



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873  
Email: [fiscal.bureau@legis.wisconsin.gov](mailto:fiscal.bureau@legis.wisconsin.gov) • Website: <http://legis.wisconsin.gov/lfb>

---

May 7, 2015

Joint Committee on Finance

Paper #461

### **Parks Funding and Fee Increase (DNR -- Parks and Forestry)**

[LFB 2015-17 Budget Summary: Page 312, #1]

---

#### **CURRENT LAW**

Currently, DNR park staff operate 75 recreational properties open to the public, including 46 state parks, 14 state trails, two national scenic trails, eight southern forests, and five recreation areas. In addition, some properties are owned by the state and operated by local units of government (such as Copper Culture State Park) or nonprofit organizations (such as Heritage Hill State Park). Also, some properties have been designated by the Natural Resources Board, but are not developed or are under development and property operation remains largely unfunded with only limited services provided. The state park system properties contain 5,087 campsites (including sites currently being developed and 1,091 southern forest campsites), 1,420 acres of picnic areas and 32 properties with beaches totaling approximately 20 miles in length. The state recreation system also includes an extensive network of trails, some of which are open to multiple uses. This trail system, encompassing all state parks, recreation areas, forests and trails, includes: (a) 2,160 miles of hiking trails; (b) 1,950 miles of snowmobile trails; (c) 1,230 miles of bicycle trails (including 340 miles of mountain bike trails); (d) 520 miles of groomed cross-country ski trails; (e) 830 miles of bridle trails; (f) 450 miles of ATV trails; and (g) approximately 90 miles of nature trails.

Parks account revenues are generated primarily by motor vehicle admission fees to state parks and camping site fees. Revenue to the parks account is also derived from other charges, such as camping reservations, trail use fees, golfing at Peninsula State Park and swimming at Blue Mounds State Park.

#### **GOVERNOR**

Delete \$4,668,800 GPR annually and 44.68 positions for operation of state parks and

recreation areas and provide \$3,224,500 parks account SEG annually and 44.68 positions. The net reduction would be \$1,444,300 annually. In addition, increase annual state park and forest vehicle admission fees by \$3, and nightly state park and forest camping fees by \$2 as shown in the following table.

### **State Park and Forest Admission and Camping Fees**

<u>Vehicle Admissions</u>	<u>Current Law</u>	<u>Governor</u>	<u>Change</u>
<b>Resident</b>			
Annual	\$25.00	\$28.00	\$3
Additional Annual	12.50	15.50	3
Daily Auto	7.00	7.00	0
Daily Bus	10.00	10.00	0
Senior Annual	10.00	13.00	3
Senior Daily	3.00	3.00	0
<b>Nonresident</b>			
Annual	\$35.00	\$38.00	\$3
Additional Annual	17.50	20.50	3
Daily Auto	10.00	10.00	0
Daily Bus	14.00	14.00	0
<u>Camping Fees*</u>			
Resident, Per Night**	\$12.00 - 15.00	\$14.00 - \$17.00	\$2
Non-Resident, Per Night**	14.00 - 17.00	16.00 - 19.00	2

\*DNR may charge additional fees based on campground amenities.

\*\*The upper end of these ranges reflect \$3 per night higher fees for camping at the following places: Big Bay State Park; Black River State Forest (select campgrounds); Devil's Lake State Park; Copper Falls State Park; Council Grounds State Park; Governor Dodge State Park; Hartman Creek State Park; High Cliff State Park; Kohler-Andrae State Park; Mirror Lake State Park; Newport State Park; Pattison State Park; Northern Highlands-American Legion SF (select campgrounds); Peninsula State Park; Point Beach State Forest; Potawatomi State Park; and Willow River State Park.

## **DISCUSSION POINTS**

### **GPR Funding**

1. The operating costs for the parks system include staff costs for: (a) park managers, who supervise the daily operation of state parks; (b) park rangers, who are primarily responsible for enforcement and skilled maintenance activities; (c) park naturalists, who develop and present the educational programs offered at the parks; (d) visitor services staff; and (e) maintenance personnel. Limited-term and seasonal employees are utilized extensively in the state park system. Operations costs also include supplies for utilities, including electricity and fuel, sewer and water, cleaning, and maintenance. Parks operations funding has historically been provided primarily from the segregated parks account (parks admissions, camping, trail and other fees) and general purpose revenues.

2. 1995 Act 27 eliminated the requirement that state park operations be funded equally

from the parks account and the general fund. The percentage of GPR as a portion of the state parks operating budget has declined in recent years as shown in the following table. For 2014-15, approximately 28% of the state park \$16.7 million budget for direct operations is GPR supported (\$4.6 million) and approximately 72% is parks SEG-supported (\$12.1 million). The bill would remove all GPR support for parks operations.

**TABLE 1**

**Parks Operations Funding 2007-08 through 2016-17**

	<u>2007-08</u>	<u>2008-09</u>	<u>2008-09</u> <u>% of Total</u>
GPR	\$5,506,900	\$5,506,900	33%
Parks Account SEG	<u>11,116,300</u>	<u>11,350,400</u>	67
Total	\$16,623,200	\$16,857,300	
	<u>2009-10</u>	<u>2010-11</u>	<u>2010-11</u> <u>% of Total</u>
GPR	\$4,973,600	\$4,973,600	30%
Parks Account SEG	<u>11,699,600</u>	<u>11,76,4100</u>	70
Total	\$16,673,200	\$16,737,700	
	<u>2011-12*</u>	<u>2012-13</u>	<u>2012-13</u> <u>% of Total</u>
GPR	\$2,551,600	\$4,911,000	29%
Parks Account SEG	<u>14,286,700</u>	<u>11,824,000</u>	71
Total	\$16,838,300	\$16,735,000	
	<u>2013-14</u>	<u>2014-15</u>	<u>2014-15</u> <u>% of Total</u>
GPR	\$4,592,200	\$4,592,200	28%
Parks Account SEG	<u>12,076,700</u>	<u>12,076,700</u>	72
Total	\$16,668,900	\$16,668,900	
	Governor <u>2015-16</u>	Governor <u>2016-17</u>	<u>2016-17</u> <u>% of Total</u>
GPR	\$0	\$0	0%
Parks Account SEG	<u>15,582,500</u>	<u>15,582,500</u>	100
Total	\$15,582,500	\$15,582,500	

