

**Committee Name:**  
**Joint Committee – Finance**  
**(JC–Fi)**

**Appointments**

99hr\_JC–Fi\_Appt\_pt00

**Committee Hearings**

99hr\_JC–Fi\_CH\_pt00

**Committee Reports**

99hr\_JC–Fi\_CR\_pt00

**Clearinghouse Rules**

99hr\_JC–Fi\_CRule\_99–

**Executive Sessions**

99hr\_JC–Fi\_ES\_pt00

**Hearing Records**

99hr\_ab0000

99hr\_sb0000

**Misc.**

99hr\_JC–Fi\_\_Misc\_\_s.13.10\_pt10a1

**Record of Committee Proceedings**

99hr\_JC–Fi\_RCP\_pt00

~~ENVIRONMENTAL FEES~~

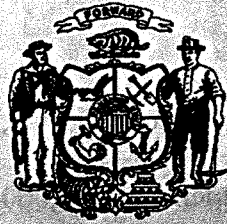
S. 13.10 Meeting

December 21, 1999

# THE STATE OF WISCONSIN

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## JOINT COMMITTEE ON FINANCE

**Date:** December 3, 1999

**To:** The Members, Joint Committee on Finance

**From:** Dan Caucutt, Secretary for s. 13.10 Actions 

**Subject:** Second Quarter Meeting of the Joint Committee on Finance under s. 13.10

The next regular meeting of the Joint Committee on Finance under s. 13.10 is scheduled for Tuesday, December 21, 1999 at 1:00 p.m. in Room 411 South, State Capitol.

Twenty-one items are currently scheduled for committee action, including some requests previously submitted to the Committee under s. 16.515 and/or 14-day passive review. In addition, there will be one or more reports submitted.

The Governor's recommendations on the requests and State Budget Office analyses of them will be distributed to the members on December 15, 1999, along with the formal agenda. The Fiscal Bureau will distribute its own analyses of the requests. Materials in the December 15 distribution will be organized by tabbed section dividers marked with the Roman numerals in the upper-right corner of the attached requests.

The following is a summary of the items in the order that they will be heard on December 21, 1999.

I. Department of Natural Resources – George Meyer, Secretary

The department requests that the Committee take action under s. 350.12(4)(br) to increase the fiscal year 1999-2000 expenditure amount for supplemental trail aids within the snowmobile trail recreation aids appropriation under s. 20.370(5)(cs) by an additional \$116,000 SEG.

December 3, 1999

II. Department of Natural Resources – George Meyer, Secretary

The department requests a supplement of \$112,000 SEG in fiscal year 1999-2000 and fiscal year 2000-2001 from the Committee's appropriation under s. 20.865(4)(u) to the department's general program operations – state funds appropriation under s. 20.370(3)(mu) to fully fund warden operating expenses. The department indicates that this level of funding was incorrectly removed in 1999 Wisconsin Act 9, the biennial budget, as funding related to hunter safety education.

III. Department of Natural Resources – George Meyer, Secretary

The department requests a supplement of \$327,000 SEG in fiscal year 1999-2000 from the Committee's appropriation under s. 20.865(4)(u) to the department's resource aids – fire suppression grants appropriation under s. 20.370(5)(by) to fund forest fire equipment grants to local fire departments. The department indicates that it will not receive the federal funding dedicated in 1999 Wisconsin Act 9 for this purpose in time for the fiscal year 1999-2000 grant cycle.

IV. Department of Natural Resources – George Meyer, Secretary

The department requests a supplement from the Committee's appropriation under s. 20.865(4)(u) and position authority for \$581,100 SEG and 21.14 FTE SEG positions in fiscal year 1999-2000 and \$906,000 SEG and 21.14 FTE SEG positions in fiscal year 2000-2001 to the department's general program operations – state funds appropriation under s. 20.370(1)(mu) to increase staffing levels during off-peak seasons; provide staffing and operations support for Milwaukee Lakeshore State Park; and support master planning activities and operations for Aztalan State Park.

V. Department of Natural Resources – George Meyer, Secretary

The department requested approval of the purchase of 452.56 acres in Crawford County from Hillsdale College for the Kickapoo Wildlife Area under the 14-day passive review required under s. 23.0915(4). Due to an objection from a committee member, this request is now before the Committee under s. 13.10.

VI. Department of Natural Resources – George Meyer, Secretary

The department requested approval of the purchase of 3,221 acres in Juneau County from the Wisconsin River Power Company for the Buckhorn State Wildlife Area and Buckhorn State Park under the 14-day passive review required under s. 23.0915(4). Due to an objection from a committee member, this request is now before the Committee under s. 13.10.

VII. Department of Agriculture, Trade and Consumer Protection – Nicholas Neher, Division Administrator, Division of Agricultural Resource Management

The department requests a supplement of \$218,100 SEG in fiscal year 1999-2000 from the Committee's appropriation under s. 20.865(4)(u) to the department's gypsy moth eradication; conservation fund appropriation under s. 20.115(7)(q) to provide the required 25 percent state match for a U.S. Department of Agriculture, Forest Service Slow-the-Spread federal grant which would support gypsy moth control treatments for 36,345 acres.

VIII. Department of Agriculture, Trade and Consumer Protection – Ned Zuelsdorff, Director, Bureau of Agrichemical Management, Division of Agricultural Resource Management

The department requests position authority for 1.0 FTE SEG permanent position and a supplement of \$34,000 SEG in fiscal year 1999-2000 and \$117,300 SEG in fiscal year 2000-2001 from the Committee's appropriation under s. 20.865(4)(u) to the department's pesticide regulation and administration of agricultural chemical cleanup program appropriation under s. 20.115(7)(u). The request provides permanent funding for an Integrated Pest Management (IPM) program in elementary and secondary schools.

IX. University of Wisconsin System – Katherine C. Lyall, President

The UW System Board of Regents requests the approval of their plan to increase enrollment by 1,000 students throughout the System in the 2000-2001 academic year. The Board further requests the release of \$3.8 million GPR in fiscal year 2000-2001 from the Committee's supplemental appropriation under s. 20.865(4)(a) to the UW System's appropriation for general program operations under s. 20.285(1)(a). The funding is to be used for increasing enrollment and for facilitating distance education-based strategies for increasing access to the UW System, as directed by the Governor.

X. State Historical Society – George Vogt, Director

The State Historical Society requests (a) the transfer of \$55,800 GPR and 1.00 FTE GPR classified position from the archives and research general program operations appropriation under s. 20.245(1)(a) to the executive and administrative services general program operations appropriation under s. 20.245(4)(a) to create a technology director position; (b) the transfer of \$104,900 GPR and 1.00 FTE GPR unclassified position from the library services general program operations appropriation under s. 20.245(1)(am) to the executive and administrative services general program operations appropriation under s. 20.245(4)(a) to create an executive assistant position; (c) the creation of 1.00 FTE GPR library consultant classified position in the library services general program operations appropriation under s. 20.245(1)(am); and (d) the transfer of \$13,000 GPR and 0.25 FTE GPR classified position from the archives and research general program operations

appropriation under s. 20.245(1)(a) to the executive and administrative services general program operations appropriation under s. 20.245(4)(a) to combine with an existing 0.25 FTE GPR position in the executive and administrative services general program operations appropriation under s. 20.245(4)(a).

