

# Appendix B:

## Funding Options

The following table outlines current and potential funding sources for Parks, including Governmental, Philanthropic Earned Revenue, and Creative Financing options. Recognizing there is no "one-size-fits-all" model for funding systems, Montana has a range of options to consider based on approaches employed throughout the country.

GOVERNMENT							
Source	Purpose	Currently Used	Advantages	Disadvantages	Potential Impact	Potential for Increase	Priority
Light Vehicle Registration Fee	"Voluntary" \$6 vehicle registration fee with option to "opt out" during registration. Funds make up 38% of state parks overall budget and are used for maintenance and operational costs."	Yes	Simple, one-time fee lowers barrier to entry. Allows state residents to visit parks for free. Participation rate is very good (~75%).	Participation varies by county and is not mandatory. Any change or increase would need legislative approval.	Medium	Increase current participation rate through public awareness campaign; amend registration to be mandatory; statutory increase in fee; expand vehicle classes to include trailers, RV's, farm vehicles; outreach to county clerk offices to increase participation; expand offerings to rental vehicle and fleet vehicles.	High
Lodging Facility Tax	Two taxes are collected on users of overnight lodging facilities in Montana: (1) 4% lodging facility use tax; and (2) 3% lodging facility sales tax. 6.5% of the combined bed tax goes to FWP for maintenance of facilities in state parks. Funds make up 15% of state parks overall budget.	Yes	Tourism in Montana is increasing. Use of state parks is increasing. Practical connection between tourism, state parks, accommodations. Distributes both in-state and out-of-state contributions.	High competition; competing interests seeking a % share. Possible decrease in bookings due to increase in room rates.	Medium	Redirect small % to "destination parks"; % increase across all recipients	Medium
Motorboat Sticker / Launch Fee	Sailboats, motorboats and personal watercraft must be registered in Montana. Registration tax and fuel tax make up 11% of state parks overall budget.	Yes	Strong connection to what tax is going to pay for. Water-based parks generate revenues for terrestrial parks.	Singles out motorboat users. Non-motorized sailboats less than 12 feet long and manually propelled boats, regardless of length, are exempt from registration and taxation.	Small	Legislative fee increase	Medium
Coal Tax Trust Fund	Royalties paid into a trust from coal generated in Montana; interest earnings on those funds are used to help pay for state parks. Long-term financing for infrastructure projects. State parks receives 1.27%, which makes up 9% of state parks overall budget.	Yes	State ensures that the revenues earned from nonrenewable resource extraction provide benefits in perpetuity. Long-term financing for infrastructure projects.	Projected decline in coal production will slow funds added to the Trust. Not constitutionally protected.	Large	Increase % given to parks for maintenance backlog projects	Medium
Federal Funds	Federal grant programs contribute funding for capital improvements and maintenance projects. Federal funds make up 2% of state parks overall budget.	Yes	Easy to find matching funds. Annual availability. Multiple sectors with compatible grants available.	Unstable due to inconsistent congressional appropriations. Competitive. Single-use generally, not for operations.	Small	Funding cycles determine grant applications	High
Montana Department of Transportation	Funds for maintenance of MDT roads that are within park units	No	Historically, MDT funds went toward critical road and infrastructure projects.	Discretionary. No formal agreement in place.	Medium	Lapsed funding could be reinstated	High
Revenue Sharing	Revenue generated from one division could be used to support another. For example, fishing access sites on state park lands	No	Increased efficiencies, interagency collaboration and cooperation, cost-savings	Interagency accounting, lack of use data and revenue allocation model	Small	Portion of FWP fishing license sales to maintain fishing and recreation sites in parks	High
Ballot Initiative	Legislative referendum or citizen initiative to create new funding to develop or rehabilitate parks.	No	Durable long-term funding; low volatility	Potential legislative opposition; signature gathering expensive for citizen initiative	Large	New funding source	Medium
Out Of State RV Registration Tax	Out-of-state RV tax. Currently, there is a small registration fee on out-of-state RVs, but unlike other states, RVs are not taxed as property or subject to any additional taxes, like sales tax.	No	Prevents subsidized out-of-state RV's. Does not affect MT residents.	Potential political opposition to any new tax.	Medium	Reintroduce HB621 with renewed interest	Medium