\*2011 Act 32 provided \$2.5 million parks SEG and deleted \$2.5 million GPR in 2011-12 only associated with 23.0 parks operations positions. Base funding for 2012-13 was not affected.

3. Parks operations budget peaked at almost \$16.9 million in 2008-09 and has been steady or declining since. The bill would delete \$4,668,800 GPR annually and 44.68 positions for operation of state parks and recreation areas and provide \$3,224,500 parks account SEG annually and 44.68 positions. The approximately \$1.45 million annual reduction (an almost 9% reduction in funding for state park operations under the Bureau of Parks and Recreation) would be deleted from supplies and services (\$969,100), LTE salary and fringe benefits (\$418,000), and permanent property (\$57,200). The bill would also increase annual state park and forest vehicle admission fees

by \$3, and nightly state park and forest camping fees by \$2. These fee increases could be expected to generate approximately \$2 million in increased revenues to the parks account over the 2015-17 biennium. Under the bill, the parks account would be expected to have an available balance of approximately \$1.5 million on June 30, 2017 as shown in the following table. However, it should be noted that the account would be in structural imbalance going into the 2017-19 biennium as authorized expenditures would be expected to exceed anticipated revenues by \$2.2 million in fiscal year 2016-17.

**TABLE 2**

**Estimated Parks Account Condition**

	<u>Actual 2013-14</u>	<u>Estimated 2014-15</u>	<u>Governor 2015-16</u>	<u>Governor 2016-17</u>	<u>2016-17 Staff</u>
Opening Balance	\$5,310,000	\$6,550,600	\$7,164,900	\$4,576,400	
<b>Revenue:</b>					
Park and Trail Admissions	\$9,058,000	\$8,925,000	\$8,815,000	\$9,190,000	
Camping	6,757,500	6,760,000	7,310,000	7,345,000	
All Other Revenue	<u>993,400</u>	<u>980,000</u>	<u>980,000</u>	<u>980,000</u>	
Total Revenue	\$16,808,900	\$16,665,000	\$17,105,000	\$17,515,000	
Total Available	\$22,118,900	\$23,215,600	\$24,269,900	\$22,091,400	
<b>Expenditures:</b>					
Parks and Recreation Program Operations	\$11,786,700	\$12,076,700	\$15,582,500	\$15,582,500	134.25
Campground Reservation Fees	927,200	958,600	958,600	958,600	0.00
Administration and Technology Services	930,100	975,500	1,043,800	1,048,400	8.01
Customer Assistance and Licensing	303,700	306,800	283,500	296,100	2.08
Division Management and Bureau Operations	966,300	972,400	976,300	976,300	8.34
Debt Service, Maintenance and Development	564,900	671,800	759,900	785,500	0.00
Taxes and Assessments	42,700	76,800	76,800	76,800	0.00
Tourism Appropriation	12,100	12,100	12,100	12,100	0.00
All Other	<u>34,600</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00</u>
Total Expenditures	\$15,568,300	\$16,050,700	\$19,693,500	\$19,736,300	152.68
Cash Balance	\$6,550,600	\$7,164,900	\$4,576,400	\$2,355,100	
Encumbrances/Continuing Balances*	900,300	900,300	900,300	900,300	
Available Balance	\$5,650,300	\$6,264,600	\$3,676,100	\$1,454,800	
Revenue Minus Expenditures	\$1,240,600	\$614,300	-\$2,588,500	-\$2,221,300	

\*Includes amounts encumbered (committed, but not yet paid) as well as continuing balances from certain appropriations (such as rental property maintenance and for camping reservation system payments) that are not available for general appropriation.

4. In part, as the parks system has seen declining GPR support levels, the agency has left permanent positions that became vacant unfilled in order to meet more immediate needs. This has included relying more heavily on seasonal limited-term employees (LTEs) for parks operations, which can be less costly, but often results in less experienced employees, more turnover, and may

affect the visitor experience at parks facilities. Further, the Department has had some difficulty filling some LTE parks positions. For example, recently DNR posted 78 ranger LTE positions (credentialed law enforcement who carry weapons) for the upcoming summer season and expects to be able to fill only 30 given the available candidate pool. The Department notes permanent rangers are paid at least \$20 per hour while LTE rangers are paid \$10.86 per hour, which can make finding qualified applicants difficult.

5. Over the last several years, the Department has maintained vacancies in the parks account and received approval from DOA to transfer vacant salary funds to be used for LTE salaries and fringe benefits and supplies (\$1,000,000 in fiscal year 2011-12, \$544,500 in fiscal year 2012-13, and \$991,000 in fiscal year 2013-14). In April 2013, there was a vacancy rate of approximately 24% in parks account SEG operations, and the vacancy rate remains at approximately 24% as of April, 2015. After accounting for positions deleted under the bill, and the transfer of the GPR parks operations positions to parks account SEG, the parks operations vacancy rate would still be expected to exceed 18% under the bill.

