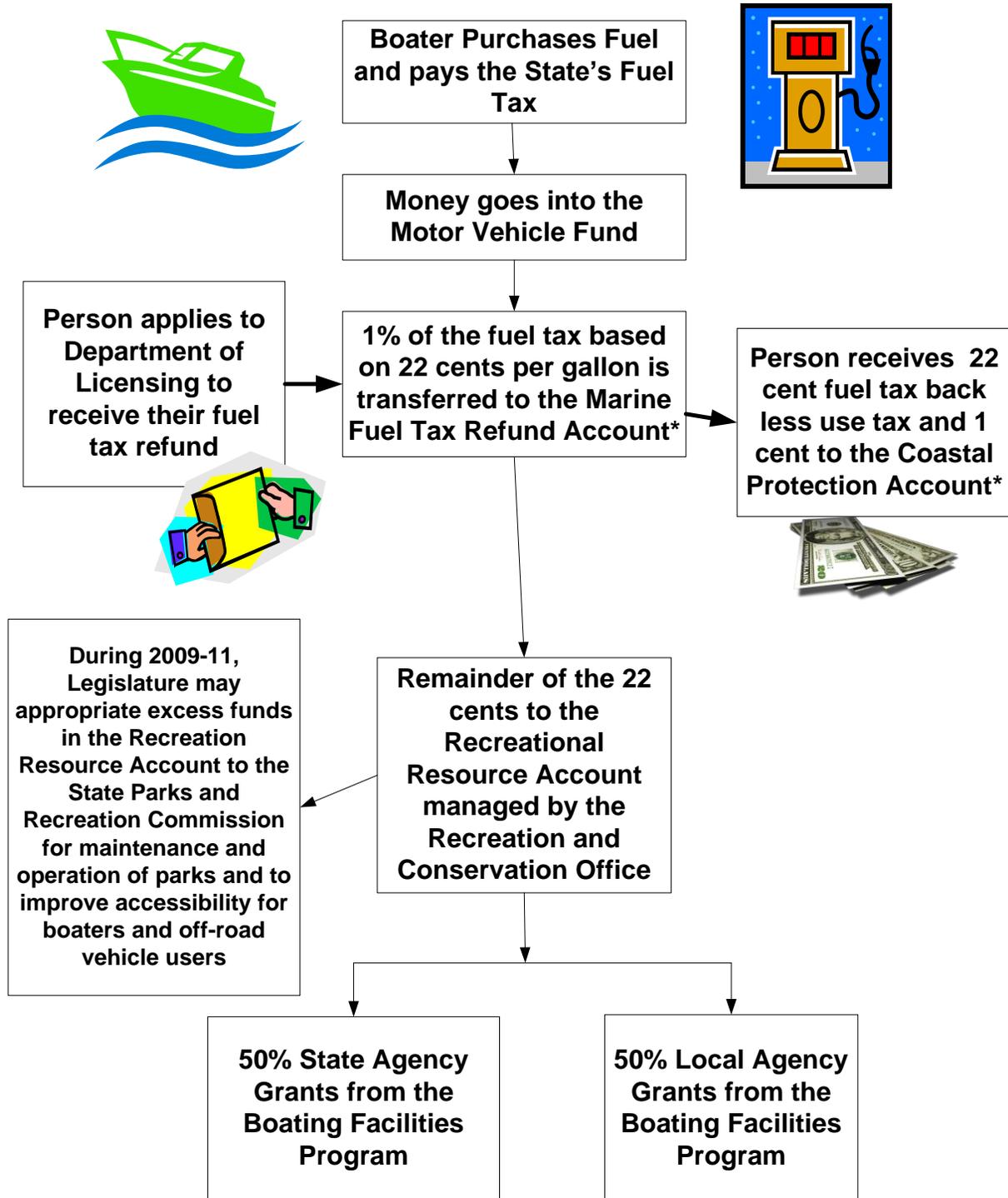
Note: Marine Fuel Refunds reported above are only related to gasoline.

Refunds for diesel fuel do not have a specific classification code that would identify marine fuel refunds.

Source: Fuel Tax Refund System Fuel Tax Summary by Major Occupation Code.

Class = M, Description = Marine

Marine Fuel Tax Refund Process

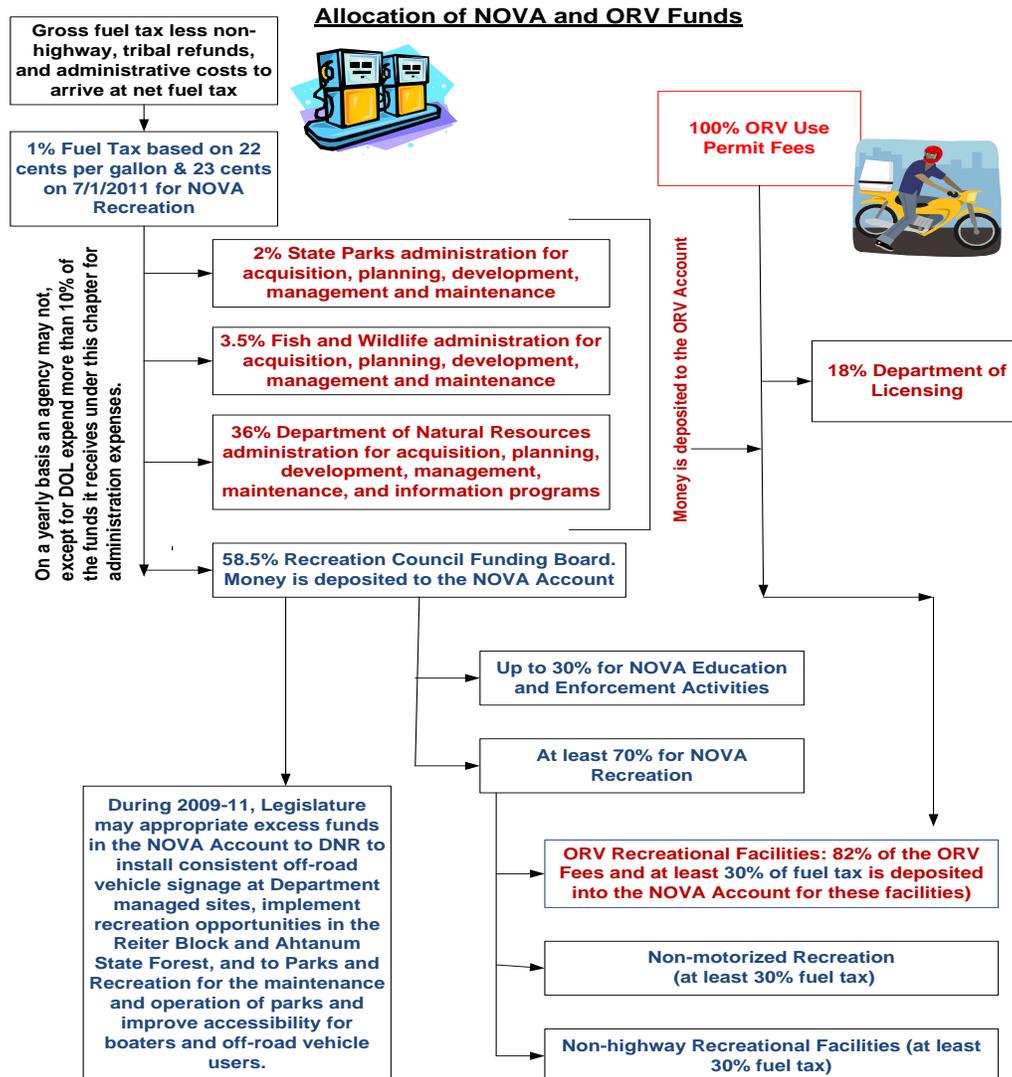


Note * Refund rate per gallon will increase to 23 cents per gallon on July 1, 2011

DEPARTMENT OF NATURAL RESOURCES

OFF-ROAD VEHICLE FUEL TAX REFUNDS (RCW 46.09)

The Department of Natural Resources receives fuel tax refunds from two sources: a direct revenue stream of 36% of ORV fuel tax refunds, and grants from the NOVA account, which is also funded with ORV fuel tax refunds. Before 2008, DNR typically received NOVA grants of about \$3 million each biennium.



Program Description

Washington State Department of Natural Resources (DNR) manages 5.6 million acres of state-owned uplands and aquatic lands. Most of these state trust lands are accessible to the public for a wide range of recreational activities. DNR estimates that the recreating public makes 11 million visits to these lands each year.

State trust lands provide recreation opportunities, such as camping and picnicking, at 143 trailheads, campgrounds, and day use areas. DNR-managed lands also attract dispersed recreation activities, including

hunting, fishing, berry picking, geocaching, horseback riding, hiking, kayaking, kite boarding, mountain biking, snowshoeing, target shooting, trail running, and other activities.

