



Legislative Fiscal Bureau

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December 14, 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 II

REQUEST

The Department of Natural Resources (DNR) requests approval to increase the expenditure authority of the snowmobile trail aids appropriation, under section 20.370(5)(cr) by \$460,683 in fiscal year 2010-11 to be used for supplemental snowmobile trail aids (while the Department's original request identifies increasing appropriation 20.370(5)(cw), DNR indicates that 20.370(5)(cr) was the intended appropriation). Further, based on more recent nonresident trail pass data, DNR indicates the request should be for \$466,000. 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). Under administrative rule NR 50 total state trail maintenance payments generally may not exceed \$750 per mile of snowmobile trail (\$250 per mile for basic maintenance and up to an additional \$500 per mile for supplemental trail aids). In 2010-11, \$1,852,600 is available for supplemental trail aids. Supplemental aid requests for the 2009-10 snowmobile season averaged \$170 per mile, and varied between \$5 per mile on the Tuscobia Trail in Price County to \$503 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 ten years. Supplemental payments for a snowmobile season are paid in the following fiscal year (that is, winter of 2009-10 trail costs are reimbursed in state fiscal year 2010-11).

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	2,648,100	2,254,700*	85
2009-10	2,798,100	2,318,600**	83

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

** DNR corrected request.

The 2010-11 snowmobile motor fuel tax transfer is \$4,891,700 with \$1,397,600 of this amount earmarked for supplemental trail aid payments. In addition, \$15 from each of the 27,411 non-resident trail use stickers sold during 2009-10 generated \$411,200 in additional funding for supplemental trail aid payments for fiscal year 2010-11. Further, there was a continuing balance of \$43,800 remaining in the appropriation. Therefore, the total available funding for supplemental trail aids for the 2009-10 season (payable in state fiscal year 2010-11) is \$1,852,600.

The application deadline for supplemental requests for the 2009-10 snowmobiling season was August 1, 2010. DNR received requests from 48 counties, one tri-county commission, and 11 cooperating snowmobile clubs for \$2,798,100 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 \$1,852,600 currently available for supplementary payments would result in a payment equal to 66% of eligible costs (34% proration). With the addition of \$466,000 the amount for supplementary payments (\$2,318,600) would represent 83% of eligible costs.

In 2009-10, 27,411 non-resident trail use stickers were sold, generating \$946,000 in revenue for the snowmobile account, of which \$411,200 is designated for supplemental trail aids in 2010-11. The remainder was deposited in the general snowmobile account as shown in Table 2. DNR requests that the general snowmobile trail aids appropriation be increased by \$466,000 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).

TABLE 2

Non-Resident Trail Pass Revenue Distribution

Current Distribution

Supplemental Trail Aids	\$411,200
General Snowmobile Account	<u>534,800</u>
Total Trail Pass Revenue	\$946,000

DNR Request

Statutory Supplemental	\$ 411,200
Additional Supplemental	<u>466,000</u>
Supplemental Subtotal	\$877,200
General Snowmobile Account	<u>\$68,800</u>
Total Trail Pass Revenue	\$946,000

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 66% 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 primary 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 (including an amount set aside for emergency trail aids approved by the Snowmobile Recreational Council). Further, in March, 2010, the Joint Committee on Finance approved a similar request, an increase of \$475,800 for fiscal year 2009-10 to increase supplemental funding to 85% of eligible 2008-09 season costs.

Supplemental aid payments have been provided at 100% of eligible costs in nine of the last 19 years. Providing 100% of eligible costs would require an additional \$479,500 (for a total expenditure authority increase of \$945,500). However, the snowmobile account is projected to have an estimated available balance of approximately \$450,000 on June 30, 2011, including the requested increase in supplemental trail aid payments. Another option would be to increase the expenditure authority in 20.370(5)(cr) by an additional \$199,600 (for a total expenditure authority increase of \$665,600) to provide 90% of eligible costs (Alternative 2). This would leave a projected June 30, 2011, balance of approximately \$250,000.

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 \$245,900 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 (as corrected) to increase expenditure authority in appropriation 20.370(5)(cr) by \$466,000 on a one-time basis in 2010-11 to be used for supplemental snowmobile trail aids (supplemental trail aids would be provided at 83% of eligible costs).

2. Increase expenditure authority in appropriation 20.370(5)(cr) by \$665,600 on a one-time basis in 2010-11 for supplemental snowmobile trail aids (supplemental trail aids would be provided at 90% of eligible costs).

3. Increase expenditure authority in appropriation 20.370(5)(cr) by \$245,900 on a one-time basis in 2010-11 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 66% of eligible costs).

