HB520: MANAGEMENT OF PRIVAT

WATER POLICY INTERIM COMMITTEE JULY 15, 2024

ΜΟΝΤΑΝΑ LEGISLATIVE

POLICY

STUDY OF PRIVATE FISH PONDS

Chasing trout in Montana's lakes and streams is an established tradition. While many anglers cast for wild rainbows, browns, and cutthroats on public rivers and streams, others ply quieter waters of private fish ponds for these species.

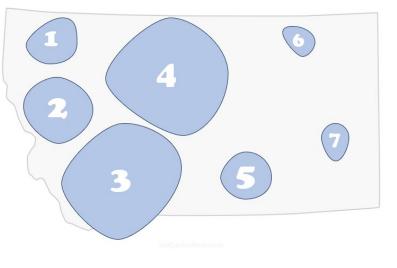
Montana has more than 2,000 licensed private fish ponds, which are licensed by the Montana Department of Fish, Wildlife and Parks.¹ Department fishery biologists and administrators license these ponds to ensure they do not become a conduit for invasive species or lead to habitat destruction.

The program charges low fees but incurs much larger costs to administer the program.

Private landowners believe having a private fish pond is freedom of choice and an exercise of their private property rights, as well as a construction that provides water, wildlife habitat, fire protection, and even gravel.² Some private ponds are stockwater ponds licensed to hold authorized fish species.

Montana's program of licensing private fish ponds generally conforms to practices throughout the Northern Rockies region.³

The 2023 Legislature passed a study bill, House Bill 520,⁴ which the Legislative Council assigned to the Water Policy Interim Committee. The bill requires the committee to examine:



Relative number of private fish ponds by FWP region

- private pond policies, including permitting and protocols; .
- impacts of private ponds on aquatic resources as well as water quality and quantity related to drought, high • water temperatures, evaporation, and options to mitigate these impacts;
- costs of regulating private ponds, including permitting, enforcement, fines, fees, and restitution; and •
- options to provide in-state certified fish to stock private ponds.



¹ In 2023, the FWP issued 23 decision notices for private fish ponds, according to the Environmental Quality Council's database of Montana Environmental Policy Act actions. In the first half of 2024, the agency had issued 26. ² Testimony of John Keller to WPIC, Jan. 16, 2024.

³ See table on p. 7, "Regional comparison of private fish pond regulations."

⁴ See Appendix A.

This report serves as a record of the committee's efforts to examine these issues.

LICENSING IN MONTANA

Montana law regulating private fish ponds dates to 1945. As noted in the state license application, "Regulations are intended to allow stocking private fish ponds with appropriate fish species while ensuring that public resources are not adversely affected by unwanted fish or fish diseases ..."

State law defines a private fish pond as a "body of water that does not exceed 500 surface acres."⁵ The pond may be created by "artificial means or from a tributary spring or stream."⁶

A person developing a pond shall:

- obtain a license from the Montana Department of Fish, Wildlife, and Parks;
- procure approved species of fish from a lawful source. Fish approved for stocking are typically limited to those present in the hydrologic basin;
- meet requirements to prevent fish from escaping into adjacent streams or lakes, such as screening inlets and outlets;
- verify through a professional fisheries consultant or with data and documentation that "game fish or fish species of special concern do not occur in the tributary, spring, or



Committee members visiting private pond near Twin Bridges.

stream and that the instream private fish pond does not pose an unacceptable risk to game fish or fish species of special concern in adjacent waters." Species of concern include arctic grayling, bull trout, cutthroat trout, and burbot;⁷ and

• allow a pond inspection as part of the environmental assessment process (under MEPA).

During the 10-year span of the license, the department may take "appropriate action" to address any threat posed by a pond to the state's fisheries resources, including the quarantine or destruction of fish, spawn, or eggs. FWP must approve fish pond license transfers. The department may also revoke a license.⁸

 ⁷ A complete list of native fish, game fish or special concern, and non-native species is available in the private pond licensing application at <u>https://fwp.mt.gov/buyandapply/fishinglicenses/commercial-fishing-and-floating</u>.
 ⁸ Section 87-4-603, MCA.



⁵ Section 87-4-603, MCA.

⁶ Ibid.

A commercial pond permit is required to sell fish or spawn. Additional annual sales reports are also required, including who buys or sells fish, fry, or eggs.

