

EXHIBIT NO. 4
11/105



MONTANA FISH, WILDLIFE & PARKS

BUDGET DILEMMA

Hunters and anglers, it's time to make some tough choices.

Montana hunters and anglers work hard to conserve Montana's natural resources.

Year after year, they offer time, money, and public support to help keep Montana's outdoor heritage and recreational opportunities second to none.

Montana's fish and wildlife management programs face a serious situation. To keep FWP's budget in balance, Montana hunters and anglers must decide if license fees should be increased or if programs should be cut.



Montana Fish,
Wildlife & Parks

Understanding FWP's budget

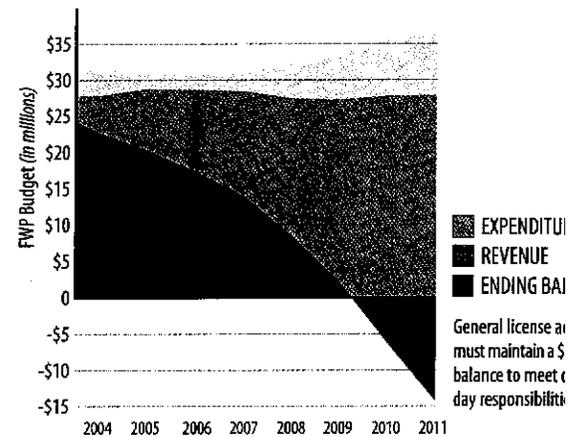
Licenses are a small part of the cost of fishing or hunting compared to boats, tackle, guns, ammo, gas, travel, but they are the most important source of revenue to continue Montana's hunter- and angler-supported conservation efforts. The cost of outdoor recreation is a concern to FWP. For several years after last general fee increase in 1991, FWP built up a budget surplus. FWP stretched that surplus five years longer than expected. As noted by the Legislative Fiscal Division, FWP limited growth of expenditures between 1996 and 2003 to an average of 2.28 percent per year, less than the 2.45 percent rate of inflation. The current level of services and programs, however, cannot be sustained indefinitely with resident license prices that were set 14 years ago.

How FWP's projected budget operates:

Year	Revenue	Program Expenditures*	Ending Balance
2003	\$29,200,000	\$27,000,000	\$26,400,000
2005	\$28,400,000	\$30,800,000	\$20,400,000
2007	\$27,800,000	\$31,000,000	\$14,000,000
2009	\$27,600,000	\$33,400,000	\$2,300,000**
2011	\$27,700,000	\$36,100,000	-\$14,500,000

* To maintain current services.

** General license account must maintain a \$5 million balance to meet day-to-day responsibilities.



Is this an unexpected problem?

No. Historically, Montana hunters and anglers preferred license prices to remain stable for eight to ten years. To meet this expectation, license prices are initially set at levels to generate more income than necessary to meet expenses, allowing FWP to build a budget surplus. This system of budget management anticipates that inflation, new programs, and other financial issues will gradually chip away that surplus as expenses begin to exceed revenue, but still allows fees to remain stable for several years. Now, as expected, the surplus is shrinking as expenditures exceed income by about \$2 million, and it is time to consider increasing fees or cutting programs.

New responsibilities, trends, events stretch FWP's budget

Several FWP programs and services were added or expanded since 1994. Also, inflation—which affects everyone's costs—contributed to a 24 percent rise in the consumer price index. Consider these new or expanded FWP responsibilities related to:

- Community fishing-pond development
- Drought activities
- Shooting range development
- Wildlife crime investigations
- Alternative livestock
- Residency investigations
- Endangered Species Act responsibilities—from wolf delisting to bull trout recovery
- Aquatic nuisance species response
- Predator research
- Urban and rural wildlife conflicts
- Wildlife disease investigations and response

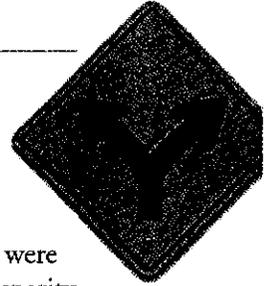
Fee increase history

- General resident fees were last increased by the 1991 Montana Legislature, which adopted a two-phase process that increased license fees in 1992 and 1994. The funding lasted five years longer than anticipated.
- The only increase in resident fees in the past 10 years has been the addition of a \$2 hunter access-enhancement fee in 2001 and a \$2.25 fee in 2003 to provide access to state lands and reimburse counties for search-and-rescue costs for lost hunters or anglers. Like other "earmarked" fees, these funds only support specific programs.
- An increase in nonresident fishing and hunting fees in 2001 served to delay a resident fee increase by boosting FWP revenues by about \$4 million a year.

Tough Choices...

The budget dilemma

- To balance FWP's budget, Montana hunters and anglers must decide if a fee increase is warranted. Other options include cutting programs and redirecting funds earmarked for specific programs.
- By law, FWP cannot overspend its general license account.
- Nonresident fees, which make up nearly 70 percent of FWP's annual license revenue, were increased in 2001 to bring Montana's closer to those in surrounding states. But the disparity between resident and nonresident fees is now pushing the limits of what the courts will tolerate.



