

EXHIBIT 1
DATE 02/08/05
HB 2



**REPORT TO THE 59TH MONTANA
LEGISLATURE**

**SHEEP AND MOOSE AUCTION
ACCOUNTS**

**PREPARED BY
MONTANA FISH, WILDLIFE & PARKS**

January 2005

BACKGROUND

The 49th Montana State Legislature authorized the Montana Fish, Wildlife & Parks Commission to auction one male sheep license each year to provide for the benefit of sheep. The 50th Montana State Legislature authorized the Montana Fish, Wildlife & Parks Commission to auction one male Shiras moose license each year to provide for the benefit of moose. Procedures to conduct the auction have been adopted by the commission each year and are the same for both the sheep and moose auction license. The procedures provide for FWP to solicit proposals to conduct the auctions from conservation organizations involved in the conservation and management of sheep or moose, respectively. The commission reviews the proposals and selects an organization to conduct the auction. Organizations that have been selected to auction the moose license are the MT Chapter Safari Club, Foundation for North American Wild Sheep, Safari Club International, Rocky Mountain Elk Foundation, Montana Outfitter and Guides Association, Skyline Sportsmen Association and the Boone and Crockett Club. The Foundation for North American Wild Sheep has auctioned all the bighorn sheep auction licenses since its inception. The successful bidder for the sheep license is allowed to hunt for a legal ram during the open season in any of the legally described sheep districts. The successful bidder for the moose license is allowed to hunt for an antlered bull moose during the open season in any of the legally described moose districts.

HUNTER SUCCESS

Bighorn Sheep

Two individuals were the high bidders for the bighorn sheep license on three separate occasions, and two others were successful bidders in two years. Two hunters did not harvest a ram because of their desire to take a larger ram. The majority of rams taken have exceeded 190 Boone and Crockett points. The hunting districts where rams have been taken are HDs 122 (Clark Fork Cut-off), 124 (Paradise / Perma), 213 (South Flint Range- Lost Creek), 216 (West Fork Rock Creek – Quigg Peak), 340 (Highlands), 680 (Choteau, Blaine, Phillips - North Missouri River Breaks) and 482 (Fergus -South Missouri River Breaks).

Moose

The successful high bidder for the moose license has been a different person each year. Five of the 15 hunters have been from Montana. All hunters have been able to successfully harvest a moose. Horn measurements for moose are not recorded. The majority of the moose have been taken in either northwest or southwest Montana.

REVENUE

Bighorn Sheep

A total of \$2,845,500 has been raised through the auctions (Table 1). Bids have ranged from \$61,000 to \$310,000. A bid of \$132,000 and \$160,000 were received by the Foundation for North American Wild Sheep (FNAWS) for the 2003 and 2004 auction license, respectively. As provided by law, FNAWS has retained 10% of the bid price each year for auction expenses. Expenditures for fiscal year 2003 and 2004 were \$73,900 and \$71,500 respectively.

Moose:

To date, a total of \$218,750 has been raised through the auctions (Table 2). Bids have ranged from \$4,000 to \$20,000. The Rocky Mountain Elk Foundation received bids of \$19,000 in 2003 and \$20,000 in 2004. This bid of \$20,000 tied the highest bid ever recorded for the moose license. As provided in state law, the auctioning organizations have kept up to 10% of the bid price each year for auction expenses. Most of the organizations have also used their portion to support other projects in Montana. Expenditures for fiscal year 2003 and 2004 were \$8000 and \$24,500, respectively.

ACCOMPLISHMENTS**Bighorn Sheep**

The Fish, Wildlife & Parks Commission approved the procedures for the auction and use of the bighorn sheep license during their June meeting (Appendix I). The license was auctioned in 2003 and 2004 by FNAWS.

