

### Fiscal Estimate - 2013 Session

Original     
  Updated     
  Corrected     
  Supplemental

|  |                                   |             |
|--|-----------------------------------|-------------|
| <b>LRB Number</b> 13-3335/1  | <b>Introduction Number</b> SB-343 |             |
| <b>Description</b><br>Snowmobile registration, trail use sticker requirements, and funding for supplemental snowmobile trail aids  |                                   |             |
| <b>Fiscal Effect</b>   |                                   |             |
| <b>State:</b>  |                                   |             |
| <input type="checkbox"/> No State Fiscal Effect<br><input type="checkbox"/> Indeterminate<br><input type="checkbox"/> Increase Existing Appropriations <input checked="" type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget<br><input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br><input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs       |                                   |             |
| <b>Local:</b>  |                                   |             |
| <input type="checkbox"/> No Local Government Costs<br><input type="checkbox"/> Indeterminate<br>1. <input type="checkbox"/> Increase Costs      3. <input checked="" type="checkbox"/> Increase Revenue<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory<br>2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |                                   |             |
| 5. Types of Local Government Units Affected<br><input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities<br><input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others<br><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts  |                                   |             |
| <b>Fund Sources Affected</b>   |                                   |             |
| <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.370 (5)(cw)   |                                   |             |
| <b>Affected Ch. 20 Appropriations</b>  |                                   |             |
| <b>Agency/Prepared By</b>  | <b>Authorized Signature</b>       | <b>Date</b> |
| DNR/ Joe Polasek (608) 266-2794  | Joe Polasek (608) 266-2794        | 10/15/2013  |

## Fiscal Estimate Narratives

DNR 10/15/2013

|   |           |                     |        |               |          |
|---|-----------|---------------------|--------|---------------|----------|
| LRB Number  | 13-3335/1 | Introduction Number | SB-343 | Estimate Type | Original |
| <b>Description</b><br>Snowmobile registration, trail use sticker requirements, and funding for supplemental snowmobile trail aids |           |                     |        |               |          |

### Assumptions Used in Arriving at Fiscal Estimate

The bill requires all snowmobiles to display a trail sticker, increase the trail sticker fee for persons who are exempt from registering their snowmobile, provides for a trail sticker exemption for snowmobiles that are 25 years or older, and modifies the formula for calculating funding for county trail aids.

#### Assumptions

##### A. Revenue

###### 1. Trail Use Stickers for Registered Snowmobiles

Currently, Wisconsin registered snowmobiles are not required to purchase a trail use sticker, whereas the bill proposes to require a trail use sticker for all Wisconsin public snowmobiles. The law prescribes that trail use stickers be made available to snowmobile club members at \$14.25 per sticker and for non-club members at \$34.25 per sticker. The bill also creates a trail use sticker fee exemption for snowmobiles twenty-five years or older.

The Department estimates a total of 200,000 active registered snowmobiles in Wisconsin. If 25% of snowmobile registrations are registered to members of a snowmobile club, the bill would generate a total of approximately \$5,850,000 in revenues from the issuance of trail use stickers  $((200,000 \times .25) \times (\$14.25)) + ((200,000 \times .75) \times (\$34.25))$ . However, the bill exempts snowmobiles twenty-five years old from purchasing a trail use sticker. As of the close of FY '13, DNR registration records indicate a total of 13,535 snowmobiles manufactured before 1988, which would reduce the amount of new trail sticker revenues generated by approximately \$395,900  $((13,535 \times .25) \times (\$14.25)) + ((13,535 \times .75) \times (\$34.25))$ .

Therefore, total revenue from trail use stickers from registered snowmobiles newer than twenty-five years is estimated to be \$5,454,100  $(\$5,850,000 - \$395,900)$ . However, this estimate does not account for the impact of seasonal weather variability from year to year and any corresponding decline in trail pass sticker demand. Similarly, revenues will be reduced to the extent that a reduced trail use sticker fee for snowmobile club members incentivizes individuals to join clubs. The impacts of seasonal weather variability and fluctuations in snowmobile club membership are indeterminate.

###### 2. Additional revenue from snowmobiles that previously purchased trail stickers

Currently, a person who owns a snowmobile not registered in Wisconsin or is exempt from registration must display a trail use sticker issued at a cost of \$34.25. The bill proposes to increase the fee by \$10, from \$34.25 to \$44.25.