Prepared by: Erin Probst
Attachment

ATTACHMENT

Fiscal Year 2010-11 Supplemental Snowmobile Trail Aid Payments

<u>County</u>	<u>Trail Miles</u>	<u>Projected Payment 90% Alternative 2</u>	<u>Prorated Payment 83% Alternative 1</u>	<u>Prorated Payment 75% Alternative 3</u>	<u>Prorated Payment 66% Alternative 4</u>
Ashland	205.40	\$40,838	\$37,600	\$34,031	\$30,043
Barron	309.70	25,433	23,417	21,194	18,710
Bayfield	436.00	194,404	178,993	162,003	143,019
Brown	190.40	12,163	11,198	10,136	8,948
Burnett	237.00	38,793	35,718	32,327	28,539
Calumet	131.00	16,194	14,910	13,495	11,913
Chippewa	361.60	67,737	62,367	56,447	49,832
Clark	372.70	25,936	23,880	21,613	19,081
Columbia	298.70	9,995	9,203	8,330	7,353
Dane	343.70	30,737	28,300	25,614	22,613
Douglas	300.00	16,110	14,833	13,425	11,852
Eau Claire	180.50	5,648	5,201	4,707	4,156
Florence	149.60	28,032	25,810	23,360	20,623
Forest	402.45	175,365	161,463	146,137	129,012
Green Lake	119.80	12,209	11,242	10,175	8,982
Iowa	107.10	8,909	8,203	7,425	6,554
Iron	304.30	122,067	112,391	101,723	89,802
Jackson	286.10	23,587	21,717	19,656	17,352
Juneau	239.70	12,029	11,075	10,023	8,849
Kewaunee	176.30	17,531	16,141	14,609	12,897
La Crosse	136.90	36,910	33,984	30,758	27,154
Langlade	551.70	51,869	47,757	43,224	38,159
Lincoln	313.40	39,987	36,817	33,322	29,418
Manitowoc	245.10	28,724	26,447	23,936	21,131
Marathon	781.50	180,549	166,237	150,457	132,826
Marinette	494.30	52,485	48,325	43,737	38,612
Marquette	129.80	16,920	15,579	14,100	12,447
Monroe	298.30	97,566	89,832	81,305	71,778
Oconto	421.00	95,030	87,497	79,192	69,912
Oneida	391.10	162,380	149,508	135,317	119,459
Ozaukee	95.80	3,503	3,225	2,919	2,577
Pierce	223.60	43,521	40,071	36,268	32,018
Polk	343.40	62,809	57,830	52,341	46,207
Portage	286.60	23,077	21,248	19,231	16,977
Price	411.00	114,381	105,314	95,317	84,148
Rusk	329.20	67,126	61,804	55,938	49,383
Sawyer	334.80	35,657	32,830	29,714	26,232
Sheboygan	228.40	33,955	31,264	28,296	24,980
St. Croix	216.60	48,817	44,947	40,681	35,914
Taylor	290.70	18,123	16,687	15,103	13,333

<u>County</u>	<u>Trail Miles</u>	<u>Projected Payment 90% Alternative 2</u>	<u>Prorated Payment 83% Alternative 1</u>	<u>Prorated Payment 75% Alternative 3</u>	<u>Prorated Payment 66% Alternative 4</u>
Tri County Recreational Corridor Commission	61.80	\$21,787	\$20,060	\$18,156	\$16,028
Vernon	249.10	8,641	7,956	7,201	6,357
Vilas	479.70	215,550	198,463	179,625	158,576
Washara	288.00	22,845	21,034	19,038	16,807
Washburn	240.00	19,716	18,153	16,431	14,505
Washington	185.20	29,629	27,280	24,691	21,797
Waukesha	109.90	6,006	5,530	5,004	4,418
Waupaca	371.30	48,943	45,063	40,786	36,006
Wood	<u>258.40</u>	<u>20,593</u>	<u>18,960</u>	<u>17,161</u>	<u>15,150</u>
Subtotal	13,918.65	\$2,490,816	\$2,293,364	\$2,075,679	\$1,832,439

State Property Cooperating Snowmobile Clubs

State Property

Bearskin State Trail					
Cross Country Cruisers	18.20	\$8,235	\$7,582	\$6,863	\$6,058
Northern Highland-American Legion State Forest					
New Tom Club	33.86	4,243	3,906	3,536	3,121
Brule River State Forest					
Brule River Riders	32.00	3,069	2,826	2,558	2,258
Tuscobia State Trail					
Birchwood Bobcat Sledders	12.40	2,053	1,890	1,711	1,511
Snow Country Snowmobile Association	50.00	6,753	6,217	5,627	4,968
Price County Snowmobile Club	11.50	55	51	46	40
Governor Knowles State Trail					
Burnett Snow Trails	12.00	475	438	396	349
Polk County Snowmobile Club	20.00	98	90	82	72
Flambeau River State Forest					
Snow Country Snowmobile Association	55.00	1,491	1,373	1,243	1,097
Northern Kettle Moraine State Forest					
Green Bush Kettle Moraine Trail					
Blazers	9.90	765	704	638	563
Kewauskum Snow Chiefs	<u>4.30</u>	<u>194</u>	<u>178</u>	<u>161</u>	<u>142</u>
Subtotal	259.16	\$27,431	\$25,255	\$22,861	\$20,180
Total	14,177.81	\$2,518,247	\$2,318,619	\$2,098,540	\$1,852,619