Fee increases

Proposed Resident Costs for Some Popular Montana Fishing and Hunting Licenses

License Type	Current Price	Neighboring States Avg. Price*	Proposed Price	Resident Discount**
PREREQUISITE				
Conservation	\$ 6.25		\$ 8.00	
FISHING				
Fishing	13.00	20.50	20.00	
HUNTING				
Elk	16.00	33.50	25.00	
Deer	13.00	23.00	20.00	
Antelope	11.00	25.00	20.00	
Upland Game Bird	6.00	13.00	20.00	
Black Bear	15.00	25.50	20.00	
Bighorn Sheep	75.00	137.00	150.00	
Mountain Goat	75.00	138.00	150.00	
Moose	75.00	151.00	150.00	
SPECIAL PRICING				
Sportsman (includes Conservation; Fishing, Elk, Deer, and Bird)	56.25		75.00	18.00
Sportsman with Bear	66.25		95.00	18.00
Youth Sportsman (includes Conservation; Fishing, Elk, Deer, and Bird)	27.25		30.00	45.00
Youth Fishing	6.50		10.00	10.00
Youth Upland Game Bird	3.00	9.00	5.00	15.00
Elk: Senior/Youth/Disabled	8.00	17.50	10.00	15.00
Deer: Senior/Youth/Disabled	6.50	12.50	8.00	12.00

* Average of Colorado, Idaho, Wyoming resident license costs where applicable.

** Price discounts based on what an adult resident would pay for each license purchased separately.

How were the proposed resident hunting and angling fees determined?

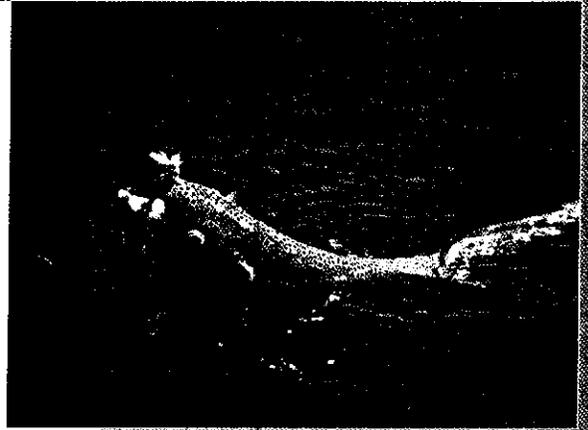
When the 2001 Montana Legislature decided to increase nonresident hunting and fishing license fees, lawmakers also directed FWP to evaluate resident fees. The Legislature asked FWP to:

1. examine current and historic licenses prices
2. compare Montana's fees to other western states
3. evaluate how a fee increase would affect licenses sales and revenue

In response to the Legislature's request, FWP first adjusted Montana's current fees to reflect the overall rate of inflation since 1994 and then compared those hypothetical fees with the cost of fishing and hunting licenses in neighboring states. FWP then conducted a survey of more than 5,000 Montana hunters and anglers to measure residents' attitudes and opinions related to a fee increase. Once all of this information was gathered, FWP re-adjusted the hypothetical fees to ensure that Montana's initially proposed fees remained among the lowest in the region. FWP then applied significant discounts to youth, senior, disabled, and combination licenses to keep hunting and fishing affordable, while still generating the revenue needed to sustain programs through 2011.

Fishing facts

- Fishing in Montana
 - generates \$343 million in economic impact
 - supports more than 3,330 jobs
- Anglers spend nearly 3 million days fishing in Montana annually
- Trout anglers can fish more than 15,000 miles of wild trout streams and more than 400,000 acres of coldwater lakes
- Anglers who enjoy walleye, bass, and other warmwater fish can explore more than 6,100 river and stream miles and 350,000 acres of lakes
- Montana FWP manages a system of 320 public fishing access sites
- More than 32 million walleye are stocked in Montana waters annually

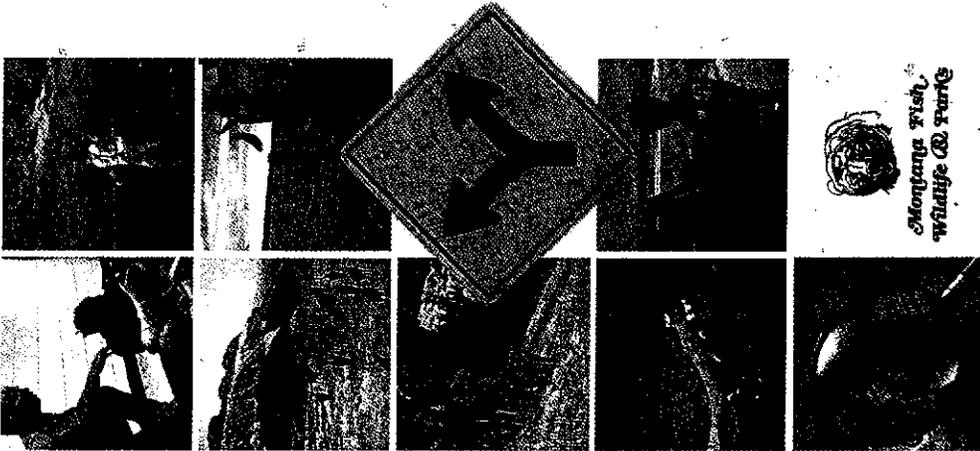


Hunting Facts

- Hunting in Montana
 - generates \$302 million in economic impact
 - supports more than 2,100 jobs
- 24 percent of Montanans hunt, the highest per capita participation in the United States
- Montanans enjoy hunts that span every season of the year for more than 30 species
- Montana's hunters spent 2.4 million days afield in 2001
- About 9 million acres of private land are open to hunting, thanks to Montana's Block Management Program



**Montana Fish,
Wildlife & Parks**



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