



Legislative Fiscal Bureau

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March 16, 2010

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Section 13.10 Request Related to Supplemental Snowmobile Trail Aids -- Agenda Item III

REQUEST

The Department of Natural Resources (DNR) requests approval to increase the expenditure authority of the snowmobile trail aids appropriation, by \$475,847 in fiscal year 2009-10 to be used for supplemental snowmobile trail aids. The amount requested reflects increased snowmobile account revenue from recently increased nonresident snowmobile trail use sticker fees.

BACKGROUND

DNR administers a snowmobile recreation program to develop and maintain a statewide system of snowmobile trails and administer and enforce snowmobile laws. These activities are funded from the snowmobile account of the segregated conservation fund. The Snowmobile Recreational Council advises DNR on matters related to snowmobile policy. The Council consists of 15 members appointed by the Governor with the advice and consent of the Senate who serve staggered, three-year terms.

The main sources of revenue to the snowmobile account include: (a) motor fuel tax revenue transferred to the account; (b) snowmobile registration fees; and (c) nonresident trail use sticker fees. The snowmobile fuel tax transfer is an amount equal to the motor fuel tax assessed on 50 gallons of gasoline as of the last day of March of the prior fiscal year multiplied by the number of snowmobiles registered on that same date, with this result increased by an additional 40%. Since fiscal year 1991-92, supplemental trail aids have been funded from the 40% multiplier to the formula. In addition, a non-resident snowmobile trail use sticker was created in 1998. The fee for the non-resident trail use sticker was initially set at \$18, with a portion of revenues from trail use

sticker sales earmarked for trail aids. Under s. 350.12 (4)(bg)2 of the statutes, beginning in fiscal year 2001-02, an amount equal to \$15 for each non-resident trail use sticker sold during the previous fiscal year is credited to a separate supplemental snowmobile trail aids appropriation. Remaining revenues from trail use sticker sales (minus the issuing fee) are deposited to the general balance of the snowmobile account. The trail use sticker fee was increased to \$35 under 2007 Act 226. However, the act did not include an increase in the amount set aside for supplemental trail aids. Therefore, \$15 of the revenue from trail use stickers continues to be available for supplemental trail aids while the remainder (\$20 less issuing fees) is credited to the general snowmobile account.

The main expenditures from the snowmobile account are for local snowmobile trail and project aids and supplemental trail aids. Generally, trail maintenance aids are provided to counties and the DNR at 100% of eligible costs up to a maximum of \$250 per mile per year. In addition to basic aids, a county or DNR is eligible for supplemental trail aid payments if actual eligible costs exceed the maximum of \$250 per mile per year and, of the costs incurred, actual trail grooming costs exceed \$150 per mile per year (other eligible costs include insurance and certain lease costs). Total state trail maintenance payments generally may not exceed \$1,000 per mile of snowmobile trail (\$250 per mile for basic maintenance and up to \$750 per mile for supplemental trail aids). In 2009-10, \$1,778,900 is available for supplemental trail aids. Supplemental aid requests for the 2008-09 snowmobile season averaged \$194 per mile, and varied between \$35 per mile in Dane County to \$508 per mile on the Bearskin State Trail in Oneida County.

Under s. 350.12(4)(br) of the statutes, DNR may request that the Joint Committee on Finance take action under s. 13.101, without finding an emergency, if the supplemental aid payable to counties exceeds available funding. DNR may also choose to prorate the trail aid payments if total claims are greater than available funds.

ANALYSIS

As shown in the following table, since the winter of 1990-91, supplemental aid payments have fully funded eligible requests in nine years (including three years where the Joint Committee on Finance approved an additional allocation) and funding has been prorated in nine years. Supplemental payments for a snowmobile season are paid in the following fiscal year (that is, winter of 2008-09 trail costs are reimbursed in state fiscal year 2009-10).

TABLE 1**Supplemental Snowmobile Trail Aids**

<u>Snowmobile Season</u>	<u>Eligible Costs</u>	<u>Total Payment</u>	<u>Amount Funded</u>
1990-91	\$351,800	\$351,800	100%
1991-92	923,000	701,500	76
1992-93	983,900	724,600	74
1993-94	889,800	838,400	94
1994-95	477,700	477,700	100
1995-96	1,925,500	1,116,200*	58
1996-97	2,130,000	1,642,300*	77
1997-98	731,000	731,000	100
1998-99	1,202,800	1,202,800*	100
1999-00	1,514,100	1,514,100*	100
2000-01	2,770,200	2,770,200*	100
2001-02	589,200	589,200	100
2002-03	372,100	372,100	100
2003-04	2,394,000	1,915,500	80
2004-05	1,978,800	1,854,200	94
2005-06	1,942,200	1,831,300	94
2006-07	1,068,800	1,068,800	100
2007-08	3,856,100	2,395,700*	62
2008-09 (current law)	2,648,100	1,778,900	67
2008-09 (request)	2,648,100	2,254,700	85

*Includes a transfer of trail aids funding approved by the Joint Committee on Finance.