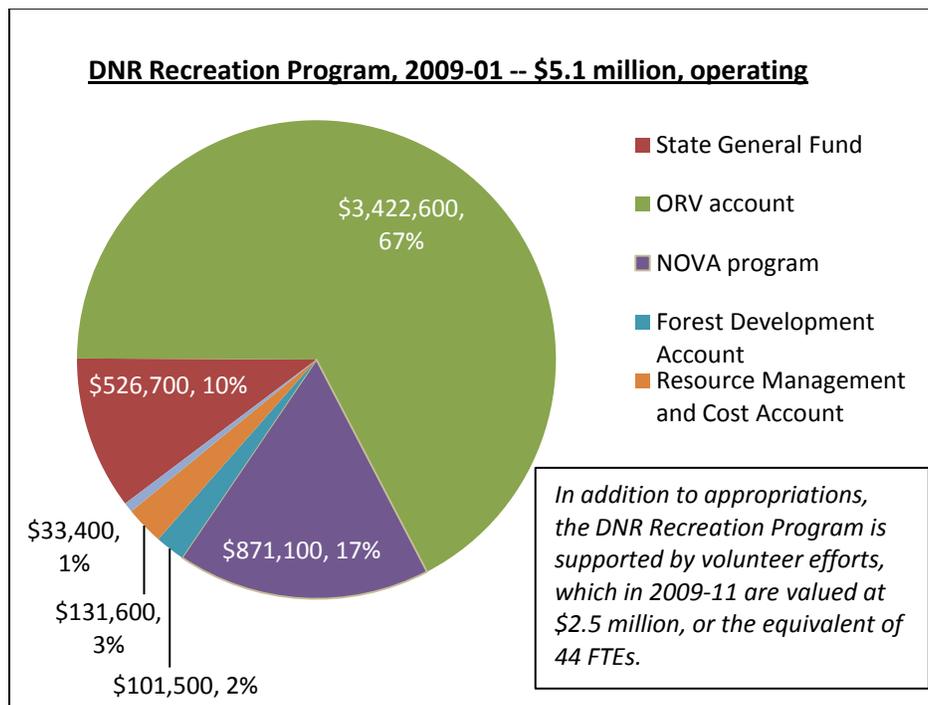
DNR manages more than 1,000 miles of designated trails for motorized and non-motorized recreation, more miles of trails than another state land manager or recreation provider. DNR also manages 12,000 miles of nonhighway forest management roads that the public can access for dispersed recreation activities.

Throughout the state, pressures from increased use of public lands and competition for finite space in which to recreate, create a number of challenges. Key concerns include public safety, environmental health, liability, unauthorized trail building, and harm to water quality.

Average Funds Available per Biennium

DNR’s Recreation Program funding comes from a variety of sources. In 2009-11, 84% of the \$5.1 million operating budget comes from fuel tax refunds. This section deals specifically with funding from fuel tax refunds from the ORV account and the NOVA account.

Expenditures from fuel tax refunds are restricted to those recreational facilities and trails that are not directly serviced by a publicly-funded road such as a state highway, county, or city road system. For example, recreation facilities such as Mt Si, Lake Spokane, and McLane Creek cannot be supported with funds from the fuel tax refund because they are accessed by a publicly-funded road system. These sites depend largely on funding from the State General Fund.



Funding from the ORV and NOVA Accounts

In the 2009-11 biennium, 84 percent of DNR’s funding to manage 143 recreation facilities and over 1,000 miles trails came from fuel tax refunds.

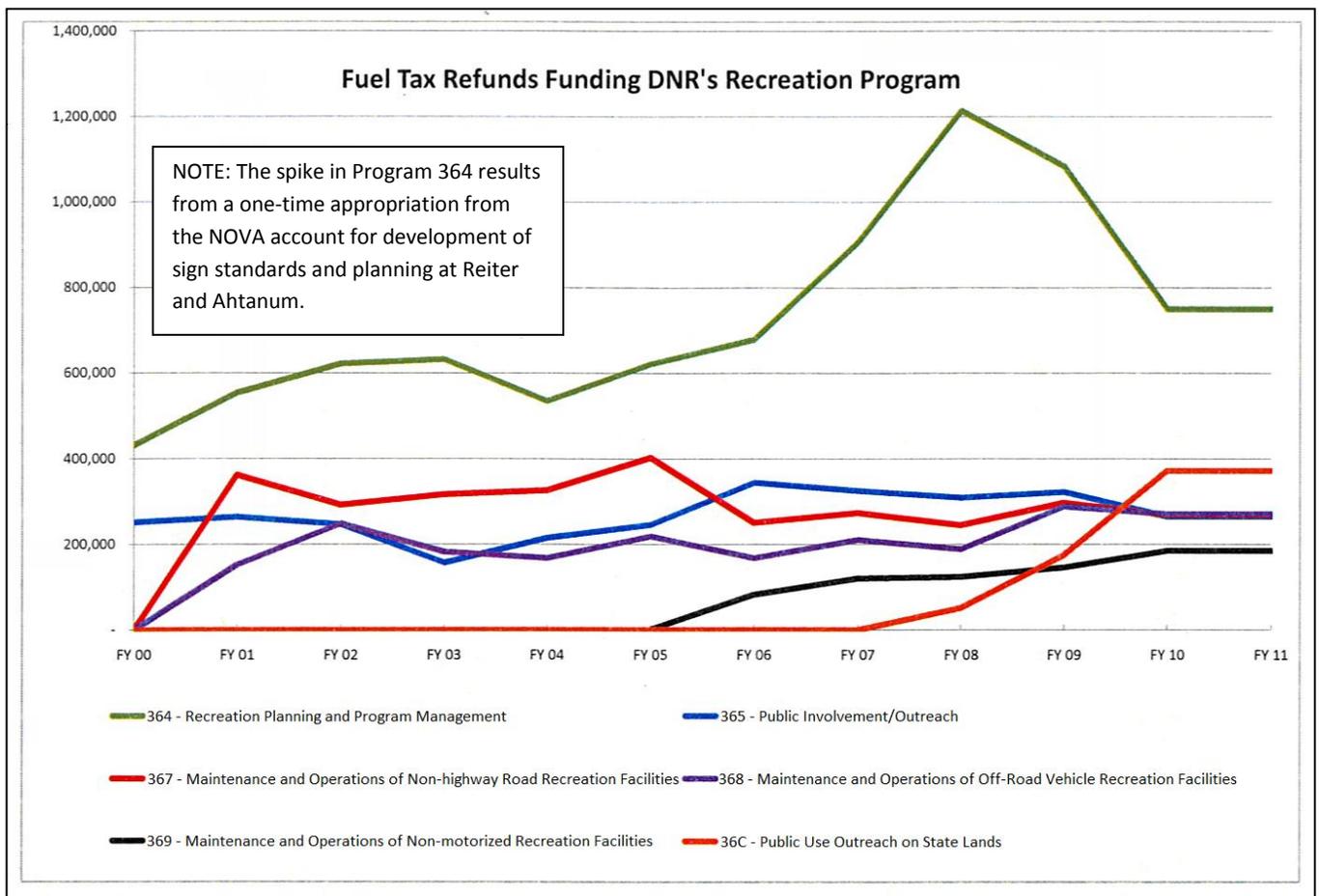
- **Off Road Vehicle and Nonhighway (ORV) Account**—Funds flow into the ORV account based on the formula outlined in RCW 46.09. This amounted to \$4.4 million for 2009-11. Of this amount, \$3,422,600

supports DNR's Recreation Program. This funding can only be used to support NOVA-eligible recreation facilities and trails on DNR-managed trust lands (Figure 1 in the attached Appendix). As a result, the ORV account funds operating costs for 111 of DNR's recreation facilities, plus 828 miles of trails. The General Fund State supports the other 32 recreation facilities.

- **NOVA Account**—DNR's funding from the NOVA account in 2009-11 came from a direct legislative appropriation. The legislature appropriated \$871,000 to DNR to install ORV signs for safety and liability concerns and to implement the Reiter and Ahtanum recreation plans. (Funding to develop the plans came during the previous legislative session.)

Until 2008, DNR received an average of \$3 million each biennium from the Recreation and Conservation Office's (RCO) NOVA grant program. These grants funded the maintenance and enforcement at DNR's larger recreational areas such as Tiger Mountain, Capitol State Forest, Tahuya State Forest, Walker Valley Trailhead, and the Blanchard Forest Block.

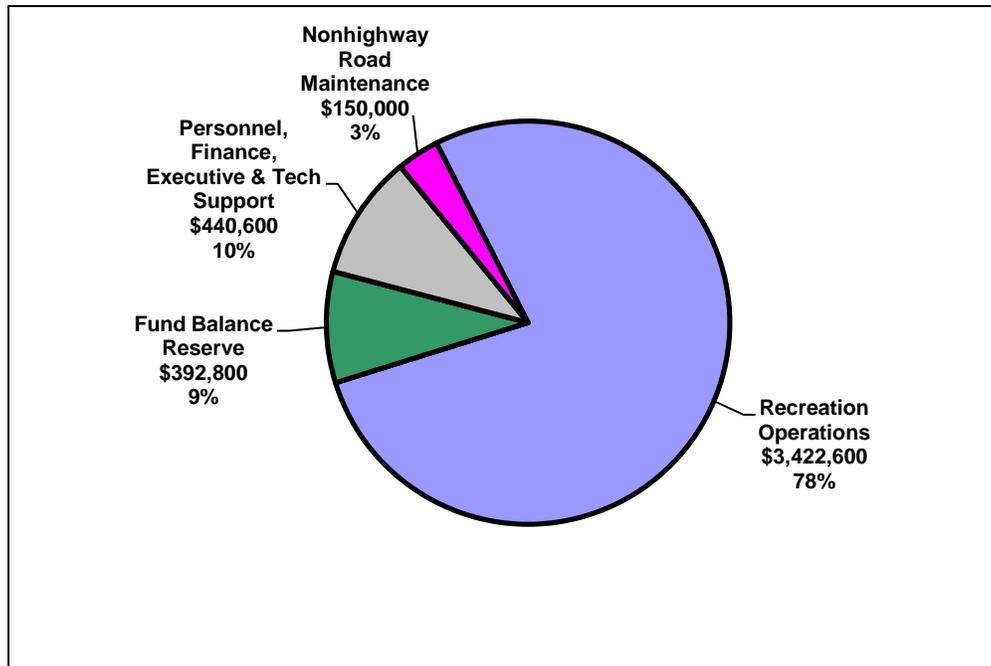
In 2008, however, the Legislature redirected RCO's NOVA grant program funding to State Parks. In addition, DNR's Recreation Program general fund allotment was reduced from \$1.1 million to \$526,700. As a result of these two reductions totaling \$3.6 million, DNR reduced services to 48 of the agency's recreational facilities (30 percent).