Source	Purpose	Currently Used	Advantages	Disadvantages	Potential Impact	Potential for Increase	Feasibility
Trailer Registration Tax	Tax on trailers based on length or weight during one-time registration process	No	One-time tax for one-time registration.	Not a direct tie to trailer use of parks; new tax	Small	Reintroduce HB621 with renewed interest and stronger business case narrative	Medium
Big Sky Trust Fund	Economic development fund that sunsets in 2019. Potential to create a new State Parks Trust Fund and seed it with the expiring funds from BSTF	No	Creates a new constitutionally protected funding source that will accrue over time.	Competition with economic development entities. Pensions are paid out of Coal Tax Trust.	Large	Create a new State Parks Trust Fund and seed it with the expiring funds from BSTF	Medium
Gas Tax Reallocation	Reallocation of gas tax dollars based off the 2013 Bureau of Business and Economic Research study	No	No new tax, reallocation of current tax. Funds could be used for infrastructure at state parks.	Funds heavily restricted and limited. Potential political opposition.	Small	Modest increase in percentage given to state parks. Broaden language on spending authority	Low
Self-Imposed Excise Tax for Non-Consumptive Uses	Known as "pay to play"—recreational license or "trail pass"; self-imposed excise tax on recreation equipment	No	Engages willing groups of constituents who may feel increased ownership and responsibility	Regressive tax, narrow tax base and possibly not a significant source of funding. Voluntary participation. Targets goods with relatively inelastic demands.	Small	Excise tax on outdoor recreational equipment purchased in the state focused at the distribution level, not retail level for ease of administration	Low
State-wide Mill Levy	Legislative referendum to create a one-mill levy dedicated to Parks and Recreation	No	Dedicated source with a broad base, recommended in 2002 by the State Parks Futures Committee	Potential political opposition; would need broad public support before approaching legislature	Large	One-mill levy would generate approximately \$3m/year	Low
Levy Tax on Land Conversion	Real estate transfer tax on transfer of title of property	No	Broad tax base, incentivizes keeping open land undeveloped	Could be perceived as overreach of local government. Potential political opposition.	Medium	New funding source	Low
Levy Tax on Rental Vehicles	Montana charges a 4% sales and use tax on base rental charges for rental vehicles. Percentage could be redirected to state parks	No	Popular in other states, proven source of income for parks, could include fleet vehicles	No clear relationship to state parks; difficult to link benefits of tax to rental cars, can be perceived as singling out industry.	Small	Percentage of rental vehicle tax could be redirected to state parks	Low
Retail Sales Tax	Montana is one of only four states that does not currently have a sales tax. Percentage of sales tax could be directed to state parks	No	Invests all citizens in their state parks. Significant source of funding over time. Sales tax could help balance rise in property tax	Politically unpopular to create sales tax	Large	Appropriate small % to fund state parks. Broad base sales taxes; substantial amount of revenue can be generated with a relatively low tax rate	Low
Special Park Districts	Independent, special purpose governmental units that have administrative and fiscal independence from local governments and have taxing authority and can issue bonds	No	Administrative flexibility and fiscal independence. Bonds can be issued for capital projects, with property tax revenues backing the bonds.	Often multi-jurisdictional, including several counties or municipalities, difficult to organize	Medium	Could be funded through Business Improvement Districts - commercial areas of a city that collect "self taxes" from property owners in the area to provide services and programs	Low
General Fund Monies Redirected to Parks	Redirect portion of general funds to state parks to create new enterprise financing framework based off of cyclical fee restructuring	No	Creative financing framework, shows state investment in parks	Subject to political cycles and administrators. Current lack of business plans and investment strategies to show return on investment.	Large	Potential for significant capital investments in parks	Low
Oil and Natural Gas Production Tax	Increase in severance tax on natural gas production with % dedicated to state parks.	No	Revenues earned from nonrenewable resource extraction provide benefit in perpetuity.	Increased taxes, could generate political and industry opposition	Large	Create Trust similar to the Coal Tax for coal bed methane, natural gas, and oil production to be used for park operational costs	Low