RISING ISSUES

Humans have maintained fish ponds for centuries, with the first recorded uses in the gardens and palaces of China, Korea, and Japan and the monasteries and castles of medieval Europe. While early users constructed these ponds to cultivate (and perhaps control) a food source, landowners and organizations today in Montana construct private fish ponds for recreation and enjoyment.

Private fish ponds pose potential challenges including:

- cost of program administration;
- water rights;
- importation of fish species and illegal species; and
- limited availability of hatchery fish.

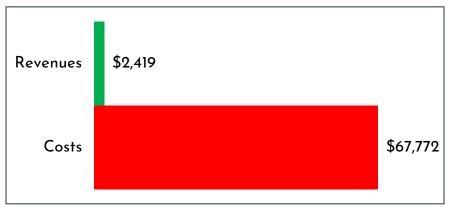
COSTS OF LICENSING

In 2005, the Legislature set the cost of a private pond license at \$10 and made it valid for 10 years.⁹

However, the revenue from fees does not meet the department's estimated costs. The department estimates the time and work its biologists and application administrators put in to inspect a site and process the paperwork costs the state nearly \$1,700 per new or renewed license.¹⁰

The department anticipates an average of 100 new pond permits and 140 permit renewals per year, although this number may vary from 81 to 486 a year, according to department calculations.¹¹ (This number also peaks every 10 years since the statutory fee was passed, with the next peak in 2026.) The department estimates license renewals account for about 70% of the department's fish pond licensing costs.

The department denies about 0-3 permit applications in any given year.¹² For the few that are denied,



Estimated annual FWP revenues and costs of fish pond licensing program

 ¹⁰ Montana Department of Fish, Wildlife, and Parks, *FWP Pond Permitting Cost Estimates* (2024). See Appendix B.
 ¹¹ Ibid.
 ¹² Ibid.



⁹ Ch. 376, L. 1989.

reasons include proximity to public waters, which may be susceptible during pond flooding, high risk of fish escape, or inappropriate species for the basin.

WATER RIGHTS CONCERNS

Water rights must be secured to obtain a private fish pond licensure. As the FWP pond application states:

"Many streams suffer from de-watering by consumptive water uses that have been legal in Montana for over 100 years. Additional water withdrawals can compound an already serious problem for wild fish and their habitat. Pond builders should be aware of and be sensitive to the fact that water withdrawals for new fish ponds may negatively impact downstream public resources, including wild fish. All private fish ponds consume water. Every effort should be made to eliminate or minimize the use of stream surface water or alluvial groundwater for ponds."

A permittee must either:

- have an existing water right, or
- provide proof of a groundwater permit exception.

Water rights with a December 31, 1999, or later priority date must be changed to include a "fishery" or "fish and wildlife" purpose of use.

ILLEGAL IMPORTS

The department has the authority to certify and inspect all importations of fish or eggs.

Certain pathogens are designated as a substantial threat to the health of state fisheries, such as infectious hematopoietic necrosis virus, which affects the kidneys and spleen, causing high mortality in fry and juvenile fish; and viral hemorrhagic septicemia, which causes bleeding from various organs. Pathogens such as these may be carried by illegally or improperly imported fish species.

In 2021 for example, officials discovered goldfish in a pond near Big Sandy.¹³ While the source of the illegal importation could not be determined, the fish did pose a threat of escape to public waters. (Koi and goldfish, while not native species, are not illegal in Montana, but must be registered and kept contained if outdoors.) Goldfish may carry the koi herpes virus, a pathogen of high concern to fisheries biologists. And while the virus may not affect trout, the pathogen profoundly affects goldfish and carp and could have other environmental effects. This pond was chemically treated to kill all fish.

HATCHERIES' LIMITS

¹³ Montana Department of Fish, Wildlife, and Parks, *Examples of Illegal Pond Introductions or AIS Introductions* (2024). See Appendix C.



Approved fish species must come from an FWP-approved hatchery. The seven private hatcheries are mostly located in western Montana (Kalispell, Hamilton, Fortine, St. Ignatius, and Ronan), although trout and some warmwater species are raised at commercial hatcheries in Miles City and Lewistown.

The state of Montana operates 12 fish hatcheries. State law requires all fry, fingerlings, and fish "be used to stock the lakes and streams of the state and shall be for free and impartial distribution." The U.S. Fish and Wildlife

Service operates the Creston and Ennis national fish hatcheries within Montana.