2009-11 ORV Account

36% DNR Appropriation (\$4.4 million)

DNR receives \$4.4 million from their 36% share of refunds of taxes paid by off-road vehicle users. \$3,422,600 supports DNR's Recreation Program. The remaining \$983,400 is used for nonhighway road maintenance, administrative overhead, and a fund balance reserve.



Types of investments in FY 2009-11

All fuel tax refunds that DNR receives fund operational support of existing or planned recreational facilities and trails. Fuel tax refunds do not fund capital projects. The types of investments funded from the three fund sources specified below include the following:

- **ORV Account** (\$4.4 million)—The ORV account pays for 20 full time equivalent (FTE) positions, who support 111 NOVA-eligible recreational facilities and 828 miles of designated recreational trails. Approximately \$150,000 goes to the maintenance of 12,000 miles of forest roads that the public can access for dispersed recreation activities.
- **NOVA Account** (\$871,000)—The legislature made a direct appropriation out of the NOVA account to DNR, and for the following three purposes:
 - **Implementation of DNR's Sign Plan**, specifically ORV signage (\$271,000) – These funds are being used to install signs at 6 of the department's largest ORV facilities (Reiter, Ahtanum, Yacolt, Elbe, Sadie Creek and Little Pend Oreille State Forest). \$100,000 for signs and \$171,000 for staff, travel and equipment.

- **Implementation of Reiter Foothills Recreation Plan (between Gold Bar and Index) (\$300,000).** Pays for staff time to work with volunteers in restoring the damage caused by decades of unauthorized motorized use; designing a sustainable trail system with the help of volunteers; obtaining permits; and construction. DNR estimates a cost of \$6 million to fully develop Reiter as a recreation area, which will include a campground, trailheads, and more than 50 miles of motorized and non-motorized trails.
- **Implementation of Ahtanum Recreation Plan (west of Yakima) (\$300,000).** Pays for staff time to work with volunteers to design and construct sustainable motorized and non-motorized trail systems, trailheads, and campgrounds. DNR estimates a cost of \$4 million to fully develop Ahtanum, which will include campgrounds, trailheads and a motorized and non-motorized trail system.
- **NOVA grants**—Prior to 2008, DNR’s Recreation Program received an average of \$3 million a biennium in NOVA grants. These grant funds are no longer available to the program. However, DNR is still managing 34 active NOVA grant projects funded from previous biennia, all of which are nearing completion (Figure 2 in the Appendix). Most of the 15 FTEs supported from this NOVA grant (recreation crews and law enforcement) were laid off or put on reduced hours. This funding reduction, together with the loss of more than half of the general fund appropriation (\$578,100) resulted in DNR reducing services to 48 of the agency’s recreation facilities (30 percent).

The NOVA grant funds were invested maintenance, volunteer recruitment and support including the Forest Watch program, staff support to the Sustainable Recreation Work Group, managing more than \$1 million in FEMA projects to fix trails and facilities damaged in storms, conducting ORV safety summits, and other uses.

Investment criteria

Fuel tax refunds are the primary funding source for the Recreation Program’s operating budget. The program uses the following criteria to make funding decisions.

Does the funding request:

- Support designated trail systems and associated facilities?
- Support trails and facilities that are heavily used by a variety of users and are close to population centers?
- Support trails and facilities that are in the same geographical area?
- Support facilities that have a lower cost to maintain?

Funding is distributed based on the cost of maintaining the recreational facilities and trails within each of DNR’s six regions, following an allocation developed on historical spending patterns, and statutory funding restrictions.

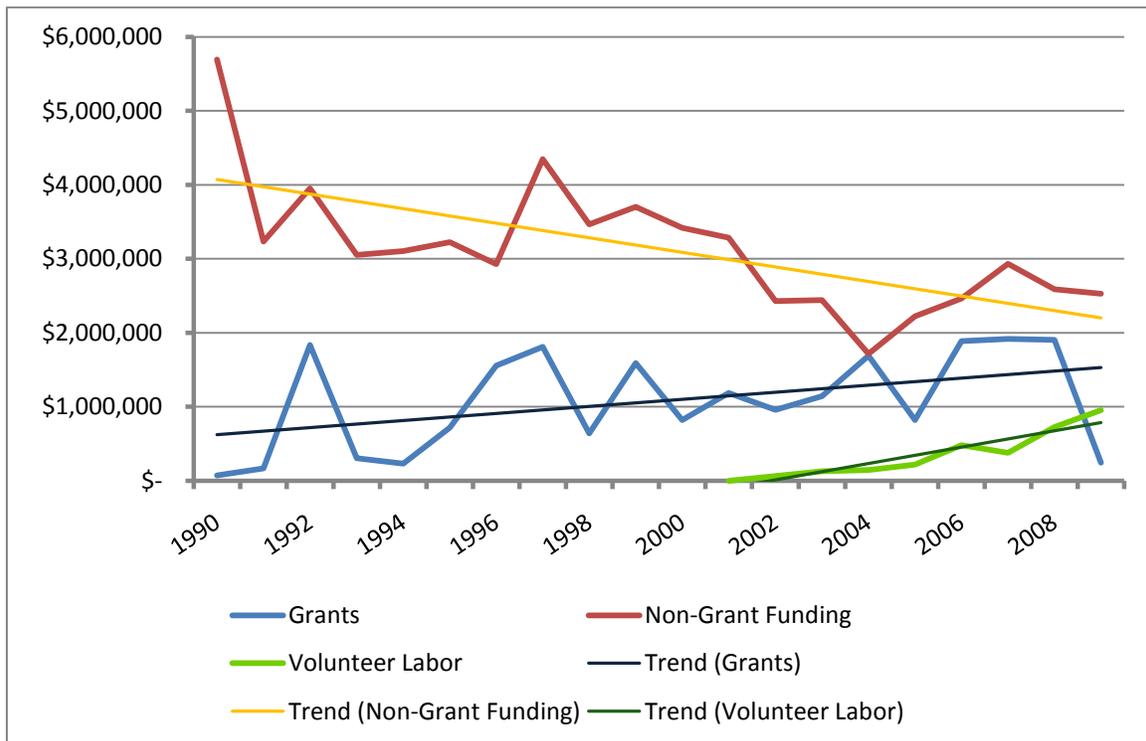
Historical funding and expenditures

Funding from the ORV fuel tax is the only reliable source of funding for DNR's recreation program (for those facilities and trails not accessed by a publically funded road system). Other sources of funding come from the state general fund (which was cut by 52% last biennium, to \$526,700) and grants. Grants, by their nature, are not a reliable source of on-going operational funds. Grant sources include the federal Recreational Trails Program, and the Washington Wildlife and Recreation Program (WWRP). In 2003, grant funding totaled \$500,000 from NOVA. In 2009, grants totaled \$1.9 million (from NOVA and federal grants).

Compounding the funding challenge is an overall increase in recreational use on DNR-managed lands and a diminishing amount of privately-managed lands to meet the demands of increased use. In addition, there is added pressure from new forms of outdoor recreation and technologies, as well as increased sales of outdoor equipment and off-road vehicles. The graph below demonstrates how DNR's recreation program has relied increasingly on grants and volunteers to keep recreation trails and facilities open.

DNR Recreation Program Funding 1990-2009 (adjusted for inflation)

Non-grant funding includes the ORV account and state general fund



**DNR's RECREATION PROGRAM
FUEL TAX REFUND EXPENDITURES**

	FY 1999-01	FY 2001-03	FY 2003-05	FY 2005-07	FY 2007-09	FY 2009-11
DNR's 36% distribution from NOVA account -- refunds from off-road vehicles (46.09)						
364- Recreation Planning and Program Management	985,542	1,255,241	1,156,268	1,586,199	2,297,235	1,491,188
365- Public Involvement/Outreach	515,090	403,528	460,009	668,943	630,692	525,888
367- Maintenance and Operations of Non-highway Road Recreation Facilities	362,226	609,318	729,106	524,618	542,266	519,731
368- Maintenance and Operations of Off-Road Vehicle Recreation Facilities	152,190	431,059	386,110	378,182	476,125	530,676
369- Maintenance and Operations of Non-motorized Recreation Facilities				201,893	270,143	355,117
SUBTOTAL	2,015,048	2,699,146	2,731,493	3,359,835	4,216,461	3,422,600
36C (NOVA grants)- Public Use Outreach on State Lands					225,540	743,832
TOTAL	2,015,048	2,699,146	2,731,493	3,359,835	4,442,001	4,166,432

364 Recreation Planning and Program Management

All time, related travel, and goods and services associated with recreation planning, program management, grant coordination and implementation of public use policy for ORV funded facilities and trails.

365 Public Involvement/Outreach

All time, related travel and goods and services associated with the recreation program's volunteer coordination, or public involvement and outreach efforts, such as coordinating and attending focus/user group meetings, conducting public meetings, preparing information for trail/site maps and brochures, etc.

367 Maintenance and Operations of Non-highway Road Recreation Facilities

All time, related travel, equipment rental, and other goods and services associated with routine maintenance and operations of developed trails, trailheads, campgrounds, and day-use areas that meet the criteria of a non-highway road recreation facility as defined in RCW 46.09.

368 Maintenance and Operations of Off-Road Vehicle Recreation Facilities

All time, related travel, equipment rental, and other goods and services associated with routine maintenance and operations of developed trails, trailheads, campgrounds, and ORV-use areas that meet the criteria of an off-road vehicle recreation facility as defined in RCW 46.09.