XI. Department of Workforce Development – Orlando Canto, Deputy Secretary

The department requests the release of \$9,700,000 FED in fiscal year 1999-2000 and \$10,000,000 FED in fiscal year 2000-2001 from the Committee's supplemental appropriation under s. 20.865(4)(m) to be transferred to the department's federal block grant aids appropriation under s. 20.445(3)(md) to establish the Workforce Attachment and Advancement program. This program will provide services promoting job retention and advancement to individuals eligible for Temporary Assistance for Needy Families.

XII. Department of Health and Family Services – Tom Alt, Division Administrator, Division of Care and Treatment Facilities

The department requests the release of \$233,000 GPR in fiscal year 1999-2000 from the Committee's supplemental appropriation under s. 20.865(4)(a) to be transferred to the Division of Care and Treatment's general operations appropriation under s. 20.435(2)(a) for the purchase of a body alarm system for the Mendota Mental Health Institute (MMHI). Because MMHI is split-funded between GPR and PR depending on the type of patient, the department also requests an increase of \$87,000 PR in expenditure authority under s. 16.515 in s. 20.435(2)(gk), the institutional operations appropriation, to support the balance of the purchase of the alarm system.

XIII. Department of Health and Family Services – John Kiesow, Executive Assistant

The department requests a number of technical corrections to ensure that funds are allocated to the correct appropriations. The transfers requested include:

- \$62,100 GPR in fiscal year 2000-2001 from s. 20.435(2)(b), the Wisconsin Resource Center appropriation, to s. 20.435(2)(bm), the Sand Ridge Treatment Center appropriation.
- \$183,000 GPR in fiscal year 1999-2000 and \$170,500 GPR in fiscal year 2000-2001 from s. 20.435(2)(a), the general program operations appropriation, to s. 20.435(2)(f), the fuel and utilities appropriation.
- \$27,200 GPR in fiscal year 1999-2000 and \$21,800 GPR in fiscal year 2000-2001 from s. 20.435(2)(b), the Wisconsin Resource Center appropriation, to s. 20.435(2)(f), the fuel and utilities appropriation.
- \$83,200 GPR in each fiscal year from s. 20.435(2)(aa), the repair and maintenance appropriation, to s. 20.435(2)(f), the fuel and utilities appropriation.

- \$197,400 GPR in fiscal year 2000-2001 from s. 20.435(5)(eg), the pregnancy counseling appropriation, to s. 20.435(5)(cb), the women's health services appropriation.
- \$95,000 GPR in each fiscal year from s. 20.435(3)(bc), the community grants program appropriation, to s. 20.435(7)(bc), the community programs appropriation.

XIV. Department of Health and Family Services – Joe Lean, Secretary

The department requests the release of \$16,489,600 GPR from the Committee's supplemental appropriation under s. 20.865(4)(a) to be transferred to the appropriation for child welfare services in Milwaukee County under s. 20.435(3)(cx). The department also requests the release of \$5,005,700 GPR from the Committee's appropriation under s. 20.865(4)(a) to be transferred to the appropriation for community aids under s. 20.435(7)(b).

XV. Department of Health and Family Services – Joe Lean, Secretary

The department requests the release of \$1,000,000 GPR in fiscal year 1999-2000 from the Committee's supplemental appropriation under s. 20.865(4)(a) to be transferred to the Division of Health's community health services appropriation under s. 20.435(5)(fh) to provide a start-up grant to the successor of the Rainbow Clinic in Milwaukee.

XVI. Department of Administration – Brian Schimming, Administrator, Division of Housing

The department requests the release of \$232,000 GPR in fiscal year 1999-2000 from the Committee's appropriation under s. 20.865(4)(a) to be transferred to the appropriation under s. 20.505(7)(c) to fund Operation Fresh Start.

XVII. Department of Employee Trust Funds – David Stella, Division Administrator, Division of Retirement Services, and Joanne Cullen, Budget Director

The department requests a one-time supplement of \$1,266,800 SEG in fiscal year 1999-2000 from the Committee's appropriation under s. 20.865(4)(u) to the general administration appropriation under s. 20.515(1)(w) for costs associated with the implementation of the remedy ordered by the Wisconsin Supreme Court in the Special Investment Performance Dividend lawsuit.

XVIII. Legislative Technology Services Bureau – Mark Wahl, Director

The bureau requests a supplement of \$87,400 GPR in fiscal year 1999-2000 and \$165,800 in fiscal year 2000-2001 from the Committee's appropriation under

s. 20.865(4)(a) to the Legislative Technology Services Bureau appropriation under s. 20.765(3)(em) to correct a budgetary error for funding of 3.0 FTE.

**XIX. Department of Corrections – Jon Litscher, Secretary**

The department requests the release of \$1,100,000 GPR from the Committee's supplemental appropriation under s. 20.865(4)(a) to be transferred to the department's purchased services for offenders appropriation under s. 20.410 (1)(d). In addition, the department requests the transfer of \$750,000 GPR from appropriation under s. 20.410 (1)(b), services for community corrections, to appropriation under s. 20.410 (1)(d), purchased services for offenders, to be used in satisfaction of the matching fund requirement applicable to purchase of service funding.

**XX. Department of Corrections – Jon Litscher, Secretary**

The department requests the transfer of 10.00 FTE PR positions from the juvenile correctional services appropriation under s. 20.410(3)(hm) to the juvenile boot camp program appropriation under s. 20.410(3)(bb) in order to adequately utilize appropriation funding.

**XXI. Department of Corrections – Jon Litscher, Secretary**

The department requests the release of \$8,788,600 GPR in fiscal year 1999-2000 and \$25,252,400 GPR in fiscal year 2000-2001 from the Committee's supplemental appropriation under s. 20.865(4)(a) to be transferred to the department's corrections contracts and agreements appropriation under s. 20.410 (1)(ab) to fund additional out-of-state contract beds. The department also requests authorization to contract for an additional 1,893 out-of-state contract beds with Corrections Corporation of America (CCA), 127 out-of-state contract beds with McCloud Correctional Services and 40 out-of-state contract beds with the Federal Prison Camp in Alderson, West Virginia. In addition, the department requests the release of \$1,176,600 GPR in fiscal year 1999-2000 and \$493,300 GPR in fiscal year 2000-2001 from the Committee's supplemental appropriation under s. 20.865(4)(a) to be transferred to the department's general program operations appropriation under s. 20.410 (1)(a) to fund administrative costs associated with the additional contract beds and crowding at in-state correctional institutions. Finally, the department requests authorization for 9.2 FTE GPR positions related to the additional administrative costs.

**Reports**

**R-1 Department of Administration Position Reports Required Under s. 16.50.**



**13.10 Meeting**  
**Tuesday, December 21, 1999**  
**Agenda Item I**

Issue: DNR - Supplemental Snowmobile Trail Aid

DNR wants \$116,000 from the conservation fund to fully fund local supplemental snowmobile trail aid payments.