Bighorn sheep transplants, population surveys, negotiations for habitat protection via conservation easements, research and winter range improvements were an emphasis in FY2003 and FY2004. A major bighorn sheep disease research project was also initiated late in 2004. In addition to these efforts, FWP continues to negotiate for the purchase of a conservation easement in Whiskey Gulch (located in the Missouri River Breaks) using sheep auction funds.

Population surveys were conducted during both fiscal years in regions 1,2,3,4,5 & 6. Bighorn populations remain in good shape across the state. Population monitoring was also continued as a follow up to the Missouri River Breaks study in hunting district's 482 and 680. This bighorn sheep population resulted primarily from a transplant of 28 animals near Stafford Ferry on the south side of the Missouri River in 1980. Presently, 432 bighorns have been observed in HD 482, while 382 sheep have been recorded in nearby HD 680.

In the winter of 2004, a total of 64 bighorns were trapped and transplanted from the Sun River sheep population to augment existing populations in the Kootenai Falls area in Region 1, and to the Greenhorn sheep population in southwest Montana in Region 3. In this effort, a total of 24 sheep were released in region 1, and 40 sheep were released in region 3.

A habitat improvement project was completed in conjunction with the U.S. Forest Service on bighorn winter range in the Elkhorn Mountains south of Helena. The Crow Creek bighorn sheep habitat enhancement project treated approximately 80 acres in 2004.

Moose

The Fish, Wildlife & Parks Commission approved the procedures for the auction and use of the license during their September meeting (Appendix I). The Rocky Mountain Elk Foundation auctioned the moose license in 2003, and the Skyline Sportsmen Association auctioned that license in 2004.

Moose surveys in northwest Montana (region 1) were conducted in HDs 100, 102, 105, 106, 110 and 111. A total of 228 moose were classified in region 1. Calf/cow ratios remained good during the report period in northwest Montana with an average of 26 calves/100 cows. Bull observability was unusually high during surveys conducted during the report period, with 90 bulls/100 cows noted. Surveys in southwest Montana (region 3) were conducted in hunting districts 319, 323, 325, 326, 327, and 333. A total of 471 moose were observed in region 3 in southwestern Montana, with 250 noted in the Big Hole drainage, and 221 observed in the Centennial, Ruby, and the Blacktail drainages. Twenty-eight calves/100 cows were observed in the Big Hole, and 23 calves/100 cows were noted in the Gravelly Range complex. Moose permits were decreased in the Mt. Haggin area, as browse improved with recent reductions in moose populations there

AUCTION LICENSE FUNDS

Bighorn Sheep

The following funds have been generated from the bighorn sheep auction.

Table 1.

YEAR	AUCTION DOLLARS
1986	\$79,000
1987	\$109,000
1988	\$93,000
1989	\$74,000
1990	\$61,000
1991	\$80,000
1992	\$88,000
1993	\$205,000
1994	\$310,000
1995	\$281,000
1996	\$220,000
1997	\$238,000
1998	\$300,000
1999	\$130,000
2000	\$95,000
2001	\$100,000
2002	\$90,000
2003	\$132,500
2004	\$160,000

Moose

The following funds have been generated from the moose auction.

Table 2.

YEAR	AUCTION DOLLARS
1988	\$7,250
1989	\$13,000
1990	\$10,000

1991	\$4,000
1992	\$9,000
1993	\$13,000
1994	\$9,000
1995	\$14,000
1996	\$13,500
1997	\$17,000
1998	\$14,000
1999	\$10,000
2000	\$11,000
2001	\$15,000
2002	\$20,000
2003	\$19,000
2004	\$20,000

BIGHORN SHEEP CAPITAL PROGRAM PROJECTS

Capital Program:

Balance remaining of past appropriations:

95 Session: \$169,975

97 Session: \$330,000

99 Session: \$425,000

01 Session: \$25,000

03 Session: \$75,000

Total \$1,024,975 (negotiations are ongoing on the purchase of a conservation easement on the Whiskey Ridge project located in the Missouri River Breaks).