369 Maintenance and Operations of Nonmotorized Recreation Facilities

All time, related travel, equipment rental, and other goods and services associated with routine maintenance and operations of developed trails, trailheads, campgrounds, and day-use areas that meet the criteria of a nonmotorized recreation facility as defined in RCW 46.09.

36C Public Use Outreach on State Lands

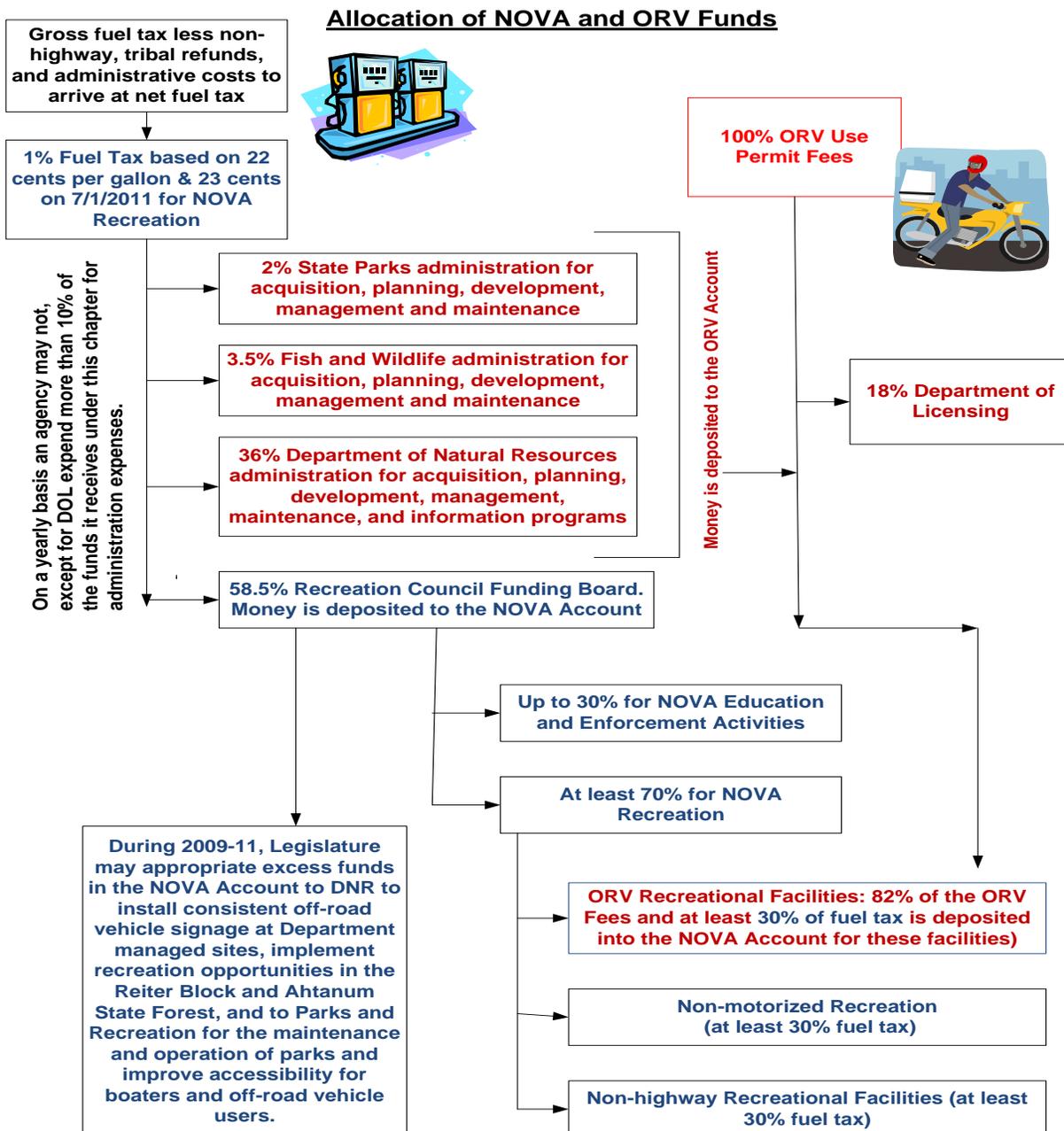
All activities associated with the implementation of the Reiter and Ahtanum landscape plans and installation of signs to support ORV facilities.

RECREATION AND CONSERVATION OFFICE

OFF-ROAD VEHICLE FUEL TAX REFUNDS (RCW 46.09)

MARINE FUEL TAX REFUNDS (RCW 79A.25)

The Recreation and Conservation Office receives fuel tax refunds from two funding sources – off-road vehicles, which are deposited in the Nonhighway and Off-Road Vehicle Activities Program Account (NOVA Account) , and used for the development and management of ORV, non-motorized and nonhighway road recreation facilities and education and enforcement; and marine fuels, which are deposited in the Recreation Resource Account and used for watercraft recreation. Both are administered by the Recreation and Conservation Funding Board.



RECREATION AND CONSERVATION OFFICE

NOVA PROGRAM

Program Description

In 1972, the Legislature set aside one percent of the State's gasoline fuel tax to provide funding for the Nonhighway and Off-Road Vehicle Activities (NOVA) Program. This legislation was amended several times, notably in 1986, in part to provide funding for non-motorized trail activities. The NOVA Program provides funding assistance for programs that support motorized, non-motorized, and nonhighway recreation. State, tribal, local government, federal agency and some non-governmental organizations are eligible to apply for NOVA grants.

Activities supported by the Program range from the development of trails to off-road vehicle parks. The NOVA grant funds are available in four categories:

Nonhighway road

- Boating (examples include canoeing and kayaking)
- Camping, sightseeing, fishing, hunting and picnicking
- Driving for pleasure

Non-motorized

- Cross-country skiing
- Hiking
- Horseback riding
- Mountain biking
- Snowshoeing

Off- road vehicle

- All terrain vehicle riding
- Four-wheel driving
- Off-road motorcycle riding

Education and enforcement

Recreation and Conservation Funding Board

The Recreation and Conservation Funding Board (RCFB) is charged with allocating NOVA Program funds. It was created in 1964 by a vote of the citizens of the State of Washington (Initiative 219, codified in RCW 79A.25.110). The Board consists of the Commissioner of Public Lands, the Director of Parks and Recreation, and the Director of Fish and Wildlife or their designees, and, by appointment of the Governor with the advice and consent of the Senate, five members from the public who have demonstrated interest in and knowledge of outdoor recreation and conservation. The Board maintains a statewide NOVA plan which is updated at least every third biennium and used by all participating agencies to guide the distribution and expenditure of funds.

The funding available to the Board after administrative expenses is distributed at least once a year in accordance with RCW 46.09.170(2)(d)(ii)(A).

Advisory Committee Members

In accordance with RCW 46.09.280, the Board established the Nonhighway and Off-road Vehicle Activities Advisory Committee. The Committee is composed of governmental representatives, land managers, and a proportional representation of persons with recreational experience.

Revenues

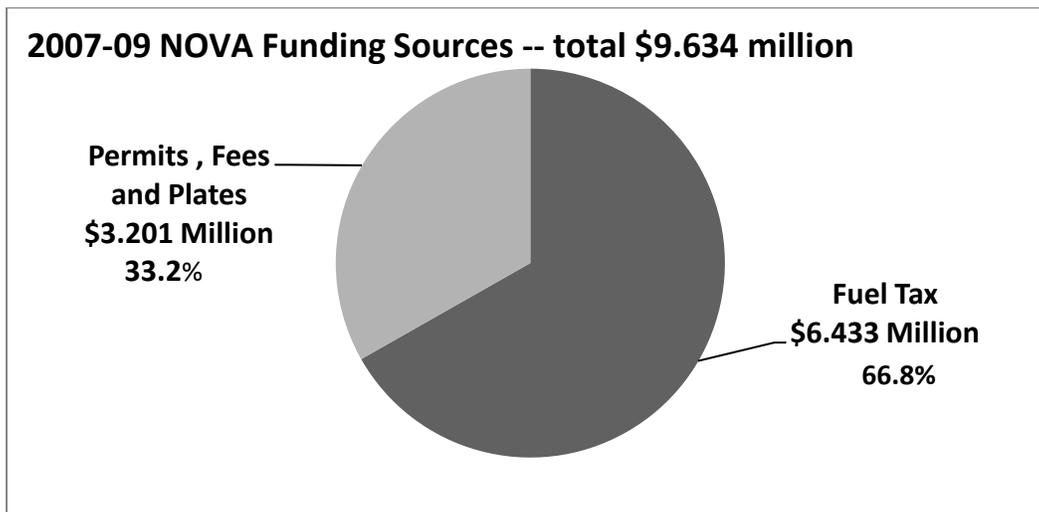
The NOVA Program receives funds from two accounts: the NOVA Account and the ORV Account. The revenue for the accounts is derived from the following resources:

- Off-road vehicle fuel tax refund, equivalent to 1% of the fuel tax revenues currently calculated at 22 cents/gallon
- Use permits
- Dealer fees
- ORV dealer number plates

RCW 46.09.170 directs the fuel tax revenue to the accounts with 58.5% to the NOVA account administered by the Recreation and Conservation Board and 41.5% to the ORV account administered by the Department of Fish and Wildlife, Department of Natural Resources and the Parks and Recreation Commission. This section discusses the NOVA account administered by RCO.

NOVA Revenue

- Fuel Tax -- 58.5% of the off-road vehicle fuel tax refund
- Use Permits -- Annual use permit required for the operation of an off-road vehicle with an original or renewal of \$18. Transfer fee of \$5 and a 7 day use permit is \$7.
- Dealer Fees -- \$25 per year
- ORV dealer plates -- Customer or dealer must display a dealer plate when being operated



Types of Investments

NOVA Account

Projects assisted with NOVA funds are generally divided into the following categories. Up to 10% of the funds may be used by the agencies to cover administration costs.