The 2009-10 snowmobile motor fuel tax transfer is \$4,756,600 with \$1,359,000 of this amount earmarked for supplemental trail aid payments. In addition, \$15 from each of the 27,991 non-resident trail use stickers sold during 2008-09 generated \$419,900 in additional funding for supplemental trail aids. Therefore, the total available funding for supplemental trail aids for the 2008-09 season (payable in state fiscal year 2009-10) is \$1,778,900.

The application deadline for supplemental requests for the 2008-09 snowmobiling season was August 1, 2009. DNR received requests from 40 counties and three cooperating snowmobile clubs for \$2,648,100 in supplemental funds. As required by section 350.12 of the statutes, on September 15, the Department provided the counties and clubs with an advance payment equal to 50% of the amount applied for. The \$1,778,900 currently available for supplementary payments would result in a payment equal to 67% of eligible costs (33% proration). With the addition of \$475,800 the amount for supplementary payments (\$2,254,700) would represent 85% of eligible costs.

In 2008-09, 27,991 non-resident trail use stickers were sold, generating \$946,400 in revenue for the snowmobile account, of which \$419,900 is designated for supplemental trail aids in 2009-10. The remainder was deposited in the general snowmobile account as shown in Table 2. DNR, with

the support of the Snowmobile Recreational Council, requests that the general snowmobile trail aids appropriation be increased by \$475,847 to be used for supplemental trail aids. Under current law, the appropriation is authorized to be used for both basic and supplemental trail aids. The request is based on an additional \$17 per nonresident trail sticker (\$32 total) being made available for supplemental trail aids. This would leave the remainder (\$3 less issuing fees) from each trail use sticker in the general snowmobile account which would be consistent with the amount per sticker sold which was deposited in the snowmobile account prior to 2007 Act 226 (\$15 of the \$18 sticker). The snowmobile account is projected to have an available balance of over \$1.4 million on June 30, 2010, or approximately \$1 million if the request is approved.

TABLE 2

Non-Resident Trail Pass Revenue Distribution

Current Distribution

Supplemental Trail Aids	\$419,900
General Snowmobile Account	<u>526,500</u>
Total Trail Pass Revenue	\$946,400

DNR Request

Statutory Supplemental	\$ 419,900
Additional Supplemental	<u>475,800</u>
Supplemental Subtotal	\$895,700
General Snowmobile Account	<u>\$50,700</u>
Total Trail Pass Revenue	\$946,400

If the requested expenditure authority increase is not approved, the requested funds would remain in the general balance of the snowmobile account and DNR would provide the supplemental snowmobile trail aid payments at 67% of eligible costs (Alternative 4).

It should be noted that transferring funds from the general balance of the snowmobile account to an appropriation for supplemental trail aids has not been the method utilized previously. In the past, funds have been transferred within the snowmobile gas tax appropriation [20.370(5)(cs)] from basic to supplemental trail aids in order to avoid, or reduce, the proration of supplemental trail aids. However, according to the Department, all of the funding available for basic snowmobile trail aids has been awarded or allocated for basic trail aid projects.

As supplemental aid payments have been provided at 100% of eligible costs in nine of the last 18 years, another option would be to increase the expenditure authority in appropriation

20.370(5)(cr) by an additional \$393,400 (for a total expenditure authority increase of \$869,200). This would provide supplemental aid payments at 100% of eligible costs (Alternative 2).

While in some years, supplemental snowmobile aid payments have been provided at 100% of eligible costs, it could be argued that the recipients of supplemental trail aids should bear some portion of the cost. For example, under the local boat enforcement aids program, local governments are required to provide at least 25% of the costs of boating enforcement and safety programs. An alternative could be to increase the expenditure authority in appropriation 20.370(5)(cr) by \$208,200 from the general balance of the snowmobile account to provide supplemental aid payments at 75% of eligible costs (Alternative 3).

ALTERNATIVES

1. Approve DNR's request to increase expenditure authority in appropriation 20.370(5)(cr) by \$475,800 in 2009-10 to be used for supplemental snowmobile trail aids (supplemental trail aids would be provided at 85%).