**TABLE 3**

**Parks Account Operations Authorized and Vacant Positions  
as of April, 2015 and Vacancies Under Governor's Bill**

	<u>Authorized Positions</u>	<u>Vacant</u>	<u>Vacancies Percent</u>	<u>Positions Deleted</u>	<u>Other Positions Changes</u>	<u>Remaining Authorized</u>	<u>Vacancies</u>	<u>Percent</u>
Parks Operations SEG	95.77	22.61	24%	-5.0	43.48	134.25	24.8	18%

6. As the bill would reduce LTE and supply funding by approximately \$1.45 million annually, it is likely the Department would need to maintain an even greater level of vacancies, potentially reducing full-time staff, in order to address this shortfall, or reduce the number of LTEs and other supply-funded activities. This would be expected to affect the level of routine parks maintenance, educational programming, visitor services, and enforcement at parks properties. The Department indicates they are exploring options to address this funding gap in the short term but that no final plans have been developed. However, they indicate the plan would be intended to minimize interruptions in parks services. DNR noted that legislative approval would not be required to limit hours or seasonal operations at state parks properties. While it is unclear what the plan would include, it is likely that some, or most, of the following could occur: (a) parks staffing, including law enforcement, could be reduced at certain parks properties or certain times of the year, potentially leaving properties without a regular staff presence; (b) basic maintenance would be reduced; (c) recreational opportunities could be reduced (for example, the Department might choose to groom cross country ski trails at some properties but not others nearby); and (d) where not justified by revenues generated, certain campgrounds, or during certain seasons, may be closed or restricted.

7. Given that the Building Commission's recommendations for the 2015-17 building program would not provide for any DNR property development projects utilizing stewardship

program bonding revenue (under current law, at least \$6.5 million in 2015-16 and \$5 million in 2016-17 would be available), projects would likely be deferred until at least the next biennium. Routine maintenance would thereby become even more critical in preventing facilities from deteriorating to the point that they may require major renovation or replacement. A February, 2012, capital improvement plan completed by the Department stated that the parks system had "capital funding needs exceeding \$285 million" at that time. The report noted that state park properties in Wisconsin were, on average, over 50 years old, and that the majority of park infrastructure and facilities were constructed more than 50 years ago. Additionally, a large number of older facilities increasingly were noted to have some level of delayed upkeep including failing septic systems, dams, and water delivery systems. The report cited health and safety concerns related to older electrical distribution systems, sanitation issues in old vault toilets, and roads and walkways with potholes and broken surfaces. Further, the report noted that service delivery may be impaired by outdated fee collection systems, crowded maintenance shops, and small customer service areas.

8. According to a report published by the National Association of State Park Directors (NASPD) in April, 2014, most states utilize park user and entrance fees and general fund supported revenue for state parks operations. According to the report which summarized fiscal year 2012-13 data, 40 states utilized park user and entrance fees and permits to support parks operations and 40 states utilized GPR funds for state parks operations. All of the states that did not expend any general fund revenues for parks operation in fiscal year 2012-13 reported providing some other source of dedicated revenues including: lottery funds (Colorado and Oregon), motor fuel tax (Arizona, Colorado, Nevada, Oregon), petroleum products tax (Arkansas), tobacco products tax (Alabama), sales tax (Arkansas, Missouri, and Montana) and vehicle registration/license plate renewal fees (Michigan and Montana).

9. An estimated 15.3 million visitors enter Wisconsin state parks and southern forests annually. It could be argued that state parks increase tourism and provide economic benefits to surrounding communities through visitor spending on gas, food, lodging, recreational equipment and guide services and that GPR support for parks should be continued [Alternative A5]. A study by the University of Wisconsin Madison, UW-Extension, and the Wisconsin Department of Natural Resources published in November, 2013, entitled "Economic Impacts of the Wisconsin State Park System: Connections to Gateway Communities" found that visitors to the park system who are not residents in the region where the park is located spend more than \$580 million annually in local communities. Overall, the report found that the economic impacts of the state parks system vary across the state and depend on property and visitor activity type, visitation levels, and local economic conditions. When combined, the local economic impacts of this private sector stimulus accounted for over 8,200 jobs and \$350 million in income for Wisconsin residents. Providing continued GPR support for state parks would help ensure that the properties are maintained and accessible to visitors. Further, recreational opportunities provide public health benefits and may attract businesses to the state.

10. The administration indicates that the bill eliminates GPR support for parks because the Governor wishes to move to a self-sustaining model for the parks system, which would include the use of fees and sponsorships to support park operations. DNR has indicated that the Department plans to consider partnerships and agreements with the private sector. Currently, DNR has authority

under Chapter 27 of the statutes to lease parts of state parks or grant easements, grant concessions or franchises for supplies, facilities, and services in state parks, and to establish and operate services and conveniences and install facilities that will render parks more attractive for public use and to charge fees for the use of such services and facilities. The Department currently has partnerships for operation of concessions (many are operated by non-profit friends groups) as well as other select recreational opportunities such as the Granite Peak ski area at Rib Mountain State Park, which is operated through a lease with a for-profit corporation, and the golf course, boat rental, and concessions at Peninsula State Park, which are operated through an agreement with a non-profit corporation.

11. The Department has also indicated DNR would consider selling naming rights to state parks. Under s. 27.01(2)(h) of the statutes, the Department may designate by appropriate name any state park not expressly named by the legislature. State parks expressly named in statute include: Aztalan, Copper Culture Mounds, Copper Falls, Devil's Lake, Interstate, Kinnickinnic, Nelson Dewey, Pattison, Peninsula, Perrot, Potawatomi, Rib Mountain, Terry Andrae, Tower Hill, and Wyalusing.