PHILANTHROPIC

Source	Purpose	Currently Used	Advantages	Disadvantages	Potential Impact	Potential for Increase	Feasibility
Montana State Parks Foundation	"Nonprofit partner to state parks raises private support to enhance the visitor experience and build advocates for Montana's state parks and recreation heritage."	Yes	Primary partner to parks with ability to build and maintain durable constituent base and leverage funds, build political power for positive impact.	Limited capacity. Importance not understood by staff or legislature. Need to build trust and capacity.	Medium	Foundation can attract statewide corporate supporters to support park investments and programming, create parks employment	High
Corporate Sponsorships	Engage the business community on capital improvement projects.	Yes	Help cover costs of major facilities improvements while promoting business involvement. Sponsorship with Montana company has beneficial branding, could raise visibility and recognition.	Lack of staff capacity has created reluctance to engage business partners. Lack of centralized oversight of partnerships. Needs investment strategy to drive business plans and return for investors.	Large	MSPF builds network of Montana businesses to sponsor park improvements, visitor center remodels, creation of new education resources, trails, docks, etc.	High
Friends Groups	Friends groups fundraise for individual parks and specific projects within those parks; capital improvements, general facilities and maintenance	Yes	Local involvement, citizen investment, local partnerships with businesses, dedicated constituent group, creative programming, effective for small-medium projects	Small project funds that often don't cover operational costs.	Small	Incubate friends group for each state park, provide proffer support and tool kit to get them started on project-based fundraising	High
Healthcare Grants	Engage the healthcare community to help with community access, trail development, and programming	No	Direct connection to health and wellness initiatives, engages underserved populations, new funding source for multiple uses	Lack of clarity on return on investment with tangible results. Needs program oversight, marketing and communications	Small	Healthcare is the largest and fastest growing industry in the US. Currently untapped for health-recreation nexus.	High
Voluntary Individual Donations	Donation boxes, kiosks, donor benches, in-kind capital project donations, etc.	Yes	Strong success at park level engaging local businesses on projects and park improvements. Shared responsibility in success. Good for small projects, highly marketable. Potential to create life-long donors.	Limited number of willing donors/participants. Needs supporting organization like Parks Foundation.	Small	Ensure donation boxes at all park and applicable RWP units	High
Community Development Grants	Engage business development community on projects that enhance connectivity, community health and marketing for new park audiences	No	New funding for parks that qualify and have programs and projects with direct community benefits	Narrow grants, competitive, park needs to be within proximity of community, limited funds	Small	Work with Foundation on individual projects and apply when in cycle	High
Tourism Grant Program	The Tourism Grant program awards funds to projects that strengthen Montana's economy through the development and enhancement of the state's tourism.	No	Raise awareness of state park assets and experiences, educate new audiences	Small grants, competitive	Small	Marketing and communications grants to promote parks	High
Treasure State Endowment Program (TSEP) Grant	TSEP is a state-funded program established to help solve serious health and safety problems and assist communities with the financing of public facilities projects. The program helps local governments with infrastructure planning as well as constructing or upgrading drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges.	No	Existing funding source. Direct tie between parks and healthy living and community vitality.	Project based, potentially challenging to find compatible projects	Small	Funding for infrastructure improvements, trail projects, accessibility	Medium
Montana History Foundation Grants	The Montana History Foundation offers grants of \$500 to \$5,000 to preserve and protect the historic legacy of communities across the state.	No	Dedicated funding for historic and cultural facilities.	Small grants. Competitive, limited to parks with heritage component.	Small	Work with Foundation to explore grant opportunities for specific projects	Medium
High Obesity Program (DPHHS)	Center for Disease Control and DPHHS have grant program to mitigate obesity, promote healthy living and improved wellness	No	Grant source for capital improvements like trails, pathways, ADA infrastructure. Good crossover with rural underserved populations.	Need to demonstrate nexus between trails, parks and decreased obesity.	Small	Funding for maintenance or construction of walking trails, marketing to encourage use, monitoring	Medium