Appropriations used to:

Purchase easements on key bighorn sheep winter range

- Gilles Easement – Rock Creek (1,554 acres)
- Haffey Easement – Lost Creek (6.27 acres)
- Whiskey Ridge – (Negotiations ongoing)

Prescribed burns in cooperation with U.S. Forest Service to improve winter/spring range conditions:

- Petty Creek (Lolo NF)
- Munson Creek (Kootenai NF)
- Crow Creek (Helena NF)
- Hannon Gulch (L&C NF)
- Elkhorn Mtns (Helena NF)

Montana Department of Fish, Wildlife and Parks
Bighorn Sheep, Shiras Moose, Mule Deer and Elk Auction License

Proposed Rules for Conducting Auction/Lottery

Background

The 2003 Legislature approved HB 20 that provided the commission with the authority to issue one male mule deer license and one male elk license through a competitive auction or lottery. Previously, the 1985 legislature enacted SB 109 that permitted the commission to issue one mountain sheep license through competitive auction, and the 1987 legislature passed HB 282 that created similar commission authority to issue one male Shiras moose license through competitive auction. The statutes provide that conservation organizations involved in the conservation of Shiras moose or mountain sheep may be authorized by the commission to conduct an auction. However, the authorized mule deer and elk licenses may be offered by a conservation organization either through an auction or a lottery. With the Legislative authorization to issue these licenses came the direction to promulgate rules for the use of the licenses and for the conduct of the auction/lottery.

RULE I. PROPOSED RULE TO CONDUCT THE 2004 AUCTION FOR BIGHORN SHEEP AND SHIRAS MOOSE OR THE 2004 AUCTION/LOTTERY FOR MULE DEER AND ELK.

(1) The commission may offer one male Shiras moose license and one male mountain sheep license each year to be distributed by a wildlife conservation organization through a competitive auction.

(2) The commission may offer one male mule deer license and one male elk license each year to be distributed by a wildlife conservation organization through a competitive auction or through a lottery.

(3) The commission may choose one of the following options to conduct a license auction or lottery:

(a) authorize the department to conduct the auction or lottery;

(b) authorize a wildlife conservation organization to conduct the auction or lottery; or

(c) solicit bids from individuals for a license under circumstances described in RULE VI.

(4) At least 90% of the proceeds from the license auction or lottery must be returned to the department. The department shall use this portion of the license proceeds for the benefit

of the species hunted under the license. Up to 10% of the proceeds may be used by the conservation organization conducting the auction or lottery to cover expenses.

AUTH: 87-2-722, 87-2-724, 87-2-811, 87-2-812, MCA
IMP: 87-2-722, 87-2-724, 87-2-811, 87-2-812, MCA

Rule II. LICENSE PROPOSALS, ELIGIBILITY

(1) Organizations that are eligible to submit a proposal under RULE I are those that demonstrate a commitment to the conservation of the species hunted under the license for which they submit a proposal.

(2) A proposal submitted by an organization must include the following information:

(a) a statement of the organization's purpose and copies of bylaws or articles of incorporation;

(b) details of the organization's previous involvement in the conservation of the species hunted under the license;

(c) details of the organization's previous experience in conducting auctions or lotteries;

(d) information on how the auction or lottery would be conducted and an estimate of the potential revenue that will be generated and why; and

(e) a statement indicating whether the organization plans to retain the authorized 10% retainer and an indication of how that revenue will be used by the organization.

(3) The commission reserves the right to reject all bids and proposals.

AUTH: 87-2-722, 87-2-724, 87-2-811, 87-2-812, MCA
IMP: 87-2-722, 87-2-724, 87-2-811, 87-2-812, MCA

RULE III. PROCEDURE FOR SUBMITTING PROPOSALS AND AWARDING AN AUCTION OR LOTTERY LICENSE

(1) The department will advertise the opportunity for organizations to submit auction or lottery license proposals through media announcements and letters to organizations showing interest in previous years. Requests for proposals will be solicited on September 10, 2004.