**Recommendation:** No preference. Any alternative is fine. Ask Decker what he wants to do.

**Discussion:**

Note - these are "supplemental" (or bonus) payments made above and beyond the "basic" aid payments. In effect, we are encouraging extra spending. I hope there are some effective cost controls on what gets paid for. We need good trails, but we don't always need the Cadillac version.

Although I support the additional funding, I would think the lack of snow and warm weather we've had recently should be taken into account. Maybe less money will be needed than was originally applied for. Not much of this money finds it's way into southern Wisconsin.

Prepared by: Barry



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 21, 1999

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 I

### REQUEST

The Department of Natural Resources (DNR) requests approval to reallocate \$116,000 SEG from the snowmobile account of the conservation fund in 1999-00 within the gas tax transfer appropriation for snowmobile trail aids [s. 20.370(5)(cs)] to be used for supplemental trail aid payments.

### 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 various sources, including the snowmobile account, tribal gaming revenue and the general 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 and 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 fuel tax transfer is an amount equal to the motor fuel tax assessed on 50 gallons of gasoline as of the last day of February 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.

The main expenditure from the snowmobile account is for local snowmobile trail and project aids. Trail aids are funded at \$6,242,600 in 1999-00 (\$6,117,600 SEG and \$125,000 GPR) and \$6,599,600 in 2000-01 (\$6,474,600 SEG and \$125,000 GPR). (The SEG amounts are higher than those estimated in Act 9 based on a DNR audit of the process for determining the number of snowmobiles registered for the 1999-00 transfer, and a reestimate of the 2000-01 registration figure based on the revised figure.)

DNR distributes aids to participating counties for the maintenance, development and acquisition of snowmobile trails throughout the state. The counties either develop and maintain local trails, or, more typically, redistribute aid to local snowmobile clubs that do the maintenance and development projects. Funds are also available for the development and maintenance of trails on state park and forest lands. Expenditures eligible for state aid, listed in priority order under s. 23.09(26) of the statutes, are: (1) maintenance of existing approved trails; (2) club signing programs; (3) bridge rehabilitation; (4) municipal route signing; (5) trail rehabilitation; and (6) development of new trails.

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 \$130 per mile per year (other eligible costs include insurance and certain lease costs).

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 Table 1, since the winter of 1990-91 supplemental funding has fully funded eligible requests in three years and has been prorated in five years. Payments for the 1995-96 and 1996-97 snowmobile seasons were supplemented by the Joint Committee on Finance. Supplemental payments for a snowmobile season are paid in the following fiscal year.

**TABLE 1**

**Supplemental Snowmobile Trail Aids**

<u>Snowmobile Season</u>	<u>Counties</u>	<u>State Properties</u>	<u>Request</u>	<u>Total Payment</u>	<u>Amount Funded</u>
1990-91	16	1	\$351,800	\$351,800	100 %
1991-92	21	3	923,000	701,500	76
1992-93	21	3	983,900	724,600	74
1993-94	32	3	889,800	838,400	94
1994-95	11	4	477,700	477,700	100
1995-96	34	5	1,925,500	1,116,200	58
1996-97	38	6	2,130,000	1,642,300	77
1997-98	20	3	731,000	731,000	100

The 1999-00 snowmobile motor fuel tax transfer is \$3,803,700, with \$1,086,800 of this amount earmarked for supplemental trail aid payments. The remaining \$2,716,900 SEG from the gas tax transfer, an additional \$2,313,900 SEG and \$125,000 GPR appropriated in 1999-00 and a unobligated balance of \$321,600 from the prior fiscal year (a total of \$5,477,400) are available for 1999-00 basic trail aids.

The application deadline for supplemental requests for the 1998-99 snowmobiling season was October 1, 1999. To date, DNR has received requests from 20 counties and four state properties for \$1,202,300 in supplemental funds. The Department indicates that not all requests have been evaluated, but that the final approved amount will likely not vary by more than five percent from the requested amount. With the \$1,086,800 available from the 40% multiplier, the Department would be able to pay at least 90% of the supplemental funding requested. A breakdown of the amount requested by county and state property and the amounts that would be paid under 90% proration is shown in the appendix.

The additional \$116,000 requested by DNR comes from funds not recommended for allocation by the Snowmobile Recreational Council on other snowmobile trail project requests under s. 23.09(26). After \$4,065,600 was allocated to satisfy the basic maintenance requests on 16,300 miles of existing approved trails at the statutory \$250 per mile rate, the Snowmobile Recreational Council had approximately \$1.6 million available for other snowmobile trail project requests. After reviewing the projects in the priority order specified earlier, the Council recommended approval of \$1,256,600 in projects. The amounts approved and denied for each statutory category for 1999-00 are shown in Table 2.

**TABLE 2**

**Snowmobile Trail Aid Funding, 1999-00**

	<u>Requested</u>	<u>Approved</u>	<u>Denied</u>
Trail Maintenance (\$250/mile)	\$4,065,600	\$4,065,600	\$0
Club Signing Requests	2,900	2,900	0
Bridge Rehabilitation	698,600	629,300	69,300
Route Sign Requests	100	100	0
Trail Rehabilitation	29,700	29,700	0
Development:			
Mandatory Relocation*	93,900	122,100	-28,200
Discretionary Relocation*	254,100	24,500	229,600
New Bridge Projects	435,700	429,800	5,900
New Trail Development	833,400	0	833,400
Non-Trail Development	<u>33,900</u>	<u>0</u>	<u>33,900</u>
Total	\$6,447,900	\$5,304,000	\$1,143,900

\* The Department indicates that relocation projects are often reclassified between the time of the original request and the time that funding is approved based on such things as Council discretion and updated information. Thus, the amount approved in either of these categories may exceed the amount originally requested.

An additional \$18,200 related to the statutory priorities was also used to cost-share projects with the Federal Emergency Management Agency (FEMA) as a result of recent storm damage to northern counties. A balance of \$155,200 would remain in the snowmobile trail aids program, of which \$116,000 is requested to be utilized for supplemental trail aids. If this request is not approved, the \$116,000 would remain in the balance and be available for trail project costs in subsequent fiscal years.

The Snowmobile Council and DNR argue that the need for funding currently is for supplemental maintenance payments, given the good snowmobiling conditions of the past year in the northern tier of counties and the associated increased costs to keep trails there maintained. If additional funding is not provided for supplemental aids, it could place an undue financial burden on local snowmobile clubs in the northern part of the state. This, in turn, could limit the ability of clubs in the area to groom trails for the current snowmobile season. However, given that the potential proration for supplemental aids for the 1998-99 season (90 percent) is not as low as the prorations that would have resulted had Joint Finance not approved additional supplemental funding in the 1995-96 and 1996-97 seasons (less than 50 percent), the need for additional supplemental trail funding may be viewed as less urgent than it has been in past requests.