**EARNED**

Source	Purpose	Currently Used	Advantages	Disadvantages	Potential Impact	Potential for Increase	Feasibility
User Fees	State park user fees include park entrance fees and annual park passes, camping and lodging fees, and fees for activities. User Fees generate 21% of state parks overall budget	Yes	Major source of current funding. Captures out-of-state users.	Need better understanding of demand curves at individual parks; increasing prices without improving park offerings could be problematic	Medium	Administrative increase in user fees, variable pricing models, peak season pricing, use-specific fee structure, and out of state revenue increase options	High
Concessionaires	Private sector contracts provide quality services, programs, and facilities that enhance the convenience, enjoyment, education, and recreational experiences of state park visitors	Yes	Public-Private Partnership. Cost savings from contracting park operations, park programs, stewardship, and management of special facilities.	Need additional staffing for permitting and oversight; competition at banner parks; short season; lack of infrastructure to host concessionaires.	Small	Concessionaire possibilities limited. Minimal return on investment.	High
Vanity License Plate	Portion of vanity plate sales go to MT State Parks Foundation.	Yes	Visible, inexpensive, minimal oversight, unrestricted funding source for project work	Inconsistent funding; participation varies; requires marketing to maintain participation	Small	Increase public awareness and communicate benefits to increase participation	High
Privatization	Contractual arrangements with private firms to operate parks	No	Private contracts could be incentivised to improve park performance through programs, events, facilities maintenance, community engagement and attract additional private funding	Huge public opposition to privatization. Needs assessment to carefully weigh the full costs of efficient contracting with the costs of operating parks themselves.	Small	Create pilot to test.	Medium

**CREATIVE FINANCING**

Source	Purpose	Currently Used	Advantages	Disadvantages	Potential Impact	Potential for Increase	Feasibility
Lottery Revenues	The Montana Lottery was created by referendum in 1986. Since then, it has paid out at least \$310 million to players in prizes. Dedicate a share of lottery revenues to state parks.	No	As a voluntary mechanism, lotteries are more efficient than other voluntary donation schemes because of the scope and number of participants.	Lotteries often place a disproportionate burden on lower income households who tend to purchase comparatively more lottery tickets. Only a subgroup of citizens are paying for the parks—those who buy lottery tickets—and they may not be the same people who benefit from using the parks.	Large	Small % directed to state parks	Low
Pay For Success Financing	An approach to contracting that ties payment for service delivery to the achievement of measurable outcomes	No	Investment up-front with back-end payer repaying principal and returns	Need to set predetermined outcomes based off of state park vision and goals. Requires significant investment in independent evaluators and intermediaries.	Medium	Could provide private investment financing	Low
Local Governments	Adjacent local governments create local options tax incentives, such as business improvement districts, PLIT, development impact fees, zoning districts, etc	No	Local engagement and investment, creative partnerships	Limited applicability to state parks; vulnerable to political cycles	Medium	Potential funding for parks adjacent to communities	Low
Special Park Districts	Special purpose governmental units with administrative and fiscal independence from local governments, created and managed based on geography and proximity to parks	No	Have taxing authority and can issue bonds. Successful models for providing park services	More successful in larger population areas with close proximity to popular parks	Medium	Potential for small percentage directed to parks in close proximity to communities	Low
Single-Use Plastic Bag Fee	Fees primarily provide a financial incentive to reduce the use of plastic bags, which are a source of litter, particularly in streams and rivers	No	Reduce plastic bag use while generating new income for state parks. National trend to move away from single-use plastic items.	Politically unpopular in MT. Unreliable source for park operations.	Medium	Pilot with Montana-based grocery chain for parks close to retail stores and communities	Low