- Planning activities
 - Comprehensive plans
 - Construction drawings
 - Environmental assessments
 - Feasibility and preconstruction studies
 - Route surveys
 - Site master plans
- Land acquisition projects
- Development projects
 - Trails
 - Trail heads
 - Access roads
 - Sanitary facilities
 - Signs and informational bulletin boards
 - Picnic and camping areas
 - Wildlife viewing facilities
 - Utilities, including water, electric, and phone service
 - Renovation of existing facilities
 - ORV sport park facilities
- Maintenance and Operation Projects
 - Open ORV riding areas
 - Trails
 - Trailheads, day use areas, and campgrounds
 - ORV sports parks and ORV intensive use areas
 - Support structures and facilities
 - Snow removal and trail grooming for non-snowmobile recreation
- Education and enforcement grants are available to law enforcement agencies for
 - Resolution of conflicts and complaints
 - Issuing warnings and citations to violators
 - Protection of resources and facilities
 - Vandalism prevention
 - Public outreach

Project Selection

RCO Project Staff - Each applicant is assigned an RCO grants manager, whose job is to assist with the application and evaluation process, and monitor the funded projects.

NOVA Advisory Committee - The NOVA Advisory Committee is composed of recreationists and agency staff to assist RCO by providing recommendations regarding the technical merits of grant proposals and to rank grant requests.

Project Review - The grant applications are sent to the NOVA Advisory Committee. Members provide feedback regarding the proposal such as proposal clarity, objectives, costs, benefits, and any changes that should be made to the proposals.

Project Evaluation - The evaluations provide a basis for funding recommendations. The applicants respond to evaluation criteria. The specifics include: (1) The need for the project, (2) Benefits of the project, (3) Technical merits of the project, (4) The degree to which the project meets the policies of the NOVA plan.

The RCO Director uses the resulting ranked list of projects as the foundation for funding recommendations to the RCFB's Board.

RCFB Project Funding Meeting - At the meeting RCO staff summarizes all of the funding applications. The RCFB project funding decisions are presented in the public meeting.

RECREATION AND CONSERVATION OFFICE

BOATING FACILITIES PROGRAM

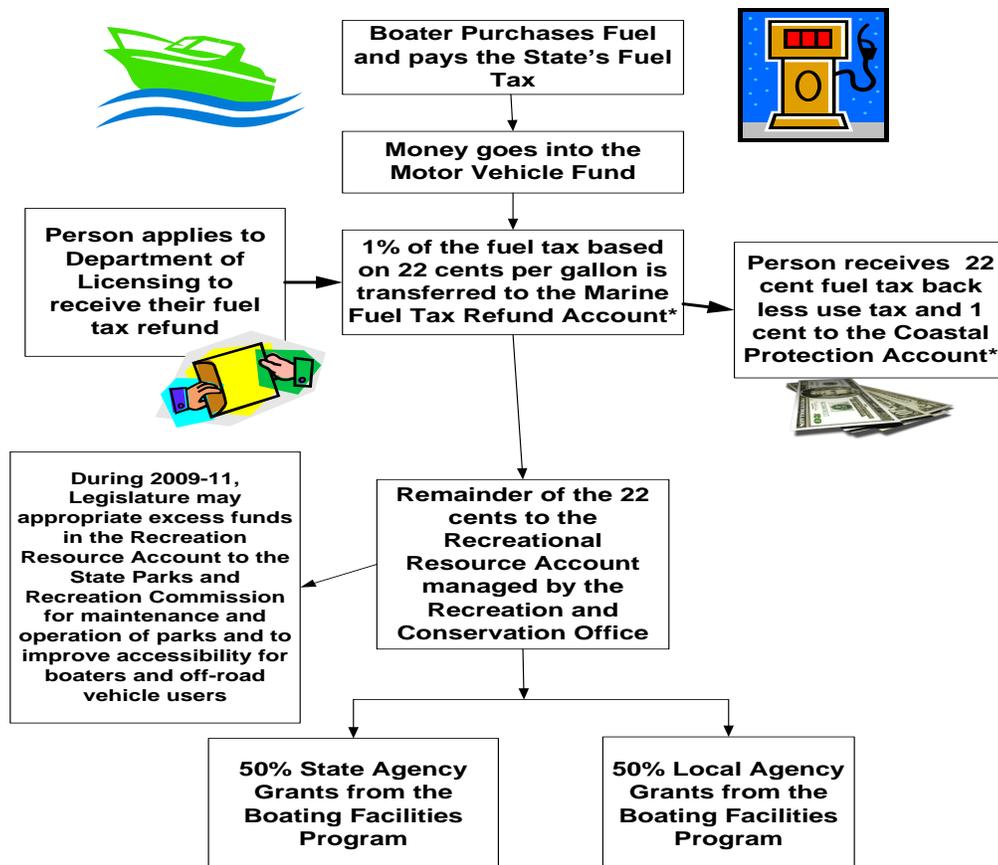
Program Description

The Boating Facilities Program was created in 1964, when the State's citizens voted for Initiative 215, agreeing to tax themselves to provide money to improve the State's marine recreation land.

The Recreation Resource Account is managed by the Recreation and Conservation office as a grant program entitled the Boating Facilities Program. Funding from the Boating Facilities Program is intended to facilitate physical access to the water for recreational boating. The program provides capital funding to help pay for land and facilities needed to provide public access to the waters of the State.

The grant funds are evenly split between state agencies (50%) and local agencies (50%).

Marine Fuel Tax Refund Process



Note * Refund rate per gallon will increase to 23 cents per gallon on July 1, 2011

Recreation and Conservation Funding Board

The Recreation and Conservation Funding Board (RCFB) is charged with allocating Boating Facilities Program funds. It was created in 1964 by Initiative 215. The Board consists of the Commissioner of Public Lands, the Director of Parks and Recreation, and the Director of Fish and Wildlife or their designees, and, by appointment of the Governor with the advice and consent of the Senate, five members from the public who have demonstrated interest in and knowledge of outdoor recreation and conservation.

Boating Facilities Grant Program Revenues

The funding source comes from a portion of the gas tax paid by boaters. The present rate used is 1% of the State's fuel tax computed using a rate of 22 cents per gallon; the rate increases to 23 cents per gallon July 1, 2011. The Director of Department of Licensing (DOL) has the responsibility to ask the State Treasurer to transfer 1% of the State's motor vehicle fuel tax to the Marine Fuel Tax Refund Account. DOL pays refunds to eligible boaters who submit an application for a refund of at least \$20. After the time limit of thirteen months has passed, the State takes the unclaimed refunds and transfers the funds to the Recreation Resource Account based on the 22 cents; any remaining funds are transferred to the Motor Vehicle Account.

2007-09 Revenues

Marine Fuel Tax -- \$10.2 million

Eligible Types of Investments

The Boating Facilities Program funds projects to acquire, develop, and renovate facilities for motorized boats and other watercraft, including:

- Acquisition
- Development
- Renovation
- Planning
- Moorage floats, fixed docks, and buoys for guest boaters
- Parking and staging areas
- Launching ramps
- Permits
- Sewage pump out stations and porta-potty dump stations
- Restrooms
- Showers
- Picnic facilities
- Marine parks
- Dredging, and
- Other boating amenities

Property acquired, developed, or renovated with Boating Facilities Program grants must be kept for public outdoor recreation use in perpetuity.

Grants are capped at \$1 million for development, acquisition and combination projects. Of this amount, no more than \$200,000 or 20% of the construction cost cap may be used for planning, which includes architecture, engineering, environmental review and permitting.

Grant applications are accepted annually for local agency projects and in even years for state agency projects.

Ineligible Projects

The following projects are not eligible for Boating Facilities Grants:

- Any facility for leased, exclusive use, or long-term moorage
- Any facility used primarily for commercial use or commercial needs
- Maintenance dredging
- Concession buildings or space
- Fuel sales equipment including piping, fuel pumps, and storage tanks
- Mobile vessel transporters
- Projects on waters where fuel powered boats are prohibited
- Those waters where the area is primarily used for non-motor vehicle fueled powered watercraft such as canoes, or kayaks
- Master plans or feasibility studies

Entities Eligible to Apply for Grants

Only the following public agencies are eligible to apply for grants from the Boating Facilities Program:

- Local agencies
- Park and recreation districts
- Public utility districts
- Port districts
- Native American Tribes
- State agencies

Match Requirements

State agency applicants do not need to provide a match. Local agencies and special purpose districts must provide a 25 percent match for each project. At least 10 percent of the total project cost must be from a non-state, non-federal contribution. Tribes must also provide a 25 percent match. The match may include:

- Appropriations or cash
- Bonds
- Donations of cash, land, labor, equipment, and materials
- Federal, state, local or private grants, and
- Applicant's labor, equipment, and materials

Project Selection

Grant applications are reviewed by the RCO staff for technical completeness and consistency with the applicant's current recreation plan. The project then goes through a peer-review process.

Written grant applications and verbal presentations by applicants are evaluated by a standing program advisory committee team of experts from state and local agencies and the general public using a series of prepared questions. The evaluation questions are designed to assess the overall value of the project to the recreational boating public.

The evaluators give each project a numeric score for each question. Scores from all of the evaluators are combined to produce a single score for each project. The projects are then ranked within each funding category base on this score.

The ranked list of scored projects is considered by the Recreation and Conservation Funding Board in a public meeting where testimony from project sponsors and the general public is received. Based on the project ranking scores, public testimony, and other policy assessments, the Board establishes the final ranked list of projects.