Montana FWP has authorized certain out-ofstate hatcheries to import stock to Montana. These hatcheries are in:

- Idaho (1)
- Wyoming (2)
- South Dakota (2)
- Kansas (1)

Montana FWP officials said self-reported data estimated that in 2023:¹⁴



Location of Montana FWP hatcheries

- 200,000 fish from commercial, in-state hatcheries were released into 307 private ponds; and
- 58,000 fish from six out-of-state hatcheries were released into 86 private ponds.

However, officials and a hatchery operator said commercial fish ponds in and outside of Montana could find ready buyers for more fish.^{15,16}

A lack of readily available fish may tempt some to illegally import fish. For example, in 2022 FWP discovered rainbow trout and channel catfish were illegally imported from Oregon and stocked in seven unlicensed private ponds. While most of the fish did not survive, fish in ponds near Helena, Three Forks, and Bozeman did. These were tested for pathogens (none were detected), and the landowners were fined.

All FWP-approved hatcheries in and outside of Montana are subject to inspection. The department conforms to fish health standards in the American Fisheries Society Fish Health Section Blue Book.

FINDINGS, RECOMMENDATIONS AND LEGISLATION

In addition to hosting hearings at four committee meetings, WPIC members also visited licensed private ponds in Twin Bridges and Dillon and a former private pond on the Ruby River near Sheridan.

¹⁶ Testimony of Mark Meyers, Bitterroot Fish Hatchery, to WPIC, July 15, 2024.



¹⁴ Email from Melissa Watson, FWP, to WPIC members, July 1, 2024.

¹⁵ Ibid.

As of July 15, 2024, the committee was set to consider legislation¹⁷ that would:

- add requirements for licensing, including a surety bond for commercial ponds, an annual transactions report, proof of water right, and an increased application fee;
- authorize FWP to adopt related administrative rules; and
- reduce the term of a license to 5 years.

¹⁷ See Appendix D.



State	Authority	Authorization	Fee and notes
Idaho	Idaho Fish and Game	Private fish pond permits	No fee; \$23.50 to collect fish and transfer to pond
			Inlets/outlets must be screened
			Only approved species from approved hatcheries
			Records must be kept of fish stocking, source
			At least 21 state-approved hatcheries
			Pond may not be constructed in or across natural stream bed, lake or other watercourse containing wild fish, except if water flow and volume of wildlife are not significant part of the wildlife resource of the state
			Many areas only allow stocking of sterilized rainbow trout or native cutthroat trout
Wyoming	Wyoming Game	Private fish stocking	Free authorization
	and Fish Department	authorization	Cannot be significant threat to native species or conflict with management goals from the drainage
			Eight department-approved hatcheries
			Water rights information maintained by State Engineers Office
			Authorized species include tiger trout
Alberta	Alberta Livestock Department	Fish culture license	Fees: recreational pond is \$100/5 years; commercial pond is \$500/5 years
			Water body must be isolated from other water to the point that stocking fish will not adversely affect the environment or native fish, or fish barriers are in place
			Nine province-approved fingerling fish suppliers
			Cultured fish eligible for licensing include tilapia, tiger trout, American eel, Pacific white shrimp, freshwater prawn

REGIONAL COMPARISON OF PRIVATE FISH POND REGULATIONS



ACTIVE PRIVATE FISH POND LICENSES BY FWP REGION

Region 7	94
Region 6	110
Region 5	251
Region 4	518
Region 3	530
Region 2	302
Region 1	217



APPENDIX A



AN ACT REQUIRING A STUDY ON THE EFFECTS OF PRIVATE PONDS ON THE STATE, PERMITTING, WATER RIGHTS, AND OPTIONS TO MITIGATE NEGATIVE IMPACTS, INCLUDING INVASIVE SPECIES AND THREATS TO WILD FISH AND AQUATIC RESOURCES; ASSIGNING THE STUDY TO THE WATER POLICY INTERIM COMMITTEE; ESTABLISHING REPORTING REQUIREMENTS; PROVIDING AN APPROPRIATION; PROVIDING FOR CONTINGENT VOIDNESS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE.