It could be argued, however, that since approved expenditures for basic trail maintenance and projects were less than the funding appropriated in 1999-00, the Committee may modify

appropriated funding levels in any manner that promotes efficient and effective operation of the snowmobile trail aids program. The Committee could, for example, choose to lapse the \$125,000 GPR provided for snowmobile trail aids in 1999-00. DNR would then utilize most of the \$155,200 balance in the snowmobile trail aids appropriations for basic rather than supplemental trail aids. The remaining \$30,000 could be reallocated to supplemental payments, resulting in a 93% proration.

Conversely, it could be argued that the intent of Act 9 was to provide GPR funding for snowmobile trail aids, and the deletion of that funding would be inconsistent with the intent of the budget act. Further, program staff argue that the Snowmobile Recreation Council evaluated trail project applications with a goal of being able to provide additional funding for transfer to supplemental trail aids. Reducing GPR funding for trail aids based on the SEG balance is arguably inconsistent with this goal.

**ALTERNATIVES**

1. Approve DNR's request to reallocate existing expenditure authority of \$116,000 SEG in 1999-00 within the gas tax transfer appropriation for snowmobile trail aids [s. 20.370(5)(cs)] for supplemental snowmobile trail aids.
2. Lapse \$125,000 GPR in 1999-00 for snowmobile trail aids and reallocate \$30,000 SEG in 1999-00 within the gas tax transfer appropriation for supplemental aids.
3. Deny the request.

Prepared by: Russ Kava  
Attachment

MO# Act 1

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 14 NO 0 ABS 2

## APPENDIX

### 1999-00 Supplemental Request by County and State Property

<u>County</u>	<u>Request</u>	<u>90% Proration</u>
Ashland	\$37,500	\$33,900
Barron	20,800	18,800
Bayfield	56,800	51,400
Burnett	8,200	7,400
Florence	31,800	28,800
Forest	171,100	154,800
Iron	85,100	77,000
Langlade	37,900	34,300
Lincoln	32,300	29,200
Marathon	94,300	85,300
Marinette	63,800	57,700
Monroe	8,200	7,400
Oconto	49,300	44,600
Oneida	131,400	118,900
Price	75,400	68,200
Rusk	30,700	27,800
Sawyer	23,200	21,000
Shawano	21,500	19,500
Tri County Commission*	17,700	16,000
Vilas	<u>181,600</u>	<u>164,300</u>
County Subtotal	\$1,178,600	\$1,066,300
<u>State Property</u>		
Bearskin Trail	\$8,700	\$7,900
Flambeau River St. Forest	2,800	2,500
No. Highland-Am. Legion St. Forest	10,000	9,000
Tuscobia Trail	<u>1,200</u>	<u>1,100</u>
State Property Subtotal	\$22,700	\$20,500
TOTAL	\$1,201,300	\$1,086,800

\*The Tri County Commission is a county trail commission that operates trails in Ashland, Bayfield and Douglas Counties.

**13.10 Meeting**  
**Tuesday, December 21, 1999**  
**Agenda Item II**  
**DNR - Warden Operating Expenses**

**Issue:**

DNR wants \$112,000 more annually to pay for hunter safety and education programs.

**Recommendation:**

Alternative 1 (approve the request)

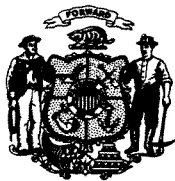
**Discussion:**

DNR is trying to sneak a little extra money here, but it seems like a reasonable use of funds. However, the implied threats of reduced warden patrols and investigations are not well received. If costs need to be cut, there are certainly less sensationalist options.

Alternative 2 would also be ok. It doesn't provide any additional dollars, but restructures the accounts to allow federal funds to be spent more effectively. It is consistent with 1999 Act 9 (budget). The full paragraph on p. 3 outlines the rationale for this option.

Prepared by: Barry





## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 21, 1999

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Section 13.10 Request Related to Warden Operating Expenses --  
Agenda Item II

### REQUEST

The Department of Natural Resources (DNR) requests approval to increase expenditure authority for the law enforcement general program operations appropriation [s. 20.370(3)(mu)] by \$112,000 SEG annually from the fish and wildlife account of the conservation fund.

### BACKGROUND

The primary source of revenue deposited in the fish and wildlife account of the conservation fund is revenue from statutory fees charged for hunting, fishing and special licenses and stamps. There are a wide variety of licenses authorizing residents and nonresidents to hunt and fish. Hunting and fishing licenses vary according to the type of species that may be pursued, the method of pursuit, the number of people for whom the license is valid and the time period for which the license is valid. To hunt or fish certain species, a stamp must be purchased in addition to the license. Expenditures from the fish and wildlife account are used for fish and game management and education, conservation law enforcement, wildlife damage programs, conservation aids and a portion of DNR licensing and administrative costs.

DNR is required to administer programs that instruct persons in all-terrain vehicle (ATV), boat, snowmobile and hunting laws, regulations, safety and related subjects. The programs are conducted by instructors certified by the Department. 1999 Act 9 standardized the operation of these education programs, effective January 1, 2000, to: (a) require the Department to establish in administrative rule a fee for each of the safety programs; (b) require the instructors conducting

the programs to collect the instruction fee from each person who receives instruction; (c) allow the Department to determine the portion of the fee, not to exceed 50%, that the instructors of the courses may retain to defray expenses incurred in conducting the programs; and (d) require the instructors to remit the remainder of the fee to DNR.

A continuing appropriation from the conservation fund was also created in Act 9 into which all of the money remitted to the Department for ATV, boat and snowmobile education courses and 50% of the money remitted for the hunter education courses would be deposited, for expenditures related to the education courses. (The remaining 50% of hunter education course fee revenue is available for general fish and wildlife account expenditures.) Also, \$157,000 annually from the conservation fund (\$112,000 from the fish and wildlife account, \$35,000 from the boat registration account and \$10,000 from the ATV account) was deleted from existing law enforcement appropriations related to the reallocation of existing education course expenditures into the new appropriation.

## ANALYSIS

Revenue to the fish and wildlife account of the conservation fund increased from approximately \$59 million in 1997-98 to \$70 million in 1998-99. Some portion of this increase is a one-time increase as a result of full implementation of DNR's Automated License Issuance System. Under this system, revenue is transferred weekly from sales agents to the Department, while under the old system these transfers could take several months. However, it is not possible at this time to precisely identify this one-time effect separately from what may be an increase in hunting and fishing license sales under the automated system. However, the fish and wildlife account would be expected to have a balance of at least \$13 million on June 30, 2001.

The \$157,500 in funding that was reallocated from existing law enforcement appropriations to the new education and safety programs appropriation created in 1999 Act 9 was intended to reflect the fact that the Department did not indicate that there would be any additional educational or safety effort related to hunter, ATV and boat education under the new provisions. Where a proposal was submitted for additional effort, such as the proposal for mandatory snowmobile education that was also included in Act 9, funding was not reallocated. Thus, additional expenditure authority was not provided to the Department as a result of creating the new education and safety programs appropriation.