The list of projects is then sent to the Governor's Office for review and transmitted to the Legislature for inclusion in the State's Capital Budget.

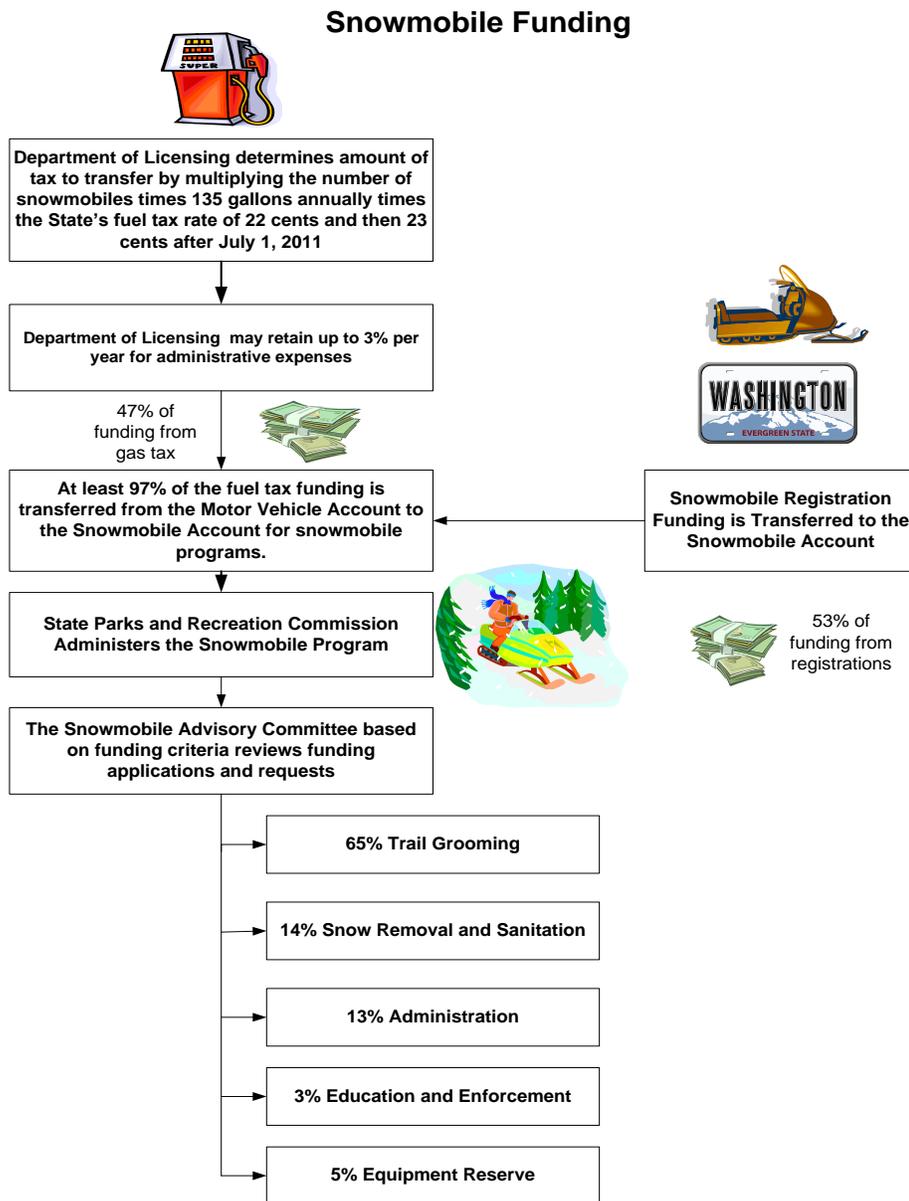
The RCO reimburses the agencies for the eligible expenses, and monitors the progress of funded project to ensure they remain consistent with the original proposal.

STATE PARKS AND RECREATION COMMISSION

SNOWMOBILE FUEL TAX REFUNDS (RCW 46.10)

OFF-ROAD VEHICLE FUEL TAX REFUNDS (RCW 46.09)

The State Parks and Recreation Commission receives fuel tax refunds from two sources: snowmobiles and off-road vehicles. Rather than making refunds to individuals, the Department of Licensing calculates how much fuel is used by snowmobiles, estimated at 135 gallons/year times the number of registered snowmobiles, and a fuel tax rate of 22 cents. This money is transferred to the Snowmobile Account administered by the State Parks and Recreation Commission for snowmobile purposes. The Commission also receives 2% of refunds from off-road vehicle fuel taxes, and uses it for ORV parks.



STATE PARKS AND RECREATION COMMISSION SNOWMOBILE PROGRAM

Program Description

The snowmobile program operated by the State Parks and Recreation Commission spends about \$2 million a year on trail grooming, snow removal from sno-park parking lots, equipment, and snowmobile education and safety programs.

The program stems from statutory requirements directing the State Parks and Recreation Commission to develop a Winter Recreation Program to open winter recreation opportunities across the state for all types of outdoor fun in the snow.

The development of State Parks' initial winter recreation program evolved over a period of about ten years. In 1966, the Commission allowed motorized snow vehicles in designated areas of Lake Wenatchee, Mount Spokane, and Pearrygin Lake State Parks on a one-year trial basis. This authorization was continued in 1967 and also expanded to include specified areas in Alta Lake, Brooks Memorial, Fields Spring, Lake Wenatchee, and Riverside State Parks.

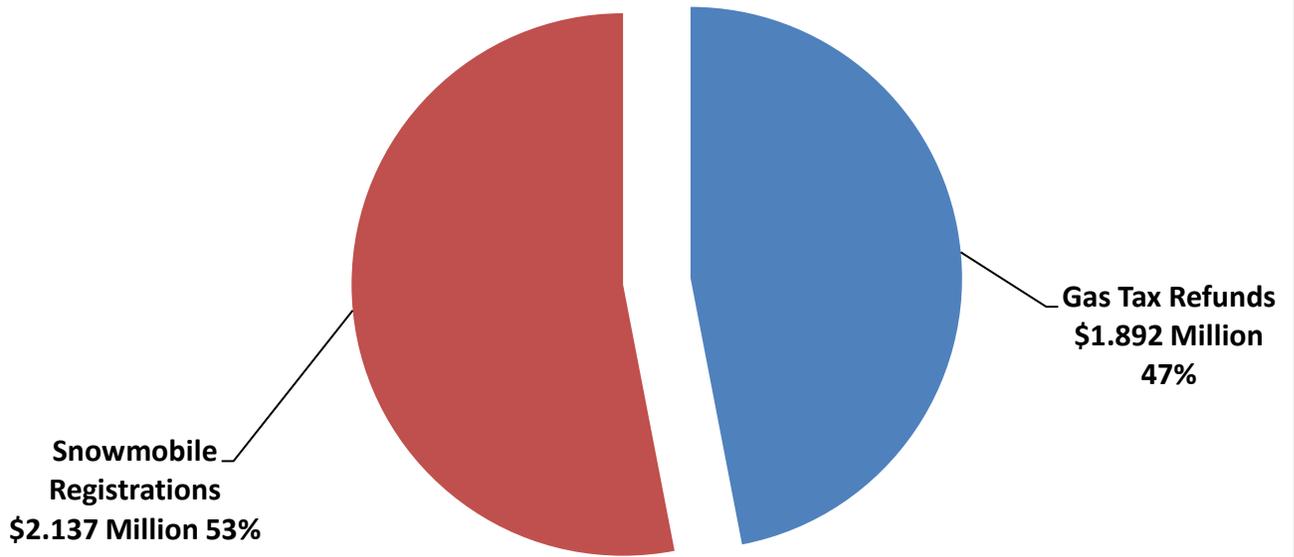
In February of 1970, the Commission, aided by the volunteer efforts of an *ad hoc* task force, initiated a project to define the problems and areas of concerns created by snowmobile use. The report investigated nine primary aspects of snowmobiling: the industry; users; recreational and environmental effects; safety; facilities; regulations; enforcement; legislation; and financing. The resulting report was entitled "Snowmobiling in Washington State" dated November 1970, and served as the basis of the Washington State Snowmobile Act of 1971.

The Commission implemented the Snowmobile Act by entering into agreements with other agencies, organizations and individuals to remove snow from parking areas; groom trails, provide sanitation, education and enforcement, and to certify volunteer instructors to provide safety training classes. A staff position of Snowmobile Coordinator was also established and the distribution of brochures containing snowmobile regulations commenced.