WHEREAS, Montana's world-class fisheries are rooted in a philosophy of wild fish management; and WHEREAS, high-quality fisheries that rely on self-sustaining wild fish and high-quality aquatic habitat may be negatively impacted by private ponds; and

WHEREAS, often touted to increase property values, more than 10,000 pond permits have been issued—most of which remain active; and

WHEREAS, the department of fish, wildlife, and parks issues about 200 pond permits annually to stock fish, and the permit review is complex and burdensome leading to inconsistent administration statewide; and

WHEREAS, the department cost of managing private pond issues far outweighs the cost of the permit—\$10 for a 10-year permit or \$10 annually for a commercial production pond permit; and

WHEREAS, private ponds can provide optimal environments for invasive species and pathogen introduction and propagation; and

WHEREAS, the number of permitted in-state commercial hatcheries providing fish for private pond stocking declined over the last decade, and four of the remaining five commercial hatcheries are on limited quarantine due to invasive species or pathogen detection; and

WHEREAS, applications for importing stocked fish have increased fivefold because of limited in-state sources, increasing the risk of introducing nontarget species that could damage aquatic resources; and

WHEREAS, stocking private ponds illegally from nonpermitted out-of-state commercial hatcheries is

- 1 -



Authorized Print Version - HB 520

APPENDIX A

also on the rise due in part to easy access to fish purchased online and from other sources; and

WHEREAS, frequent and severe drought years in southwest Montana harm agriculture and fisheries, yet pond development continues, bringing with it increased water temperature and water loss from evaporation; and

WHEREAS, it is critical to fully understand how the development of ponds may impact constitutionally protected water rights; and

WHEREAS, the prior appropriation doctrine and Montana Water Use Act must be considered when evaluating the cumulative impacts of ponds and the associated consumption of water; and

WHEREAS, the impact of ponds on existing water rights is an important element of determining the level and type of permitting that is necessary for ponds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Study of private ponds. (1) The water policy interim committee, provided for in 5-5-231, shall study issues related to private ponds as defined in 87-4-603.

- (2) The study must examine:
- (a) private pond policies, including permitting and protocols;

(b) impacts of private ponds on aquatic resources as well as water quality and quantity related to drought, high water temperatures, and evaporation and options to mitigate these impacts;

(c) costs of regulating private ponds, including for permitting, enforcement, fines, fees, and

restitution; and

(d) options to provide in-state certified fish to stock private ponds.

(3) The water policy interim committee shall complete the study by September 15, 2024, and report its findings and recommendations, including legislation, to the 69th legislature.

Section 2. Appropriation. There is appropriated \$50,000 from the general fund to the legislative services division for the biennium beginning July 1, 2023, to pay for costs associated with the study required by [section 1].



Section 3. Contingent voidness. (1) Pursuant to Joint Rule 40-65, if [this act] does not include an appropriation prior to being transmitted to the governor, then [this act] is void.

(2) If the appropriation in [section 2] is vetoed, then [this act] is void.

Section 4. Effective date. [This act] is effective on passage and approval.

Section 5. Termination. [Section 1] terminates December 31, 2024.

- END -



FWP Pond Permitting Cost Estimates

than average in 2026). Number of new or renewed pond permits statewide ranges from 81 to 486 annually. every 10 years), so private pond permit load is substantially higher every 10th year (e.g., permit load is expected to be much higher and commercial permits. Legislature initiated 10-year pond stocking permits in 2005 (\$10 for a new pond permit and \$10 to renew that sell live fish) are administered from HQ. This table estimates average annual cost for FWP to administer private pond stocking Pond stocking permits are issued by each region and administered between the regions and HQ. Commercial permits (i.e., facilities

	R1	R2	R3	R4	R5	R6	R7	Commercial	Avg/Region
Avg new / yr	12	13	35	17	11	3	5	1	12
Avg renew / yr	20	21	35	33	16	10	2	9	18
Avg total permits / yr	32	34	70	50	27	13	7	9	0£
Avg time / inspection (hrs)	1	3.5	1	2	2	1.5	2	6	2
Avg travel / inspection (hrs)	2	2	2.5	3	2	1.5	1.5	2	2
Avg time / renewal inspection (hrs)	1	1.5	1.25	1.5	1.5	0.5	0.5	8	2
Avg admin time / application (hrs)	1	2	1	1	1	1	1	2	1
Admin Salary / hr.	\$27.00	\$27.00	\$27.00	\$27.00	\$27.00	\$27.00	\$27.00	\$27.00	\$27.00
Biologist Salary / hr.	\$37.00	\$37.00	\$37.00	\$37.00	\$37.00 \$37.00 \$37.00 \$37.00 \$37.00 \$37.00	\$37.00	\$37.00	\$37.00	\$37.00