12. Some other states such as California and Virginia have pursued corporate sponsorships. According to the California Department of Parks and Recreation, corporate sponsorships are offered to corporations and companies with innovative and generous charitable programs with a particular emphasis on programs promoting environmental, historical and cultural awareness, healthful living, education, and high quality outdoor recreation. Current partnerships include a partnership with "Surflife" a company that provides live and predicted ocean weather information, editorial content, and consulting services to consumers, businesses, and government agencies. In addition, the Loews Coronado Bay Resort in San Diego developed a point of sale fundraising program to raise funds to enhance Silver Strand State Beach which is located next to the resort. In Virginia, according to a January, 2012, report by Douglas Shinkle at the National Conference of State Legislatures, funding for state trails has been provided by Dominion Power, one of the main energy providers in the state. However, both California and Virginia continue to receive general fund support for their state park systems and it may be difficult for state parks systems to become entirely self-sufficient. Shinkle states, "Although revenues from park admission fees, camping fees, golf course charges and restaurants can help fill the gaps, outside of certain very popular parks, they are not enough to make parks self-sustaining."

13. If the Committee wished to restore some level of GPR support for parks operations, the Committee could consider several alternatives. One option would be to restore half of the GPR funding and positions (\$2,334,400 and 22.34 positions) [Alternative A2]. Under this alternative, GPR funding would comprise approximately 15% of state parks operations support, comparable to the lowest level provided (on a one-time basis in 2011-12) since the requirement that parks operations be funded evenly from parks SEG and GPR was eliminated. However, if the Committee wished to restore base funding going into the 2017-19 biennium, an alternative could be to restore the full amount of GPR, but in fiscal year 2016-17 [Alternative A3]. If the Committee wished to provide continued GPR for parks operations but at a lower level, another option would be to provide half the GPR (\$2,334,400 and 22.34 positions in the second year only [Alternative A4]. That way base funding would be restored, although at a lower level, going into the 2017-19 biennium. It could

be argued that, as the parks account is expected to have an available balance of approximately \$1.5 million on June 30, 2017, it is not necessary to restore GPR funding during the 2015-17 biennium. However, given the structural imbalance in the account going into the 2017-19 biennium, another alternative could be to require the Department to submit its 2017-19 biennial budget request as if the following amount of GPR were provided for parks operations: (a) \$2,334,400 and 22.34 position; or (b) \$4,668,800 GPR and 44.68 positions, and the segregated parks operations appropriation would be reduced by the same amount and number of positions [Alternative A6a, A6b].

### **Admission Fees Increase**

14. Under current law, an annual vehicle admission fee for a resident is \$25, while an annual non-resident vehicle admission fee is \$35. The annual admission fee for a second vehicle is currently one-half the regular price, if an individual or a member of the household owns a vehicle with a current annual admission sticker (the bill would raise the additional vehicle fees by \$3, meaning the fees would be more than 50% of the annual fee under the bill). No admission fee is required for any vehicle that transports a person with a senior citizen recreation card, a disabled veteran recreation card, or a conservation patron license. (The senior citizen recreation card has not been available since 1991; however, it continues to convey lifetime privileges to the holder as long as the holder possesses the card and remains a resident.) An admission fee exemption is also provided for motor vehicles transporting students to an outdoor academic class. In addition, the Department is authorized to establish a state trail pass fee through administrative rule. Currently an annual trail pass is \$20 (previously \$15) and a daily trail pass is \$4 (these fees were last increased effective January 1, 2008). Parks fees have risen over the last 20 years as shown in the following table, but have not been increased since 2006. Under the bill, annual state park admission fees would be increased by \$3 but daily fees would remain unchanged. The fee increases would take effect with the general effective date of the budget.



**TABLE 4**

**Wisconsin State Parks Fees 1992 through Proposed 2015-16**

	1992 - <u>1995</u>	1996 - <u>2001</u>	Change <u>from Prior</u>	Percent <u>Change</u>	2002- <u>2005</u>	Change <u>from Prior</u>	Percent <u>Change</u>
<b>Resident</b>							
Annual	\$15	\$18	\$3	20%	\$20	\$2	11%
Daily	4	5	1	25	5	0	--
<b>Nonresident</b>							
Annual	24	25	1	4	30	5	20
Daily	6	7	1	17	10	3	43
	2006- <u>2015</u>	Change <u>from Prior</u>	Percent <u>Change</u>	Proposed <u>Fees</u>	Change <u>from Prior</u>	Percent <u>Change</u>	
<b>Resident</b>							
Annual	\$25	\$5	25%	\$28	\$3	12%	
Daily	7	2	40	7	0	--	
<b>Nonresident</b>							
Annual	35	5	17	38	\$3	9	
Daily	10	0	--	10	0	--	

15. The admission fee increases under the bill would be expected to generate approximately \$225,000 in fiscal year 2015-16 and \$600,000 in 2016-17 to the parks account (and \$80,000 in fiscal year 2015-16 and \$215,000 in 2016-17 to the forestry account). These revenue estimates assume some revenue is shifted from 2015-16 to 2014-15 as a result of persons buying an annual sticker before the price increases.