(2) Proposals for auctions or lottery licenses must be mailed or hand delivered to Montana Department of Fish, Wildlife and Parks, Wildlife Division, P.O. Box 200701, Helena, MT 59620-0701 and must be postmarked on or before October 15, 2004. Hand delivered proposals must be received by 5:00 p.m. on October 15, 2004.

(3) At the commission meeting held on or after November 4, 2004 the commission may select a conservation organization

proposal to receive the auction or lottery license and conduct the auction or lottery. The license will be valid for the following license year.

AUTH: 87-2-722, 87-2-724, 87-2-811, 87-2-812, MCA

IMP: 87-2-722, 87-2-724, 87-2-811, 87-2-812, MCA

RULE IV. USE OF A LICENSE SOLD BY AUCTION OR LOTTERY

(1) The department shall issue the appropriate hunting license to the highest bidder or lottery winner, if applicable, within 60 days of receipt of the revenue funds from the sale of the license.

(2) A hunting license sold by auction or lottery is valid for take of one animal of the species for which it is issued.

(3) A hunting license sold by auction or lottery may be used in legally described hunting districts during legal hunting seasons for the species for which the license is issued. The person using the license may use it only during a districts' open season.

AUTH: 87-2-722, 87-2-724, 87-2-811, 87-2-812, MCA

IMP: 87-2-722, 87-2-724, 87-2-811, 87-2-812, MCA

RULE V. TRANSFERABILITY OF HUNTING LICENSES SOLD BY AUCTION OR LOTTERY

(1) A hunting license sold by auction or lottery is nontransferable except in circumstances described in this rule.

(2) A person obtaining a license through an auction or lottery may not sell the license. A license transferred by sale will be voided with no refund.

(3) The successful bidder or lottery winner may transfer the license to one individual under the following conditions:

(a) the license may only be transferred to a person legally able to be licensed under current Montana statutes and department rules; and

(b) the person transferring the license shall send a completed and signed affidavit provided by the department to the director within 15 days of the auction. Within the affidavit, the person transferring the license shall name a designee to receive the license. The affidavit must be sent to the director by certified mail.

(2) If because of verifiable serious illness or death, the successful bidder or his/her designee is unable to hunt, the license may be transferred one time only to another individual prior to the start of the earliest opening day of

the earliest legal hunting season of the species for which the license was issued.

AUTH: 87-2-722, 87-2-724, 87-2-811, 87-2-812, MCA
IMP: 87-2-722, 87-2-724, 87-2-811, 87-2-812, MCA

RULE VI. BIDS FROM INDIVIDUALS

(1) If no wildlife conservation organizations submit proposals for an auction or lottery license described in [RULE I] the commission may accept bids from individuals for that license.

(2) Bids submitted by individuals must be evaluated against revenue generated through auctions in previous years. If an individual's bid is calculated to be greater than or comparable to the estimated revenue generated by a conservation organization auction, lottery, or an individual bid received in previous years, the commission may award the license to that individual.

(3) A bid from an individual must contain the following information:

(a) the individual's name, address, birth date, telephone number and notarized signature;

(b) the monetary value of the bid. If personal or real property is being offered in place of money, a thorough description of what is being offered in exchange for the auction license, including a basis for determining the value of the personal or real property;

(c) the procedure for conveying the revenue or item offered in the bid; and

(d) the date of remittance of the bid amount or item to the department.

AUTH: 87-2-722, 87-2-724, 87-2-811, 87-2-812, MCA
IMP: 87-2-722, 87-2-724, 87-2-811, 87-2-812, MCA

Please submit your comments on these proposed auction license rules to Jeff Herbert, Wildlife Division, 1420 East Sixth Avenue, P.O. Box 200701 Helena, MT 59620-0701, or email them to jherbert@state.mt.us. Any comments must be received no later than August 30, 2004.