	Permit Revenue \$320 \$335 \$700 \$500 \$270	FWP - Cost to \$3,514 \$3,672 \$8,572 \$5,299 \$3,059 \$1,244 \$1,057 \$41,35 Administer \$3,514 \$3,672 \$8,572 \$5,299 \$3,059 \$1,244 \$1,057 \$41,35	FWP - Renewal Costs \$1,417 \$1,487 \$2,473 \$2,332 \$1,135 \$713 \$178 \$37,220	FWP - New App Costs \$2,097 \$2,184 \$6,099 \$2,967 \$1,923 \$531	Pond Permits R1
	\$335	3,672	1,487	2,184	R2
	\$700	\$8,572	\$2,473	\$6,099	R3
	\$500	\$5,299	\$2,332	\$2,967	R4
	\$270	\$3,059	\$1,135	\$1,923	R5
	\$130 \$74	\$1,244	\$713	\$531	R6
	\$74	\$1,057	\$178	\$879	R7
	\$90	л С	\$37,220	\$4,135	HQ
	\$302	\$8,472	\$5,869	\$2,602	Avg
	\$302 \$2,419	\$8,472 \$67,772	\$46,955	\$2,602 \$20,815	Total
w/n inflation	\$24,190.00 \$27,731.12	\$677,772.00 \$776,930.60	\$469,585.60 \$538,327.30	\$208,192.90 \$238,669.80	Next 10 years
w/ inflation	\$27,731.12	\$776,930.60	\$538,327.30	\$238,669.80	Next 10 years

Estimate \$1,700/ permit to cover costs to administer program (\$67,772 / 240 permits per year = \$1,694.30). Total cost / year to administer pond permits = \$67,772 and total annual revenue from permitting fees = \$2,419

native fish conservation value). Most pond owners are cooperative to incorporate measures to make a pond permittable. waters (e.g., high risk of pond flooding), high risk of fish escapement, or species inappropriate for the basin (e.g., stocking non-native species in a basin with high Few private pond stocking permits are outright denied each year (average 0 – 3 denials statewide). Typical denied applications are due to proximity to public

escapement risk. Number of modified applications generally ranges from 5-25 per year statewide Many permit applications are modified to be permitted. Typical modifications include type of fish stocked, fish screening, or other mechanisms to reduce

					Total
Unauthorized Species	FWP Region	Description	Mitigation Action	FWP Expenses	Estimated Cost to
-	3				FWP
New Zealand Mudsnail	R2	In 2021, New Zealand mudsnail (NZMS) were introduced to the	FWP staff worked with the owner to clean and secure the facility from future	 Administrative costs: 40 hours FWP assessment and 	\$75,480
		Bitterroot Fish Hatchery (private	invasions. The facility was	planning (\$45/hr) = \$1,800	
		commercial facility) through a	decontaminated, ponds were dried out,	 FWP clean-up: 3 people, 2 	
		contaminated load of fish. NZMS were	and the facility was retrofitted to	days @\$35/hr = \$1,680.	
		detected during a routine annual AIS	improve security against future	Materials (e.g., diesel for	
		survey at the facility.	contamination. Post clean-up	pressure sprayers, propane,	
			inspections have found no new	brushes, etc.) + travel =	
			detections of NZMS. FWP also did	\$3,500.	
			follow-up monitoring at 137 private	 Inspection of private ponds 	
			ponds that were stocked from the	stocked from hatchery: 137	
			facility.	ponds @\$500/pond = \$68,500	
Smallmouth	R2	Smallmouth bass have been detected	Action pending. Potential actions	 Administrative costs: 20 	\$900
Bass		in one 5-acre pond near Corvallis and	include further investigation of known	hours FWP assessment and	•
		other ponds in proximity are	population, assessment of other ponds	planning @\$45/hr = \$900	
		suspected to have bass. Some are	to determine presence/absence of	,	
		known to have largemouth bass (an	smallmouth bass, determine risk to state		
		authorized species in some ponds).	waters and wild fish populations, assess		
			cost/benefit of fish removal from ponds.		
Koi/Goldfish	R2	In 2021 koi and goldfish were	Due to time constraints and escapement	 Administrative costs: 40 	\$3,800
		discovered in an unreported koi pond	risk to the Bitterroot River, FWP covered	hours FWP assessment and	
		within the 100-year floodplain of the	costs of chemical treatment to remove	planning (\$45/hr) = \$1,800	
		Bitterroot River. Koi ponds are lightly	koi and goldfish from the pond. The	 Contract to administer 	
		regulated and stocking of koi ponds	pond owner offered restitution, but	chemical treatment 40 hrs	
		that meet criteria are self-reported	state accounting procedures make this	@\$50/hr = \$2,000	
		after the fact.	difficult without prosecution.		