16. In order to reduce the structural imbalance in the account, an alternative could be to increase daily admission fees in addition to annual admission fees. Currently, a daily admission is 28% of the cost of an annual admission for residents (28.6% for nonresidents), while under the bill, a daily admission would be 25% of the cost of an annual admission for residents (26% for nonresidents). Raising the daily resident fee by \$1 would maintain a similar ratio, meaning that it would remain more economical to buy an annual sticker if a person intends to visit a park for more than three days over the course of a year (under the bill, residents would pay the same price for four daily admissions as they would for an annual admission). Additionally, increasing senior daily admissions by \$1, from \$3 to \$4, would provide a fee equal to one-half the cost of a senior annual sticker (\$8). Increasing the daily fees could be expected to generate approximately \$235,000 in increased revenue to the parks account annually as shown in the following table (and increased annual revenue of \$75,000 to the forestry account). Additionally, increased revenue could be expected from an increase in the number of annual resident passes sold as compared to the bill (\$10,000 parks account and \$3,000 forestry account). [Alternative B2]

**TABLE 5****Alternative B2 Increase Daily Fees by \$1 Each**

<u>Vehicle Admission</u>	<u>Current/Bill Fee</u>	<u>Alternative Fee</u>	<u>Change</u>	<u>Estimated Annual Revenue Increase</u>
<b>Resident</b>				
Daily	\$7	\$8	\$1	\$150,000
Senior	3	4	1	10,000
Bus	10	11	1	400
<b>Nonresident</b>				
Daily	10	11	1	75,000
Bus	14	15	1	<u>100</u>
Total				\$235,500

17. The following table compares park admissions fees charged under current law and as proposed under the bill to surrounding states.

**TABLE 6****Park Admission Fees in Wisconsin and Surrounding States**

	<u>Current Fees</u>			<u>Proposed 2016 Fees</u>			
	<u>Wisconsin</u>	<u>Minnesota</u>	<u>Michigan</u>	<u>Iowa</u>	<u>Illinois</u>	<u>Wisconsin</u>	<u>Minnesota</u>
<b>Resident:</b>							
Annual	\$25.00	\$25.00	\$11.00	\$0.00	\$0.00	\$28.00	\$30.00
Daily	7.00	5.00	---	---	---	7.00	6.00
Senior (65) Annual	10.00	25.00	11.00	---	---	13.00	30.00
<b>Non-Resident:</b>							
Annual	35.00	25.00	31.00	0.00	0.00	38.00	30.00
Daily	10.00	5.00	9.00	---	---	10.00	6.00

18. Two neighboring states (Illinois and Iowa) do not charge admissions fees to their state parks. However, Illinois charges a \$1 daily beach use fee. Illinois and Iowa fund state park operations primarily from revenues from camping fees and from the general fund. In addition, in 2012, Illinois passed a \$2 fee increase on all Illinois vehicle registrations which generates approximately \$20 million annually in dedicated revenues for state parks, which the Illinois DNR reports has been utilized to reduce the backlog of maintenance and outstanding capital projects at state parks. In addition to operations funding, Iowa utilizes funding from a \$3 million tribal gaming infrastructure fund for capital projects. Minnesota funds state park operations from segregated fees (primarily vehicle admission and camping fees) and from the general fund. Minnesota's 2015-17 biennial budget proposal includes an increase in admission fees of \$5 annually and \$1 daily.

Minnesota currently charges the same park admission fee to residents and nonresidents. In addition, the biennial budget proposal includes an increase in funding from the state's general fund of \$3.6 million annually (in addition to base funding of \$19.8 million GPR). State park operations in Minnesota are also funded from a portion of the lottery sales tax (\$5.7 million annually). Minnesota also utilizes funding from the state's legacy fund (a constitutionally dedicated three-eighths of one percent of sales tax) for habitat improvement, capital projects, land acquisition, grants to local communities for regional parks and trail projects, and parks interpretive and outdoor skills programming (\$52 million in 2014-15) but the legacy fund may not be utilized to replace or supplant operations.

19. Michigan does not utilize general fund revenues for state park operations. In 2010, Michigan created a "recreation passport" for entry into state parks, which replaced the previous vehicle admission window stickers. Michigan residents may elect to purchase a passport along with their vehicle registration. If purchased along with a registration, it is displayed as two small "Ps" on the top and bottom of the license plate registration tab. The original fee was \$10, but is currently \$11 (\$5 for motorcycles), and statutorily may be adjusted for inflation (although due to the statutory method for adjustment the increase to \$12 will not likely occur until at least 2017). If a resident does not purchase a passport along with their registration, they may purchase a window sticker upon entrance to a state park (this fee is also currently \$11 but, according to the Michigan DNR, will be more expensive in future years), but the sticker is only valid until the vehicle's next renewal date. Drivers of vehicles with non-Michigan license plates may purchase a \$9 daily nonresident pass or a \$31 annual pass (valid until December 31 of the calendar year in which it was purchased). In fiscal year 2013-14, 24.6% of eligible vehicles and 26.1% of eligible motorcycles purchased the recreation passport, generating approximately \$23.3 million in fiscal year 2013-14, or approximately \$2.36 per capita. Most of the revenue generated by the recreation passport is deposited in the Park Improvement Account of the Michigan Conservation and Recreation Legacy Fund (a constitutional fund). The account receives all revenue from camping fees, concessions, leases, contracts, and other fees or permits for activities in state parks and recreation areas, as well as damages paid to the state for illegal activities in state parks. The account is similar to Wisconsin's parks account in that it is utilized for parks operations, but unlike Wisconsin's parks account, it may also be utilized for capital development.

20. Michigan also utilizes funds from the Michigan State Park Endowment Fund for parks operations and capital projects. This fund receives most of the gas and oil lease and royalty revenue derived from state-owned lands. Each year, half of this revenue is credited to the corpus of the fund (until the fund reaches a balance of \$800 million), and half may be appropriated for operations, maintenance, and capital improvements of state parks and for land acquisition in state parks. In fiscal year 2012-13, approximately \$45 million in revenue was generated, with half available for appropriation for park purposes, and approximately \$20 million was utilized for parks operations.