The Department indicates, however, that funding for hunter safety education has typically been provided from federal Pittman-Robertson funds rather than the fish and wildlife account. These funds are derived from a federal excise tax on sporting arms, handguns, ammunition and archery equipment, and apportioned to states based on the total area of and number of licensed hunters in the state. Revenue from hunter safety course fees was deposited in the fish and wildlife account and was available for general account expenditures. Thus, the reduction in expenditure authority taken from law enforcement in Act 9 would have the effect of reducing funding appropriated for warden operating expenses, such as warden travel, equipment, uniforms,

telephone, postage and other supplies and services. The Department indicates that, if the request is not approved, wardens would likely decrease patrol and investigations of violations reported by the public.

However, the Department has not identified a need for increased overall expenditures for hunter safety in its request and the intent of Act 9 was to provide no net increase in funding from the creation of the education and safety programs appropriation. Under federal law, Pittman-Robertson funding cannot be utilized for general program operations related to the enforcement of state fish and game laws. Thus, the Department would not be able to use the federal revenue that otherwise would have gone toward hunter safety education for warden operating expenses. Pittman-Robertson funding can however be reallocated from law enforcement to other allowable purposes within the Department. Typically, the Bureau of Wildlife Management receives the largest proportion of Pittman-Robertson funding among the DNR bureaus. These funds are primarily used for wildlife habitat restoration and improvement. Thus, as a technical correction to the Act 9 provisions maintaining a constant level of state spending with the creation of the education and safety programs appropriation, the fish and wildlife appropriation for law enforcement could be increased, while the fish and wildlife appropriation for wildlife management could be reduced. An equal level of federal Pittman-Robertson funding could then be transferred from law enforcement to wildlife management.

### ALTERNATIVES

1. Approve DNR's request to increase expenditure authority in the law enforcement general program operations appropriation by \$112,000 SEG annually from the fish and wildlife account of the conservation fund.
2. Provide \$112,000 SEG annually for law enforcement operations and delete \$112,000 SEG annually for wildlife management operations from the fish and wildlife account. Provide \$112,000 FED annually for wildlife management operations and delete \$112,000 FED annually for law enforcement operations from federal Pittman-Robertson funding. (This alternative would maintain overall fish and wildlife expenditures at Act 9 levels.)
3. Deny the request.

Prepared by: Russ Kava

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	BURKE DECKER JAUCH MOORE SHIBILSKI PLACHE COWLES PANZER	GARD PORTER KAUFERT ALBERS DUFF WARD HUBER RILEY	AYE <u>15</u> NO <u>0</u> ABS

**13.10 Meeting**  
**Tuesday, December 21, 1999**  
**Agenda Item III**  
**DNR - Fire Suppression Grants**

**Issue:**

DNR wants \$327,000 from the forestry account to fully fund fire suppression grants to local governments.

**Recommendation:**

Alternative 1 (approve the request)

**Discussion:**

Hard to oppose this request given the ultimate beneficiaries of the funding are local governments and fire departments that agree to help DNR put out forest fires. They use the money to help defray costs of supplies and equipment.

However, the last two full paragraphs on page 2 of the FB memo seem to indicate that DNR pulled a fast one on this committee and the entire legislature with some overly creative accounting. I've noticed that DNR has developed a talent for this over the years.

During the budget process DNR indicated that it would be best to fund the fire suppression grant program with federal funds, because it could adapt easier, and change the funding source for a few FTE so they were paid out of state funds. Well, they got their stable source of staff funding with that argument, now they come back to us and say they actually need more for the grants (a much more sympathetic cause compared to new staff). Very tricky.

I'll tip my hat to DNR for hoodwinking us on this one. But, take heed DNR budget staff, I'm getting a little tired of this constant gamesmanship. Your mission should be to do the best job possible while expending the least amount of state resources. Your mission is not to continue adding to the DNR empire of staff and funding.

Prepared by: Barry



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 21, 1999

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Section 13.10 Request Related to Fire Suppression Grants --  
Agenda Item III

### REQUEST

The Department of Natural Resources (DNR) requests approval to increase expenditure authority for the fire suppression grants appropriation [s. 20.370(5)(by)] by \$327,000 SEG from the forestry account of the conservation fund in 1999-00.

### BACKGROUND

The primary source of revenue deposited in the forestry account of the conservation fund is the forestry mill tax, a state tax on property of 0.20 mill (20¢ per \$1,000 of property value). Other sources of revenue to the forestry account include: (a) revenue from the sale of timber on state forest lands; (b) revenue from the sale of stock from the state's tree nurseries; (c) camping and entrance fees at state forests; and (d) severance and withdrawal payments from timber harvests on cooperatively-managed county forests and on privately-owned land entered under the forest crop land and managed forest land programs.

Forestry account revenues are used to fund several forestry programs and related administrative activities in DNR. The main expenditure from the forestry account relates to the operations of state forest and nursery properties. Other DNR activities funded from the forestry account include: (a) forest management assistance for private landowners and county foresters; (b) aid payments under forest tax law programs; (c) county forest acreage payments and loans; and (d) forest fire control activities.

The fire suppression grant program was created in the 1997-99 biennial budget (1997 Act 27) as a two-year pilot program funded at \$525,000 annually from the forestry account. The program was renewed on an ongoing basis in the 1999-01 biennial budget (1999 Act 9) at an annual funding level of \$525,000, with \$198,000 from the forestry account and \$327,000 from federal funds. Under the program, the Department provides grants to cities, villages, towns, counties and fire suppression organizations for up to 50% of the costs of purchasing fire resistant clothing and fire suppression supplies, equipment and vehicles. Grant recipients must enter into a written agreement to assist DNR in suppression of forest fires when requested.

The federal funding utilized for the grant program is from the State Fire Assistance (SFA) program administered by the USDA Forest Service. Funding for this program is based on an annual appropriation, with allocations made to each of the Forest Service regions which are then allocated to states within each region. Wisconsin is one of 20 states in the Northeastern Area.

## ANALYSIS

Under Act 9, the forestry account is anticipated to have an estimated closing balance of \$1.7 million as of June 30, 2001. Revenue to the account in 2000-01 is expected to be approximately \$67 million with base level expenditures in that year of nearly \$65 million. In addition to the DNR request, the Committee is also scheduled to consider a request from the Department of Agriculture, Trade and Consumer Protection for \$218,100 annually from the forestry account for the gypsy moth program (Agenda Item VIII). If both agency requests are approved as submitted, the estimated balance of the forestry account as of June 30, 2001, would be approximately \$900,000.

Prior to this biennium, the Department utilized federal SFA funding to support three DNR staff positions (two foresters and one forestry technician). In its 1999-01 biennial budget submission, the Department requested that the funding for these positions be converted to the forestry account and that the federal funding instead be utilized for the fire suppression grant program. The Department indicated that an annual grant program would more easily adjust to the instability of federal funding than permanent staffing. Act 9 transfers the 3.0 positions from federal funding to forestry SEG to free up federal funding for the grant program.

Applications for grants for the 1999-00 fiscal year were accepted through October 1, 1999, with the Department indicating to applicants that grants would be awarded in December. The state typically has not received a grant agreement from the federal government for SFA funding until the spring. DNR staff indicate that agency policy is to only award grants based on funding actually available to the Department or funding for which a grant agreement with the federal government has been received. Grants are generally not awarded based on anticipated funding. Thus, the Department indicates that if fire suppression grants are to be awarded in December based on available funding, only \$198,000 (the amount of state funding appropriated) in grants will be given.