Examples of Illegal Pond Introductions or AIS Introductions

APPENDIX C

APPENDIX C

1

		from a lawful source.	Justice, and the landowners.	1	
		permits to legally stock rainbow trout	negotiated between FWP, Dept of		
		applications for stocking and received	for pathogen and AIS testing was		
7		owners of two of the ponds submitted	Restitution to cover additional costs		
×		determined AIS and pathogen free,	Forks, and Bozeman was warranted.		
		were discovered. After the ponds were	testing of ponds near Helena, Three		
18		other measures). No pathogens or AIS	waters FWP determined additional		
		dewatering or pumping a pond dry,	populations and proximity to public		
		with large-scale fish removal,	stocked. Due to presence of viable	*>	
8		or AIS be found (e.g., costs associated	were permitted for the species		
		additional mitigation should pathogens	Bozeman. None of the seven ponds		
12		owners agreed to pay the costs for any	one near Three Forks, and one near		
	\$45/hr x 20 hr = \$900	testing. As part of the settlement, pond	were found in one pond near Helena,		
	preparation and planning):	allow FWP access for pathogen and AIS	ponds drying out. Viable rainbow trout		
	costs (e.g., travel, admin,	pathogen and AIS testing, and agreed to	died shortly after stocking due to		
	ponds = \$7,500. Other FWP	restitution of \$2,500 for each pond for	for four ponds fish died in shipment or		
	Estimated \$2,500 / pond x 3	landowners paid a \$500 fine, paid	seven private ponds in Montana. Fish		
-	settlement agreement.	of the settlement agreement, the	hatchery in Oregon for stocking in		
	covered through the	during spring and summer, 2022. As part	and channel catfish from a commercial	R5	Catfish
	AIS testing were largely	occurred at each of the three ponds	sale and shipments of rainbow trout	R3, R4,	and Channel
\$8,400	Expenses for pathogen and	Disease testing and AIS sampling	FWP investigation discovered illegal	R1, R2,	Rainbow Trout
FWP					
Estimated Cost to	FWP Expenses	Mitigation Action	Description	FWP	Unauthorized
Total					

APPENDIX C



WPIC MEMBERSHIP, 2023-2024

WATER POLICY INTERIM COMMITTEE MAY 25, 2023

Sen. Willis Curdy	Rep. Jill Cohenour
11280 Kona Ranch Road	2610 Colt Drive
Missoula, MT 59804	E. Helena, MT 59635
(406)546-0523	(406)227-1144
Willis.Curdy@legmt.gov	Jill.Cohenour@legmt.gov
Sen. Bruce "Butch" Gillespie	Rep. Marty Malone
P.O. Box 275	P.O. Box 152
Ethridge, MT 59435	Pray, MT 59065
(406)949-4453	(406)223-1302
Bruce.Gillespie@legmt.gov	Marty.Malone@legmt.gov
Sen. Walt Sales	Rep. Russ Miner
3900 Stagecoach Trail	1350 55 th Ave. S.
Manhattan, MT 59741	Great Falls, MT 59405
(406)282-7435	(406)899-4514
Walt.Sales@legmt.gov	Russel.Miner@legmt.gov
Sen. Jeffrey Welborn	Rep. Bob Phalen
P.O. Box 790	444 Road 222
Dillon, MT 59725	Lindsay, MT 59339
(406)949-6070	(406)584-7464home
Jeff.Welborn@legmt.gov	Bobby.Phalen@legmt.gov
Rep. Bob Carter	Rep. Kenneth Walsh
4299 Spurgin Road	P.O. Box 483
Missoula, MT 59804	Twin Bridges, MT 59754
(406)788-0089	(406)596-0418
Bob.Carter@legmt.gov	Kenneth.Walsh@legmt.gov