Based on FY '13 data, a total of 13,503 trail passes were purchased. Therefore, the additional revenue from trail passes for snowmobiles previously exempted from registration is estimated at \$135,000 annually  $(13,503 \times \$10)$ .

3. In summary, the total revenue increase from trail use stickers is estimated at \$5,589,100  $(\$5,454,100 + \$135,000)$ .

##### B. Impact to Local Units of Government: Modification of county trail aids formula

Current law requires the Department to calculate an amount equal to the number of trail use stickers issued by the Department in the previous fiscal year to owners of snowmobiles exempt from registration multiplied by \$32 and to credit this amount for aids to counties for trail development & maintenance. The bill proposes to change the amount of the multiplier from \$32 to \$44.25. The estimated impact of the modification is \$165,400.  $((13,503 \times (44.25 - 32))$ .

## C. Administrative Costs

### 1. Bureau of Customer Service and Licensing

Since the bill includes an effective date of July 1, 2015, no charges for system programming changes will be incurred since the changes will be implemented into the new system design.

Under the bill, all snowmobiles will require a trail use sticker, leading to an increase in sticker distribution costs. Assuming 200,000 registered snowmobile users must now purchase a trail use sticker annually and may purchase the trail use sticker independent from the snowmobile registration process, mailing costs will increase by up to \$120,000 per year ( $200,000 \times 0.60$ ).

The Department will also incur additional costs to produce resident trail use stickers. Assuming 200,000 registered snowmobile users will require a resident trail use sticker annually, the cost of producing the stickers would be \$7,500 annually ( $200,000 \times 0.0375$ ).

Therefore, the total administrative costs associated with this bill are estimated at \$127,500 per year.

### 2. Bureau of Law Enforcement

The bill will likely result in an increased workload for conservation wardens providing education to snowmobilers previously exempt from having to purchase a trail pass. However, the cost associated with increased workload for law enforcement is indeterminate.

## **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

|  |   |  |                 |
|--|---|--|-----------------|
| <b>LRB Number</b> 13-3335/1  |   | <b>Introduction Number</b> SB-343              |                 |
| <b>Description</b><br>Snowmobile registration, trail use sticker requirements, and funding for supplemental snowmobile trail aids                          |   |  |                 |
| <b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>                                |   |  |                 |
| <b>II. Annualized Costs:</b>   |   | <b>Annualized Fiscal Impact on funds from:</b> |                 |
|  |   | Increased Costs                                | Decreased Costs |
| <b>A. State Costs by Category</b>  |   |  |                 |
|  | State Operations - Salaries and Fringes | \$   | \$              |
|  | (FTE Position Changes)                  |  |                 |
|  | State Operations - Other Costs          | 127,500  |                 |
|  | Local Assistance                        |  |                 |
|  | Aids to Individuals or Organizations    |  |                 |
|  | <b>TOTAL State Costs by Category</b>    | <b>\$127,500</b>                               | <b>\$</b>       |
| <b>B. State Costs by Source of Funds</b>   |   |  |                 |
|  | GPR                                     |  |                 |
|  | FED                                     |  |                 |
|  | PRO/PRS                                 |  |                 |
|  | SEG/SEG-S                               | 127,500  |                 |
| <b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b> |   |  |                 |
|  |   | Increased Rev                                  | Decreased Rev   |
|  | GPR Taxes                               | \$   | \$              |
|  | GPR Earned                              |  |                 |
|  | FED                                     |  |                 |
|  | PRO/PRS                                 |  |                 |
|  | SEG/SEG-S                               | 5,589,100                                      |                 |
|  | <b>TOTAL State Revenues</b>             | <b>\$5,589,100</b>                             | <b>\$</b>       |
| <b>NET ANNUALIZED FISCAL IMPACT</b>  |   |  |                 |
|  |   | <u>State</u>                                   | <u>Local</u>    |
|  | NET CHANGE IN COSTS                     | \$127,500                                      | \$              |
|  | NET CHANGE IN REVENUE                   | \$5,589,100                                    | \$165,400       |
| <b>Agency/Prepared By</b>  |   | <b>Authorized Signature</b>                    | <b>Date</b>     |
| DNR/ Joe Polasek (608) 266-2794  |   | Joe Polasek (608) 266-2794                     | 10/15/2013      |