The Department argues that the intent of 1999 Act 9 is that \$525,000 be awarded to localities and fire suppression organizations in each fiscal year. To meet this intent and maintain current

Department policy, DNR argues that the \$327,000 supplement from the forestry account requested for 1999-00 is necessary. On an ongoing basis, the Department would be able to then use federal funds received in a given state fiscal year (for example, received in spring, 2000) for grants awarded for the subsequent fiscal year (December, 2000). Additionally, the Department argues that it is necessary to provide the entire \$525,000 this winter to allow localities and fire suppression organizations to purchase the equipment to have it ready for the spring 2000 fire season. The Department further argues that if the relatively dry conditions recently experienced by the state continue through the winter, the likelihood of a severe spring fire season would increase.

The Department cites the urban forestry grant program as an example of the funding stream anticipated for the fire suppression grant program. The urban forestry grant program was created in the 1991-93 biennial budget, with state funding first appropriated in 1992-93 for various urban forestry projects. The current state appropriation of \$529,900 is combined with federal funding ranging from \$90,000 to \$170,000 annually. Federal funding received by the state in a given state fiscal year is used in determining the total available funding for grants in the subsequent state fiscal year. In the case of the urban forestry grant program, however, the state received federal funding in preceding fiscal years that could be used for the grant program that had not been utilized for other allowable purposes. Thus, a balance of federal funding was available at the beginning of the program.

If this request is not approved, the Department would have the option of awarding the grants in two cycles. In December, all grants could be awarded with \$198,000 immediately made available to the projects that score the highest on the grant criteria scale. Remaining awards would be contingent on, and made available upon, the receipt of federal funding in the spring. In this way, the intent of providing \$525,000 in each fiscal year could still be met. However, this would mean that \$327,000 in grants may not be received by local fire departments and fire suppression organizations in time to purchase equipment for the spring 2000 fire season.

**ALTERNATIVES**

1. Approve DNR's request to increase expenditure authority in the fire suppression grants appropriation [s. 20.370(5)(by)] by \$327,000 SEG from the forestry account of the conservation fund in 1999-00 only.

2. Deny the request.

Prepared by: Russ Kava

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	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
	BURKE	DECKER	JAUCH	MOORE	SHIBILSKI	PLACHE	COWLES	PANZER		GARD	PORTER	KAUFERT	ALBERS	DUFF	WARD	HUBER	RILEY

AYE 15 NO 0 ABS

## 13.10 Meeting

Tuesday, December 21, 1999

### Agenda Item IV

#### DNR - Park Department Funding & Staff

**Issue:** DNR wants \$1.5 million from the parks account for 21 new Parks Department staff. This request will add staff to some existing parks, convert seasonal positions to year-round, and provide funding for Milwaukee Lakeshore and Aztalan State Parks.

**Recommendation:**

Part A - Alternative 1 (approve the request)

Part B - Alternative 1 (approve the request)

Part C - Alternative 1 (approve the request)

**Discussion:** Ok, this is an audacious request by DNR and the emergency nature of some aspects of this request is a bit suspect.

But, what the heck, Sue Black is a nice person and JFC is on record as authorizing DNR to do this (i.e. see paragraph 2 on page 5). Also, 13.10 requests that aren't necessarily emergencies can be considered if they present "extenuating circumstances". Plus, some aspects of this request (i.e. Lakeshore Park, winter staff for parks, etc.) could probably be considered emergencies.

I'm also not really worried about potential structural imbalance problems envisioned by FB because I am confident that DNR will kick it into gear and use this additional staff to generate more revenue for the parks account. FB's concerns about the reality of a causal relationship between more park staff and additional revenue is well taken, but I think we should give Sue Black a chance to prove her mettle. In addition, I think making seasonal staff into full time personnel is a good idea. Winter use of parks should be encouraged. Further, full-time staff are more likely to be committed to their jobs and be efficient and effective over the long-term.

Personally, I think the biggest problem will be keeping legislators from stealing more parks account money for other things (like just happened in the budget).

On Lakeshore Park, it is obviously a priority of the governor and there are 0.00 FTE working on it right now (see chart on page 9). We need staff and supplies to get the planning and acquisition underway.

Prepared by: Barry





## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 21, 1999

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Section 13.10 Request Related to Parks Operating Expenses –  
Agenda Item IV

### REQUEST

The Department of Natural Resources (DNR) requests approval to increase expenditure authority for the parks general program operations appropriation [s. 20.370(1)(mu)] by \$581,100 SEG and in 1999-00 and \$903,600 SEG in 2000-01 and 21.14 SEG positions annually from the parks account of the conservation fund to: (a) provide new positions at certain parks properties; (b) convert certain seasonal parks positions into full-time positions; and (c) provide expenditure authority for operations at Milwaukee Lakeshore and Aztalan State Parks.

### BACKGROUND

The main sources of revenue to the parks account of the conservation fund are motor vehicle admission fees to state parks and camping site fees. A portion of the revenue from the conservation patron license is allocated to the parks account. Revenue is also derived from other charges, such as trail use fees, golfing at Peninsula State Park and swimming at Blue Mounds State Park.

The main expenditure from the parks account is the operation of the state parks system. Currently, the Department's park staff manages 94 recreational properties, including 59 state parks, 24 state trails, four recreation areas and seven southern forests. Of these 94 properties, 73 are open for public use. The other 21 properties have been approved as active projects by the Natural Resources Board, but are not developed or are under development but the property operation remains unfunded and services provided are limited to nonexistent.

In DNR's 1999-01 budget submission, a net increase of 5.0 positions for the Bureau of Parks and Recreation was requested. 1999 Act 9 includes five new positions for Parks, for the following purposes: (a) 3.75 positions from the parks account and 0.25 positions from the forestry account to make several seasonal parks positions year-round; (b) 1.0 position from the parks account to manage the contract and daily operations of the automated campground reservation system; (c) 1.0 position transferred from the endangered resources account to the parks account for management of the Wisconsin Dells State Natural Area; and (d) deletion of 1.0 GPR position in transfers between programs and subprograms.

In fiscal year 2000-01 (the base year for the 2001-03 biennial budget), the parks program will have a budget of \$13.5 million and 145.36 positions funded as follows: (a) \$7.8 million and 73.64 staff from the parks account; (b) \$5.0 million and 59.47 positions from GPR; (c) \$0.6 million and 12.25 staff from federal revenue; and (d) \$0.1 million from program revenue. (A small amount of all-terrain vehicle funding will be utilized for overtime costs for the parks system.) The southern forests will have a budget of \$4.1 million and 45.75 positions in 2000-01 funded as follows: (a) \$4.0 million and 43.75 positions from the forestry account; and (b) \$0.1 million and 2.0 staff from federal revenues. (A small amount of program revenue is also credited to the southern forests.)

## **ANALYSIS**

### **Department Request**

The Department's request can be broken down into three components: (a) providing new positions at certain parks; (b) converting certain seasonal positions into year-round; and (c) providing expenditure authority for operations at Milwaukee Lakeshore and Aztalan State Parks.