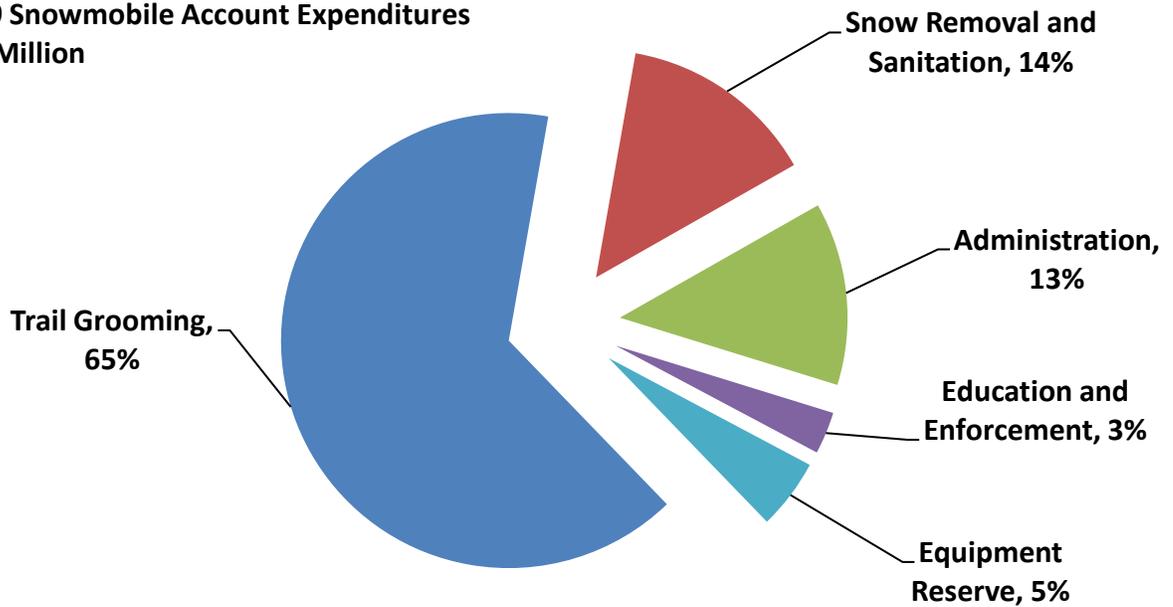
Average Funds Available Per Year

The snowmobile program is funded from two sources: snowmobile registration fees (52% of funds) and a percentage of the state gasoline tax attributable to snowmobile fuel use (48% of funds). From 2005 through 2009, snowmobile program funds averaged just under two million dollars (\$1,982,126) per year, of which an average of \$907,013 was from the gas tax.

**2007-09 Snowmobile Account Funding
\$4.029 Million**



**2007-09 Snowmobile Account Expenditures
\$4.447 Million**



Types of Investments

The snowmobile program contracts with public agencies and private contractors for snow removal from roads and parking areas known as sno-parks, trail grooming, sanitation facilities, and education and law enforcement. Although most costs for the program are operating costs, capital costs are also incurred from time to time by construction of storage buildings for grooming equipment and the purchase of grooming equipment. The snowmobile funding is configured in Operating and Equipment categories rather than Operating and Capital.

The priorities for the distribution of snowmobile funds are established in WAC 352-48-060:

- Administration of a statewide snowmobile program which includes safety, education, and information programs;
- Operation and maintenance of major trail grooming equipment;
- Operation and maintenance of snowmobile trails, use areas, parking areas, and other facilities which include an emergency reserve and an enforcement program;
- Replacement of equipment which supports snowmobile programs;
- Acquisition and development of new snowmobile facilities and equipment; and
- Support of special snowmobile programs.

How Projects are Solicited and Selected

Local grooming councils, snowmobile clubs and individual volunteers are invited to submit applications for funding each year. These applications are reviewed by a statutorily-created Advisory Committee, which prioritizes projects and makes funding recommendations which are then forwarded to State Parks for final approval. Generally, State Parks accepts recommendations regarding funding priority without change. However, the Commission retains the final approval of expenditures. Staff may recommend changes or additions to the Advisory Committee for their consideration when advisable. Notification of timelines for applications is accomplished through the State Parks web site, twitter, program history, news releases and the Washington State Snowmobile Association.

Snowmobile Advisory Committee

In accordance with RCW 46.10.220(3) the snowmobile advisory committee consists of:

- Six interested snowmobilers, appointed by the Commission; each member is a resident of one of the six geographical areas throughout this state where snowmobile activity occurs, as defined by the Commission;
- Three representatives of the non-snowmobiling public, appointed by the Commission;
- One representative each of the Department of Natural Resources, the Department of Fish and Wildlife, and the Washington State Association of Counties, appointed by the director of the department or association.

Decision-Making for Project Funding

The Snowmobile Advisory Committee meets twice each calendar year. The Advisory Committee's role is advisory to the Parks and Recreation Commission. Meetings are held to generate funding recommendations, rather than make final decisions. While their recommendations are taken very seriously, the final decision is made by the Commission.

At the summer meeting the Committee discusses funding and future planning of program activities. The Committee applies the above funding criteria to the funding applications that have been submitted. Maintaining existing or on-going projects has a higher priority than funding a new site. This is because much effort goes into establishing a site, including landowner agreements and other investments, so maintaining the existing system is deemed the most efficient method of stretching scarce resources. However, if funding is available, there are opportunities for program growth and expansion, and new or used equipment replacement purchase. In recent years, there has not been enough money to expand the system.

The Advisory Committee scores applications for new or expanded programs and votes on spending any additional funding, such as safety funding to the Northwest Weather and Avalanche Center. On-going projects (existing sno-parks and trail systems funded in the past) are funded first. Currently there are 80 existing snowmobile sno-parks and associated trail systems statewide. The number of on-going projects each year remains fairly consistent.

New or expanded projects are only considered when sufficient funding is available. When budget shortfalls are experienced, proposed new or expanded projects are “frozen” and on-going projects may experience budget reductions such as has been the case over the past two fiscal years. Frozen projects retain a “place holder” status for consideration during future fiscal years if funding is available. Since the program operates on the past season’s revenues, the Advisory Committee knows in advance how much funding is available and can be appropriated for the coming season.

At the winter meeting, the Committee reviews the conditions of the current season and budget expenditures and discusses policy questions and agency operating procedures. Only emergency and update funding issues are discussed, which might concern state-owned equipment breakdown requiring repair, or a funded site that must be closed due to logging so funding becomes available for other sites.

STATE PARKS AND RECREATION COMMISSION
Revenues and Spending for Snowmobile Program

Revenue	1999-01	2001-03	2003-05	2005-07	2007-09
Registration revenue	\$1,317,233	\$1,657,957	\$2,182,821	\$2,163,885	\$2,082,320
Fuel Tax	\$1,661,826	\$1,723,536	\$1,702,015	\$1,865,819	\$1,890,761
Total Revenue	\$2,979,059	\$3,381,493	\$3,884,836	\$4,029,704	\$3,973,081
Actual Snowmobile Program Budget			2003-05	2005-07	2007-09
Grooming Budget			\$3,093,268	\$3,308,505	\$3,221,937
Fixed Costs (administration, sanitation, law enforcement, snow removal, equipment)			\$666,377	\$1,281,750	\$1,544,921
Total Budget			\$3,759,645	\$4,590,255	\$4,766,858
Grooming as Percentage of Total Budget			82%	72%	68%
Grooming Cost Per Mile			\$19.27	\$19.61	\$22.68
Expected Grooming Miles (budgeted)			160,538	168,712	142,052

Note on cost per grooming mile: The large increase in 2009 was due to a \$10 per hour increase given to contractors to account for higher diesel fuel prices. Also, increased cost since 2004 is related to increased use of private contractors and public agencies.

Note on Fuel Tax Revenue: The fuel tax estimates vary slightly from those shown on page 18 due to the timing of collections and transfers from the Motor Vehicle Account to the Snowmobile Account. According to RCW 46.10.170, at least once a biennium, the Director of Licensing must request the State Treasurer to transfer the funds from the Motor Vehicle Fund to the Snowmobile Account. The revenue forecasts are based on a fiscal year, while the transfer calculation is calculated on a calendar year.

STATE PARKS AND RECREATION COMMISSION

ORV PARK PROGRAM

Program Description

State Parks administers 2% of the funds credited to the ORV account for the acquisition, planning, development, maintenance, and management of ORV, non-motorized, and nonhighway road recreation facilities. State Parks utilizes those Account funds for maintenance and operation of the Riverside ORV Area located within Riverside State Park in Spokane. This is the only ORV park located in a state park, and the only facility eligible for these funds.

This 608 acre Riverside ORV Area includes a 516 acre riding area and 92 acres of buffer, administrative, and support facilities. The Riverside ORV Area is open to the general public for ORV and ATV riding. It provides an alternative to trespassing onto private land, and damage to public lands caused by riding in inappropriate areas. Over time, the Riverside ORV Area has changed from unruly place to a place of family recreation. Currently, the Riverside ORV Area is supported by four organized user groups that donate time and materials to its care. Organized events include an annual "Kids Days".

Annual attendance in the Riverside ORV Area is growing:

Riverside ORV Area Annual Attendance	
2003	57,000
2004	49,000
2005	53,000
2006	51,000
2007	69,000
2008	61,000
2009	82,000

Average Funds Per Year

During the 2007-09 biennium, fuel tax refunds for the program averaged \$118,577 per year and represented 98 percent of the total funding available for the program. The remaining two percent came from general fund-state and state parks funds. In years past, the Riverside ORV Area also received NOVA grant funds.

Facilities Capital Investments

- Late 70's Riding area, ranger residence, small shop, restroom, unpaved parking area, and fencing to designate riding area, and some vegetation protection.
- Mid-90's (Using NOVA Grant) added small day use area with picnic sites, lawn, picnic shelter, parking lot upgrades and paving, restroom improvements, domestic water well renovation, and ATV safety training area. A Park Ranger and local dealers, all certified trainers, provided ATV safety courses three times a month during the summer. With account reductions and associated

ranger position reductions, Parks has not participated in this activity since 2007. Dealer trainers continue to provide this service, as they are able.

Mid-2000's Rock crawling area established, utilizing volunteer funding and labor. A children's riding area was designed, but a NOVA grant application to build it was withdrawn due to insufficient Account funds to support the operation and maintenance of the completed project.

Operating Investments

Riverside ORV Area users have expressed a desire for on-site management presence to provide public safety, emergency response services, grounds care, and facilities maintenance and cleaning. These activities include staff's focus on fence maintenance and replacement to protect adjacent private properties and sensitive areas within the riding area, establishment and maintenance of emergency response access, and noxious weed control within the ORV area.

Funding Criteria and Decision-Making

Riverside State Park staff meet with the organized user groups at least once a year to discuss upcoming special activity events and operational considerations. In addition, a representative of ORV user groups generally sits on the Riverside State Park informal advisory committee that meets at the request of the Park Manager to provide input on needs and priorities.