### **Camping Fee Increases**

21. Under the bill, the statutory minimum charge for all campgrounds would be increased by \$2 per night. Campgrounds are classified in statute as being type "A", type "B", or type "C". However, these classifications are not defined in statute and have not been utilized by the

Department in recent years. Parks staff indicate these classifications were initially used to distinguish between more developed campgrounds, those with flush toilets and showers, and those with fewer facilities. However, DNR indicates that all campgrounds are now currently classified as Type A. As reestimated, the \$2 increase in camping fees would be expected to generate increased revenues of over \$1.1 million (\$550,000 in 2015-16 and \$585,000 in 2016-17) to the parks account (and approximately \$630,000 to the forestry account) over the 2015-17 biennium. Although comparisons can be difficult, the following table gives some idea of the current and proposed camping fees in Wisconsin as compared to neighboring states.

**TABLE 7**

**Camping Fees in Wisconsin and Surrounding States**

	<u>Wisconsin</u>		<u>Minnesota</u>	<u>Michigan</u>	<u>Illinois</u>	<u>Iowa</u>
	<u>Current</u>	<u>Proposed</u>				
<b>Resident</b>						
Regular	\$12 or \$15	\$14 or \$17	\$15 - \$23	\$13 - \$20 <sup>a</sup>	\$10 - \$15	\$9 - \$11
Rustic	\$12 or \$15	\$14 or \$17	\$15 - \$19	\$13 - \$18	\$6 - \$8	
Off Season			\$15 - \$17	\$13 - \$17		\$6 - \$8
<b>Non-Resident</b>						
Regular	\$14 or \$17	\$16 or \$19	\$15 - \$23	\$13 - \$20 <sup>a</sup>	\$10 - \$15	\$9 - \$11
Rustic	\$14 or \$17	\$16 or \$19	\$15 - \$19	\$13 - \$18	\$6 - \$8	
Off Season			\$15 - \$17	\$13 - \$17		
<u>Additional Fees</u>						
Holiday					\$10	<sup>b</sup>
Water View	\$3					
Electric	\$5			\$4-\$11 or \$6-\$13 (20/30 or 50 amp)		\$5
Water/Sewer Hookup	N.A.		\$8	\$5 <sup>c</sup>	\$10 <sup>d</sup>	\$3
Reservation Fee	\$9.70	\$9.70	\$8.50 or \$10 (Online or Phone)	\$8	\$5	\$4 or \$6 (Online or Phone)

<sup>a</sup> Most sites are between \$13 to \$20 base fee, but fees for select campgrounds at select parks may reach as much as \$29.

<sup>b</sup> Iowa requires a three-day minimum for camping over Memorial Day and Labor Day weekends.

<sup>c</sup> Michigan fees for full hookup vary by campground and park but are generally \$5 more than the price of a 50 amp site.

<sup>d</sup> Illinois charges a \$10 utility fee for water/sewer and electric.

22. It should be noted that camping fees charged by other states may vary based on numerous factors, including time of year, location, and amenities provided. For example, the total nightly camping fee for a campsite at a rustic campground at Brighton Recreation Area in Livingston County Michigan is \$13 year-round, while the nightly camping fee for a 20/30 amp electric site at a campground at that property is \$21 year-round. In Wisconsin, the total nightly fee

for a resident camping at a non-electric, or rustic, site would be \$12 currently or \$14 under the bill for a campsite that is not classified as "high-demand" and \$15 currently or \$17 under the bill for a non-electric campsite that is classified as "high demand". The nightly fee for a Wisconsin electric high-demand site would generally be \$20 currently, or \$23 under the bill.

23. As shown in the table, Wisconsin's fees tend to be in the middle of the range of camping fees charged in surrounding states. Fees in Illinois and Iowa are generally lower than Wisconsin. While Minnesota and Michigan are generally comparable, to somewhat higher than Wisconsin. All four surrounding states generally charge the same fees for residents as non-residents. It could be argued that increasing camping fees above current levels may discourage nonresidents from camping in Wisconsin state parks, and may particularly discourage Illinois and Iowa visitors as Wisconsin's minimum nightly non-resident camping fee could be more than the maximum nightly camping fee in Iowa or Illinois. Additionally, concerns have been raised regarding the affordability of camping at state parks for Wisconsin residents, particularly low-income residents. Finally, given that the parks account is expected to have an available balance of approximately \$1.5 million on June 30, 2017, it could be argued that the increase in camping fee revenues is not necessary at this time [Alternative C2].

24. On the other hand, maintaining camping fees at current levels would result in a decrease in revenue to the parks account of approximately \$1.135 million over the biennium as compared to the bill. If current camping fees were maintained, the account would be expected to have an available balance of approximately \$320,000 on June 30, 2017. Additionally, while camping fees would increase under the bill, it should be noted that, in most cases, fees charged per night for camping in state parks are comparable to or lower than fees typically charged by county parks or private campgrounds. For example, the nightly fee for a non-electric campsite at two commercial campgrounds near Wisconsin Dells were currently \$29 and \$33 (during peak season), while a non-electric site at the two state parks nearby, Mirror Lake State Park and Devil's Lake State Park currently costs \$15 per night for residents and \$17 per night for non-residents, and would cost \$17 nightly for residents and \$19 nightly for non-residents under the bill. However, private campgrounds may have more tourist amenities than nearby state parks. On the other hand, some private campsites may be considered less scenic than many park sites. In the past, private campground owners have supported fee increase proposals for state campgrounds in order to maintain equitable pricing structures, particularly in competitive markets. Further, given the likely structural imbalance in the parks account going into the 2017-19 biennium under the bill, it would seem prudent to provide an increase in ongoing camping revenues prior to 2017-19.