Providing New Positions. The Department is requesting \$234,600 in 1999-00 and \$593,100 in 2000-01 and 14.0 positions annually from the parks account for 13 new positions for properties described by the Department as either unstaffed or understaffed and one position in the central office for parks-related marketing, public relations and customer service. Table 1 shows the properties at which DNR proposes allocating the positions and the position classification requested.

**TABLE 1**

**New Positions**

<u>Property</u>	<u>Position Classification</u>
Amnicon Falls	Ranger
Aztalan	Natural Resources Educator
Bearskin Trail	Ranger
Bong	Ranger
Brunet Island	Ranger
Buckhorn	Ranger
Bureau – Central Office	Natural Resources Manager
Chippewa Moraine	Natural Resources Educator
High Cliff	Ranger
Kohler-Andrae	Natural Resource Educator
Lake Wissota	Ranger
Milwaukee Lakeshore	Park and Recreation Specialist
Potawatomi	Financial Specialist
Wyalusing	Natural Resources Educator

Included in the request is one-time funding for vehicles (\$21,000 each) and computers (\$4,000 each) for Aztalan and Milwaukee Lakeshore State Parks and the Bearskin Trail and a computer for Wyalusing State Park.

Converting Seasonal Positions to Year-Round. The Department also requests \$260,300 in 1999-00 and \$265,500 in 2000-01 and 7.14 positions annually to make 20 seasonal positions year-round. Table 2 shows the properties at which DNR is requesting additional position authority, the position classification requested and the additional authority needed to make the indicated position year-round.

**TABLE 2**

**Seasonal Positions**

<u>Property</u>	<u>Position Classification</u>	<u>Authority Requested</u>
Big Bay	Ranger	0.25
Blue Mounds	Maintenance Mechanic	0.25
Bureau – Central Office	Program and Planning Analyst	0.50
Bureau – Central Office	Marketing Specialist	0.50
Devil's Lake	Equipment Operator	0.33
Devil's Lake	Program Assistant	0.42
Great River Trail	Ranger	0.42
Hartman Creek	Financial Specialist	0.50
Kohler-Andrae	Financial Specialist	0.32
LaCrosse River Trail	Ranger	0.33
Northeast Regional Office	Program and Planning Analyst	0.50
Pattison	Ranger	0.25
Peninsula	Facility Repair Worker	0.33
Peninsula	Facility Repair Worker	0.33
Rib Mountain	Ranger	0.18
Rock Island	Ranger	0.40
Whitefish Dunes	Natural Resources Educator	0.25
Willow River	Financial Specialist	0.50
Wyalusing	Financial Specialist	0.33
Yellowstone	Facility Repair Worker	<u>0.25</u>
<b>TOTAL</b>		<b>7.14</b>

The 1998-99 staffing levels for those park properties at which the Department proposes to increase position authority are shown in the appendix.

Operations Funding for Milwaukee Lakeshore and Aztalan State Parks. The third component of the DNR request involves \$86,200 in 1999-00 and \$45,000 in 2000-01 for operations at Milwaukee Lakeshore and Aztalan State Parks. This includes: (a) \$75,000 in 1999-00 for master planning efforts at Aztalan State Park; (b) \$5,000 in 1999-00 and \$20,000 in 2000-01 for ongoing operations at Aztalan State Park; and (c) \$6,200 in 1999-00 and \$25,000 in 2000-01 for ongoing operations at Milwaukee Lakeshore State Park. The ongoing operational funding is an estimate of LTE salary and supplies costs necessary to begin operation of the properties.

Enrolled AB 133 (the final legislative version of the 1999-01 budget) would have required the Department of Tourism to provide \$75,000 in 1999-00 from its tribal gaming tourism marketing appropriation for completion of Phase II of upgrading at Aztalan, including developing an overall public education and research strategy and a long-term interpretive and management plan. The Governor vetoed the requirement and requested the funding be provided from the parks segregated operations appropriation instead. DOA indicates that the Governor's veto message could be interpreted to allow DNR to either provide the funding from its base budget or seek additional expenditure authority under s. 13.10.

### **Relevant Issues**

In the Joint Finance version of the 1999-01 biennial budget (ASA 1 to AB 133), a provision was included to allow the Department to request additional expenditure authority of up to \$1.4 million from the parks account during the 1999-01 biennium under s. 13.10 without the finding of an emergency for parks maintenance projects and year-round parks operations costs. This provision was not included in the final legislative version of the budget (Enrolled AB 133) or in Act 9. Thus, since the Joint Finance provision did not become law, this request must meet the criteria of an emergency under Wisconsin Statutes s. 13.101(3)(a)1.

It could be argued that it is best to consider major staffing proposals of the parks program in the context of a biennial budget, when overall state revenues, expenditures, staffing and program initiatives can be considered as a whole and the Committee has more options at its disposal for setting policy. Under s. 13.10, the Committee does not have the authority, for example, to change the statutory fees charged for park admission stickers. Further, this request involves a staffing increase that is more than four times the level DNR requested (and received) for the parks program in its 1999-01 biennial budget submission. The Department indicates, however, that deferring all or part of this request for consideration in the next biennium would not address staffing needs for the remainder of this biennium.

The estimated balance of the parks account as of June 30, 2001, is expected to be \$2.3 million (\$0.8 million if this request is approved). Approving a relatively large increase in ongoing funding for the parks account, however, raises the possibility of putting the account in structural imbalance, necessitating either increased revenues or decreased expenditures in future biennia to address any shortfalls in the account. In 2000-01, revenue in the parks account is estimated to be approximately \$10.5 million, with base level expenditures that year of approximately \$10.7 million (excluding a one-time \$1 million appropriation for Milwaukee Lakeshore State Park development under Act 9). Thus, while an adequate balance exists in the parks account to fund the DNR request this biennium, the additional \$0.9 million requested in 2000-01 could place the account in a structural imbalance of over \$1.0 million.

The Department argues that the one-time balance remaining in the account at the end of this biennium would likely be sufficient to allow them to cover the costs of the positions through the 2001-03 biennium. In addition, the Department argues that providing additional staffing at these parks will encourage more people to visit them. An increase in naturalist staffing would allow the

Department to provide more interpretive programs and an increase in ranger staffing would allow for a greater law enforcement presence. To the extent that more programming and a perception of greater safety would bring more people to state parks, it could result in a revenue increase for the parks and forestry accounts. This could be accomplished through increased admission sticker sales and through longer or more frequent camping stays.

Any revenue effect, however, could be reduced if the people such features would attract are already buying annual admission stickers (that is, repeat visits would not raise additional admissions revenue). Further, there is no clear relationship between staffing and visitation of parks. Given that the estimated number of visitors to parks has either remained relatively constant or increased in recent years, current staffing levels arguably have not had a negative impact on visitation at state parks. Other factors, such as the weather, might also have a greater impact on parks visitation than the level of staffing at a particular park property.