STATE PARKS 2% OFF-ROAD VEHICLE ACCOUNT EXPENDITURES						
	Appropriation	Salary/Benefits	Other Expenses	Indirect Costs	Total Costs	General Fund- State and Parks Support
2000-01	\$264,000	\$189,652	\$49,016	\$23,865	\$262,533	
2002-03	\$273,711	\$202,674	\$57,535	\$25,100	\$285,309	\$11,589
2004-05	\$285,000	\$206,019	\$42,771	\$47,700	\$296,490	\$11,490
2006-07	\$220,000	\$176,186	\$38,612	\$39,700	\$254,498	\$34,498
2008-09	\$232,000	\$176,591	\$11,992	\$48,570	\$237,153	\$5,153

APPENDIX

Figure 1. DNR’s NOVA-eligible recreation facilities and regions, organized by DNR region.

ORV (Off-road Vehicle)	Recreation facilities include but are not limited to: ORV trails, trailheads, campgrounds, ORV sports parks, and ORV use areas, designated for ORV use by the managing authority that are intended primarily for ORV recreational users.
NHR (Nonhighway road)	Recreation facilities are adjacent to, or accessed by, a nonhighway road and intended primarily for nonhighway road recreational users.
NM (Non-motorized)	Recreational trails and facilities that are adjacent to, or accessed by, a nonhighway road and intended primarily for non-motorized recreational users.
Other	State general funds

Pacific Cascade Region	Olympic Region	South Puget Sound Region
<i>Recreation Sites</i>	<i>Recreation Sites</i>	<i>Recreation Sites</i>
Bradley Hills Trailhead	Foothills ORV Trailhead	Camp Spillman Campground
Jones Creek Trailhead	Sadie Creek Trailhead and Vista	Elbe Hills ORV Trailhead
Middle Waddell Campground	Copper Mine Bottom Campground	Elfendahl Trailhead
Middle Waddell Trailhead	Cottonwood Campground	Howell Lake Campground
Rock Candy Trailhead	Murdock Beach Access	Kammenga Canyon Trailhead
Cold Creek Campground	South Fork Hoh Campground	Mission Creek Trailhead
Dougan Creek Campground	Striped Peak Vista/Trailhead	Wildcat Trailhead
Dougan Creek Picnic Area	Upper Clearwater Campground	Aldrich Lake Campground
Lake Merrill Campground	Yahoo Lake Campground	Green Mountain Horse Camp
Margaret McKenny Campground	Little River Trailhead	Green Mountain Vista Trailhead
Mima Falls Campground	Bear Creek Campground	Lilliwaup Creek Campground
North Creek Campground	Hoh Oxbow Campground	Melbourne Lake Campground
Porter Creek Campground	Lyre River Campground	Mine Creek Picnic Area
Rock Creek Campground	Minnie Peterson Campground	Poo Poo Point Vista
Sherman Valley Campground	Willoughby Creek Campground	Robbins Lake Launch & Day Use
Snag Lake Campground	<i>Recreation Trails*</i>	Sahara Creek Camp & Trailhead
Western Lakes Campground	Burnt Hill (pending)	Twin Lakes Campground
Winston Creek Campground	Foothills (7 miles)	Beaver Creek Trailhead
Cold Creek Day Use	Sadie Creek (8 miles)	Fifteen Mile Trailhead+
Fall Creek Campground	Striped Peak (3 miles)	Gold Creek Trailhead
Fall Creek Trailhead	Little River Trail (1 mile)	High Point Trailhead

Pacific Cascade Region	Olympic Region	South Puget Sound Region
<i>Recreation Sites</i>	<i>Recreation Sites</i>	<i>Recreation Sites</i>
Mima Falls Trailhead		Memorial Trailhead
Mitchell Peak Trailhead		Mount Tahoma Ski Huts/Trailhead
Tarbell Trailhead		Paw Print Trailhead
Three Corner Rock Trailhead		Tahuya River Horse Camp
Tunerville Campground		Tiger Summit Trailhead
Wedekind+		<i>Little Si Trailhead</i>
Black River Canoe Launch		<i>Maple Hollow Trailhead+</i>
Butte Creek Day Use Area		<i>Mount Si Trailhead</i>
Chehalis Western Trailhead		<i>Toonerville+</i>
McLane Creek Day Use Area		Recreation Trails*
Mima Mounds		Elbe Hills Trails (13 miles)
Woodland Camp & Picnic Area		Tahuya 4 x 4 Trails (13 miles)
Recreation Trails*		Tahuya Multiple Use Trails (170)
Bradley Hill Trails (4 miles)		Green Mountain (11 miles)
Capitol Forest Mot. Trails (87 miles)		Mt Tahoma Ski Trails (100 miles)
Yacolt Motorized Trails (14 miles)		Nicholson Horse Trails (50 miles)
Capitol Forest Non-Mot. Trails (80)		Tiger Mountain Trails (57 miles)
Mitchell Peak Trail (14 miles)		MiddleFork Snoqualmie (15 miles)
Three Corner Rock (12 miles)		Rattlesnake Trails (8 miles)
Yacolt- Non Mot. Trails (27 miles)		Mt Si (16 miles)
Mima Mounds Trail (3 miles)		
McLane Creek Trail (1.5 miles)		
Chehalis Western Trail (5 miles)		
Butte Creek Trail (1 mile)		

**All trail mileage is approximate ** Funding is based on allotments
+Managed by another agency or in transfer or closure status.*

Figure 1, continued

Northwest Region	Northeast Region	Southeast Region
<i>Recreation Sites</i>	<i>Recreation Sites</i>	<i>Recreation Sites</i>
Walker Valley Trailhead	Flodelle Creek Campground	Ahtanum Campground
Reflection Ponds Trailhead	LPO Info Site	Ahtanum Meadows Campground
Samish Island Day Use Area	Radar Dome Trailhead	Beverly Dunes
WC Dearinger Campground	Sherry Creek Campground	Bird Creek Campground
Ashland Lakes Trailhead	Chopaka Lake	Buck Creek Trailhead #1
Beaver Plant Lake Campground	Cold Springs Camp & Trailhead	Buck Creek Trailhead #2
Big Greider Lake Campground	Douglas Falls Camp & Day Use	Clover Flats Campground
Blanchard Hills Trailhead	North Fork Nine Mile Campground	Eagle Nest Vista Trailhead
Boulder Lake Campground	Rock Creek Camp & Day Use	Grey Rock Trailhead
Boulder Lake Trailhead	Rock Lakes Campground	Island Camp Campground
Cutthroat Lakes Campground	Rocky Lake Campground	Snow Cabin Campground
Greider Lake Trailhead	Skookum Creek Campground	Tree Phones Campground
Les Hilde Trailhead	Sportsman's Campground	Ahtanum Sno-mobile
Lily Lake Campground	Starvation Lake Campground	Indian Camp
Little Greider Lake Campground	Toats Coulee Campground	Recreation Trails*
Lizard Lake Campground	Toats Junction Campground	Ahtanum/Grey Rock (30 miles)
Lower Ashland Lake Campground	Williams Lake Campground	Beverly Dunes (30 acres)
Twin Falls Lake Campground	Dishman Hills	Milwaukee Road
Upper Ashland Lake Campground	Dragoon Creek	
Upper Blanchard Hills Trailhead	Lake Spokane	
Cattle Point	Lake Spokane Indian Painting	
Cattle Point Lighthouse	Leader Lake	
Cypress Head Campground	Palmer Lake	
Lummi Island Campground	Sheep Creek	
Pelican Beach Campground	Recreation Trails*	
Shark Reef+	Little Pend Oreille (LPO) (30 miles)	
Strawberry Island Campground	Rock Lakes Trail (.5 mile)	
Recreation Trails*	Dishman Hills (17 miles)	
Walker Valley Trails (30 miles)	Douglas Falls Grange (.7 mile)	
Blanchard Trail System (3 miles)	LPO Snowmobile Trails (18 miles)	
Boulder Lake Trail (4 miles)	Narcisse Snowmobile Trails (3)	
Greider Ridge System (3 miles)		
Les Hilde Trails (40 miles)		
Mt. Pilchuck System (17 miles)		
Cypress Island Trails (18 miles)		
Cattle Point (.3 mile)		

Figure 2. RCO Grants Active at the End of FY 2009

Snoqualmie Unit Education & Enforcement	Olympic Region M & O Crew
Middle Fork Snoqualmie TH & Trail Design	Capitol Forest ORV Trail M & O
South Spillman Trailhead Design	Tahuya Weekend and Land Adjacent Noise
SW WA ORV Trail Maintenance	Capitol Forest NM Trail M & O
West Peninsula Motorized Trail Planning	Elbe Hills NM M&O
Tahuya/Green ORV Bridges	Capitol Forest ORV Bridges
Walker Valley Maintenance & Operation	Tahuya ORV Bridge Replacement
DNR NW E & E	Tahuya/Green ORV Trail Maintenance
Yakima Maintenance Crew	Snoqualmie Unit NM Trail Maintenance
Tahuya/Green Mtn E & E	Elbe Hills 4X4 M & O
DNR NW NM M & O (trails)	Walker Valley ORV Trail Improvements
DNR NW NM M & O (facilities)	Yacolt Burn ORV Recreation Plan
DNR NW NHR M & O (facilities)	Yacolt Burn NM Recreation Plan
Capitol Forest E&E	Yacolt & SW WA E&E
Capitol Forest NHR Facilities M&O	SW WA NHR Facilities M&O
SW WA NM Trail M&O	North Fork ORV Bridge
Samish Overlook Day Use	McLane Creek Nature Trail