25. The statutes offer the Department flexibility with regard to charging additional camping fees beyond the base fees established in statute. Section 27.01(10)(h) of the statutes specifies that DNR determine which state campgrounds are located in areas where local market conditions justify the establishment of higher camping fees and promulgate rules to establish such fees. The Department established this fee in s. NR.45.12(2)(b)(5) of the administrative code as a \$3 fee per night for camping at campgrounds classified as "high demand", and over time the Department has added many properties and campgrounds to the list of those classified as high demand so that there are now very few properties and/or sites that are not classified as high demand. DNR could review this rule to further stratify pricing at the most popular campgrounds.

26. Additionally, the Department is currently statutorily authorized to waive camping fees, charge additional camping fees, or charge special fees instead of camping fees for certain classes of persons or groups, certain areas, certain types of camping, or times of the year and for admission to special events. The Department currently utilizes this authority for several purposes including charging a \$5 fee for water view campsites, a \$5 fee for electricity, and certain other fees for group camping. Other provisions authorize the Department to charge an additional fee of \$1 for each pet accompanying a camping party and an additional \$1 per night per camping party for a Friday, Saturday, or Sunday night. However, the Department has not utilized this authority. The Department could change their administrative rules to utilize their statutory authority to charge a higher fee than \$3 per night, or perhaps to charge a range of higher fees at particular parks, or during particular times of the year (or weekends), depending on local market conditions. An additional fee increase structure could be established in administrative rule by the beginning of the 2017-19 biennium to begin to address the structural imbalance in the account.

27. Some surrounding states have other sources of camping revenue such as teepees, yurts, or cabin rentals. Minnesota offers camping in yurts, which are insulated canvas tents with wood floors and woodstoves, for fees ranging from \$50 to \$65 per night depending on the size of the yurt (may sleep from three to seven people). In addition to the wood burning stove, each yurt has operable windows, a domed roof with skylight, bunkbeds, and a table and chairs or stools. Minnesota state parks also offer camping in camper cabins for \$55 to \$70 per night. The camper cabins are rustic, one-room wooden cabins (12 feet by 16 feet) and contain a table, benches, and wooden bunkbeds with mattresses and most have a screened porch. In addition, Minnesota has several other larger cabins, houses, chalets, or lodges with kitchens and bathrooms (from \$60 to \$495 per night depending on size and amenities). Illinois offers cabins which are available for \$25 in addition to all other applicable camping and utility fees. The cabins consist of two-rooms and include one full-sized bed with mattress, two sets of bunk beds with mattresses, an electric heater, a drop-leaf table with chairs, and ceiling fans. Iowa offers yurts (\$35 per night), camper cabins (\$25 to \$35 per night), and other cabins ranging in size and amenities from \$50 to \$100 per night. Michigan offers a variety of cabins including rustic cabins for \$65 to \$86 per night (sleep from two to 24 people and include beds or bunks with mattresses, a table, chairs, and propane heater or wood stove), mini-cabins for \$49 per night (slightly smaller than rustic cabins and sleep four or fewer people with bunkbeds and mattresses provided), camper cabins \$65 to \$86 per night (similar to a mini-cabin but each sleeps up to six people with two sets of bunk beds and a futon in a main living area, and also include a covered front porch), and lodges for \$85 to \$215 per night (houses with kitchens and bathrooms, vary in size, sleep from six to 12 people). Michigan also offers teepees (\$35 per night) pop up campers (\$55 per night) and yurts (\$65 per night).

28. Currently, under administrative rule NR 1.30(2), DNR is prohibited from developing overnight lodging facilities other than designated campgrounds, group camps and staff residences, except those constructed for use exclusively by people with physical disabilities, with their family or attendant or both, and overnight lodging in the Seth Peterson cottage at Mirror Lake State Park (a Frank Lloyd Wright-designed cottage owned by DNR and operated by a non-profit conservancy through an agreement with the Department). The Governor included funds for operation and maintenance of "camper cabins" in his 2013-15 biennial budget bill, and DNR indicated at the time that they would utilize \$500,000 in stewardship property development funds in each year of the

biennium for construction of camper cabins at several state park and forest sites. However, the Legislature deleted the camper cabins operations funding (in part, because DNR rule changes needed to accomplish this had not been started). To date, the Department has not pursued a rule change to allow the construction of camper cabins. As envisioned by the Department in 2013, a camper cabin might consist of a 12 foot by 12 foot structure with insulated walls, windows, electricity, heating unit, and small exterior deck. The Department could amend their administrative rules to allow for construction of camper cabins. As changes to administrative rules generally take one to two years, this would likely not be in place prior to the 2017-19 biennium. However, the Building Commission's recommendations for the 2015-17 building program would not provide for any DNR property development projects utilizing stewardship program bonding revenue (under current law, at least \$11.5 million in 2015-17 would be available). Under the Building Commission recommendation, DNR would not have development funds to construct camper cabins (or for capital maintenance or development projects) during 2015-17. Altering the rule prior to 2017-19 would allow the Department to construct camper cabins should development funding become available in 2017-19.

### **Additional/Alternative Funding Sources**

29. Given the anticipated structural imbalance in the parks account, particularly going into the 2017-19 biennium, an alternative could be to require DNR to study and prepare a report regarding potential additional sources of revenue for parks operations and maintenance. The study could include, at a minimum, revenue estimates for a voluntary vehicle registration parks sticker and expanded camping facilities and fee structures. DNR could be required to report the results of the study, and any recommendations for closing any structural imbalance in the parks account to the Joint Committee on Finance, the Governor, and appropriate standing committees of the Legislature, by December 1, 2016 [Alternative D1].