2. Increase expenditure authority in appropriation 20.370(5)(cr) by \$869,200 in 2009-10 for supplemental snowmobile trail aids (supplemental trail aids would be provided at 100% of eligible costs).

3. Increase expenditure authority in appropriation 20.370(5)(cr) by \$208,200 in 2009-10 for supplemental snowmobile trail aids (supplemental trail aids would be provided at 75% of eligible costs).

4. Take no action (supplemental trail aids would be provided at 67% of eligible costs).

Prepared by: Erin Rushmer
Attachment

ATTACHMENT

Fiscal Year 2009-10 Supplemental Snowmobile Trail Aid Payments

<u>County</u>	<u>Trail Miles</u>	<u>Eligible Cost (Alternative 2)</u>	<u>Prorated Payment 85% (Alternative 1)</u>	<u>Prorated Payment 75% (Alternative 3)</u>	<u>Prorated Payment 67% (Alternative 4)</u>
Ashland	205.40	32,126	27,354	24,107	21,581
Bayfield	436.00	116,751	99,408	87,608	78,429
Brown	190.40	36,944	31,456	27,722	24,818
Burnett	237.00	36,744	31,286	27,572	24,683
Calumet	131.00	11,374	9,684	8,535	7,640
Clark	372.70	25,412	21,637	19,069	17,071
Dane	343.70	12,057	10,266	9,047	8,099
Dodge	320.50	23,864	20,319	17,907	16,031
Door	212.90	30,551	26,012	22,925	20,523
Douglas	300.00	11,437	9,738	8,582	7,683
Florence	149.60	33,932	28,892	25,462	22,794
Forest	389.60	167,071	142,253	125,367	112,231
Iron	304.30	117,571	100,106	88,223	78,979
Kewaunee	176.30	28,649	24,393	21,498	19,245
LaCrosse	136.90	27,954	23,802	20,976	18,779
Langlade	551.70	49,566	42,203	37,194	33,297
Lincoln	313.40	58,193	49,548	43,667	39,092
Manitowoc	245.10	48,214	41,052	36,179	32,388
Marathon	781.50	299,533	255,038	224,764	201,214
Marinette	494.30	142,185	121,064	106,693	95,514
Marquette	129.80	15,806	13,458	11,860	10,618
Monroe	298.30	76,364	65,020	57,302	51,298
Oconto	421.00	165,600	141,001	124,263	111,243
Oneida	391.10	158,019	134,545	118,574	106,151
Outagamie	292.00	63,762	54,291	47,846	42,833

<u>County</u>	<u>Trail Miles</u>	<u>Eligible Cost (Alternative 2)</u>	<u>Prorated Payment 85% (Alternative 1)</u>	<u>Prorated Payment 75% (Alternative 3)</u>	<u>Prorated Payment 67% (Alternative 4)</u>
Ozaukee	95.80	\$6,806	\$5,795	\$5,107	\$4,572
Polk	343.40	43,466	37,009	32,616	29,199
Portage	286.60	47,249	40,230	35,455	31,740
Price	411.00	104,545	89,015	78,448	70,229
Rusk	329.20	47,771	40,675	35,846	32,091
Sawyer	334.80	26,335	22,423	19,761	17,691
Shawano	459.80	63,771	54,298	47,853	42,839
Sheboygan	228.40	32,567	27,729	24,437	21,877
Taylor	290.70	34,874	29,694	26,169	23,427
Vilas	477.00	238,500	203,072	178,966	160,215
Washburn	240.00	23,755	20,226	17,825	15,957
Waupaca	371.30	98,538	83,901	73,941	66,194
Waushara	288.00	26,669	22,707	20,012	17,915
Winnebago	133.60	13,150	11,197	9,867	8,834
Wood	267.80	32,535	27,702	24,414	21,856
Subtotal	12381.90	\$2,630,208	\$2,239,499	\$1,973,659	\$1,766,870
State Property Cooperating Snowmobile Clubs					
<u>Property</u>					
Bearskin State Trail	18.00	\$9,150	\$7,791	\$6,866	\$6,147
Bearskin Snowmobile Club	33.90	6,030	5,134	4,524	4,050
Northern Highland-American Legion State Forest	32.00	2,717	2,314	2,039	1,825
New Tom Club					
Brule River State Forest	289.90	\$17,897	\$15,239	\$13,429	\$12,022
Brule River Riders	12671.80	\$2,648,104	\$2,254,738	\$1,987,088	\$1,778,892
Subtotal					
Total					