30. As reestimated, the admissions and camping fees included in the bill would be expected to generate approximately \$775,000 in 2015-16 and \$1,185,000 in 2016-17 to the parks account (and \$385,000 in 2015-16 and \$540,000 in 2016-17 to the forestry account). However, the bill would increase parks account expenditure authority by \$3,224,500 annually. As a result, increased SEG expenditures would be expected to exceed increased revenues by over \$2.0 million in fiscal year 2016-17 resulting in the structural imbalance in the account. However, as noted earlier, due to a significant July 1, 2015, opening balance, the account would be expected to have a remaining balance of approximately \$1.5 million on June 30, 2017.

31. Another alternative funding source that could be considered would be the forestry account of the conservation fund. The forestry mill tax is authorized in the Wisconsin Constitution for the purpose of acquiring, preserving, and developing the forests of the state and generates approximately 77% of revenues to the forestry account. As a property tax, the forestry tax is paid by most state residents. State parks provide recreational, public health, and economic benefits to state residents generally. Further, state parks and recreational areas preserve heavily forested areas of the state for public nature-based outdoor recreation. An alternative to GPR could be to provide funding from the forestry account of the conservation fund, which is expected to have a substantial available balance under the bill. As noted, the bill would delete \$4,668,800 GPR annually for parks

operations and provide \$3,224,500 parks account SEG annually. The net reduction would be \$1,444,300 annually (an almost 9% reduction in state park operations funding). The Committee could consider providing \$1,445,000 annually from the forestry account of the conservation fund to restore the funding reduction under the bill [Alternative D2]. This would allow the parks system to fill some vacancies, and to fund operations and routine maintenance at approximately current levels.

**ALTERNATIVES**

**A. GPR Funding**

1. Adopt the Governor's recommendation to delete \$4,668,800 GPR annually and 44.68 positions for operation of state parks and recreation areas and provide \$3,224,500 parks account SEG annually and 44.68 positions.

2. Restore \$2,334,400 GPR annually and 22.34 positions and delete the same amount of parks account SEG funding and positions;

ALT A2	Change to Bill	
	Funding	Positions
GPR	\$4,668,800	22.34
SEG	<u>- 4,668,800</u>	<u>- 22.34</u>
Total	\$0	0.00

3. Restore \$4,668,800 GPR and 44.68 positions beginning in 2016-17 and delete the same amount of parks account SEG funding and positions;

ALT A3	Change to Bill	
	Funding	Positions
GPR	\$4,668,800	44.68
SEG	<u>- 4,668,800</u>	<u>- 44.68</u>
Total	\$0	0.00

4. Restore \$2,334,400 GPR and 22.34 positions in 2016-17 and delete the same amount of parks account SEG funding and positions;

ALT A4	Change to Bill	
	Funding	Positions
GPR	\$2,334,400	22.34
SEG	<u>- 2,334,400</u>	<u>- 22.34</u>
Total	\$0	0.00

5. Restore \$4,668,800 GPR and 44.68 positions annually and delete \$3,224,500 parks account SEG funding and 44.68 positions (maintain current law).



ALT A5	Change to Bill	
	Funding	Positions
GPR	\$9,337,600	44.68
SEG	<u>- 6,449,000</u>	<u>- 44.68</u>
Total	\$2,888,600	0.00

6. Require the Department to submit it's 2017-19 biennial budget request as if the following amount of GPR were provided for parks operations (the segregated parks operations appropriation would be reduced by the same amount and number of positions):

(a) \$2,334,400 and 22.34 positions;

(b) \$4,668,800 and 44.68 positions

### B. Admissions Fees

1. Adopt the Governor's recommendation to increase annual state park and forest vehicle admission fees by \$3. As reestimated, admission fee increases would generate \$225,000 in 2015-16 and \$600,000 in 2016-17 to the parks account (and \$80,000 in 2015-16 and \$215,000 in 2016-17 to the forestry account). [\$1,120,000 in 2015-17 revenues, versus \$1,630,000 originally estimated under the bill.]

ALT B1	Change to Bill
SEG-REV	- \$510,000

2. Adopt the Governor's recommendation to increase annual state park and forest admission fees by \$3 (and include the reestimated revenue effect). In addition, increase daily state park vehicle admission fees by \$1. The increase in daily fees would be expected to increase annual revenues to the parks account by \$245,000 (and \$78,000 to the forestry account annually).

ALT B2	Change to Bill
SEG-REV	\$136,000

3. Maintain current law (state park and forest vehicle admission fees would remain unchanged).

ALT B3	Change to Bill
SEG-REV	- \$1,630,000

**C. Camping Fees**

1. Adopt the Governor's recommendation to increase state park and forest camping fees by \$2. As reestimated, the camping fee increases would be expected to generate revenues of \$550,000 in 2015-16 and \$585,000 in 2016-17 to the parks account (with \$305,000 in 2015-16 and \$325,000 in 2016-17 to the forestry account). [\$1,765,000 in 2015-17 revenues, versus \$2,150,000 originally estimated under the bill.]

<b>ALT C1</b>	<b>Change to Bill</b>
SEG-REV	- \$385,000

2. Maintain current law (state park and forest camping fees would remain unchanged).

<b>ALT C2</b>	<b>Change to Bill</b>
SEG-REV	- \$2,150,000

**D. Additional/Alternative Funding Sources**

1. Require DNR to study and prepare a report regarding potential additional sources of revenue for parks operations and maintenance. Require the study to include, at a minimum, revenue estimates for a voluntary vehicle registration parks sticker, and expanded camping facilities and fee structures. Require DNR to report the results of the study, and recommendations for closing any structural imbalance in the parks account, to the Joint Committee on Finance, the Governor, and the appropriate standing committees of the Legislature, by December 1, 2016.

2. Provide \$1,445,000 forestry SEG annually for state park operations.

<b>ALT D2</b>	<b>Change to Bill</b>
SEG	\$2,890,000

Prepared by: Erin Probst