In June, 1998, Joint Finance provided an additional \$750,000 in 1998-99 from the parks account under s. 13.10 for additional LTE salary and work effort at state parks. One of the arguments cited by the Department for the funding was that inadequate parks staffing has a negative impact on revenue because of insufficient staff to sell admission stickers and enforce the admission sticker requirement. Revenue to the parks account increased by approximately \$330,000 between 1997-98 and 1998-99, a 3.3% increase. Between the prior two fiscal years revenue increased by 1.0%. A number of factors affect park visitation and revenue and it is unclear what portion of the revenue change from 1997-98 to 1998-99 could be attributed to increased LTE salary and work effort. However, even if the total increase in revenue were attributed to the increased staffing it would represent 44% of the additional LTE expenditure authority provided.

The Department indicates that the current level of staffing at these properties is negatively impacting the level of customer service that can be provided on parks properties, with inadequate staff to address visitor conflicts, provide law enforcement and maintain a presence on all parks properties. The Department argues that these concerns have intensified as park visitation in the traditionally off-peak periods has risen. In addition, DNR argues that maintaining these positions as seasonal rather than year-round negatively impacts the long-term staffing and turnover rates of the parks program, making it increasingly difficult to recruit and retain well-qualified candidates. Finally, proponents point out this request would be funded solely by segregated revenues from user fees in this biennium (rather than a combination of parks SEG and GPR).

The Department also argues that this request complements the increased emphasis being placed on year-round tourism for the state's tourism promotion. Act 9 provided a total of \$11.7 million annually for tourism marketing, an increase of 27 percent over the 1998-99 appropriation. It is argued that the increased focus on promoting tourism in Wisconsin should be accompanied by a similar focus on providing the operational funding needed to make tourists' experiences positive. Given the role of the parks system in the overall tourism market in the state, providing additional funds for parks staffing could be viewed as one way to accomplish this.

To more closely adhere to the emergency standard under s. 13.101(3)(a)1. and limit the structural imbalance in the account, the Committee could consider a number of options to the Department's request:

Providing New Positions. The Committee could provide the funding and position authority for one full-time position at each property that is either currently unstaffed or has no permanent position authority (Amnicon Falls, Aztalan, Bearskin Trail, Chippewa Moraine and Milwaukee Lakeshore). These positions would arguably have the greatest marginal impact on customer service and revenue generation compared to those properties with some level of full-time staffing. In addition, the Aztalan and Milwaukee Lakeshore positions would oversee newly-designated projects. However, a workload analysis by Parks indicates that Amnicon Falls, Bearskin Trail and Chippewa Moraine have operated without full-time positions since at least 1990. Therefore, it is unclear what emergency exists that necessitates providing the positions in 1999 under s. 13.10. Given that the scope of activity and programming at the newly-designated properties is not known at this time, it could be considered premature to authorize positions for them.

Converting Seasonal Positions. The Committee could provide the funding and position authority necessary to make the six requested seasonal rangers positions year-round. Of the 4.0 positions provided in Act 9 to make seasonal positions year-round, 2.83 were allocated to fill out ranger positions. The Department indicated that, given the priority placed on security by parks visitors, it was critical to make ranger positions year-round to attract the highest quality people. Making the ranger positions in this request year-round would be consistent with that approach. However, the Department has not clearly identified a public emergency that exists that requires additional protection of visitor health and safety through the s. 13.10 process.

Operations Funding. The Committee could provide the funding requested in 1999-00 for the completion of Phase II of upgrading at Aztalan State Park. This would complement the funding provided in 1999 Act 9 for the development of Milwaukee Lakeshore State Park. Once the scope of programming at Aztalan has been determined and some level of development has been completed at Milwaukee Lakeshore, the Department could seek operational funding.

## **ALTERNATIVES**

### **A. New Positions**

1. Approve DNR's request to increase expenditure authority for parks general operations by \$234,600 SEG in 1999-00 and \$593,100 SEG in 2000-01 and 14.0 SEG positions annually from the parks account for new positions at certain Department properties.

2. Provide \$52,000 SEG in 1999-00 and \$207,900 SEG in 2000-01 and 5.0 SEG positions annually from the parks account for new positions at five unstaffed park properties.

3. Deny the request.

**B. Converting Seasonal Positions to Full-Time**

1. Approve DNR's request to increase expenditure authority for parks general operations by \$260,300 SEG in 1999-00 and \$265,500 SEG in 2000-01 and 7.14 SEG positions annually from the parks account to make 20 seasonal parks positions year-round.

2. Provide \$63,800 SEG in 1999-00 and \$65,100 SEG in 2000-01 and 1.83 SEG positions annually from the parks account to make six seasonal ranger positions year-round.

3. Deny the request.

**C. Operations Funding for Milwaukee Lakeshore and Aztalan State Parks**

1. Approve DNR's request to increase expenditure authority for parks general operations by \$86,200 SEG in 1999-00 and \$45,000 SEG in 2000-01 from the parks account for operations at Milwaukee Lakeshore and Aztalan State Parks.

2. Provide \$75,000 SEG in 1999-00 for completion of Phase II of upgrading at Aztalan State Park.

3. Deny the request.

Prepared by: Russ Kava

NO# A-1, B-1, C-1

BURKE	<input checked="" type="radio"/>	N	A
BECKER	<input checked="" type="radio"/>	N	A
BAUCH	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	N	A
PANZER	<input checked="" type="radio"/>	N	A
GARD	Y	<input checked="" type="radio"/>	A
PORTER	Y	<input checked="" type="radio"/>	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
DUFF	Y	<input checked="" type="radio"/>	A
VARD	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
RILEY	<input checked="" type="radio"/>	N	A

DATE 13 NO 3 ABS \_\_\_\_\_



## APPENDIX

### Staffing Levels at Selected Park Properties, 1998-99

<u>Property</u>	<u>Permanent Positions</u>	<u>LTE Effort</u>	<u>Total Staffing</u>
Amnicon Falls	0.00	2.01	2.01
Aztalan	0.00	0.00	0.00
Bearskin Trail	0.00	0.95	0.95
Big Bay	1.75	5.24	6.99
Blue Mounds	3.42	3.30	6.72
Bong	6.00	8.12	14.12
Brunet Island	1.00	2.95	3.95
Buckhorn	2.00	1.81	3.81
Chippewa Moraine	0.00	2.39	2.39
Devil's Lake	13.91	11.62	25.53
Great River Trail	0.58	0.41	0.99
Hartman Creek	3.08	3.04	6.12
High Cliff	5.00	4.78	9.78
Kohler-Andrae	3.68	5.02	8.70
LaCrosse River Trail	0.67	0.97	1.64
Lake Wissota	1.94	1.07	3.01
Milwaukee Lakeshore	0.00	0.00	0.00
Pattison	2.75	1.75	4.50
Peninsula	11.00	10.15	21.15
Potawatomi	3.00	3.08	6.08
Rib Mountain	1.75	2.14	3.89
Rock Island	1.35	2.40	3.75
Whitefish Dunes	2.75	4.27	7.02
Willow River	3.50	1.39	4.89
Wyalusing	4.67	3.70	8.37
Yellowstone	4.75	2.57	7.32

NATURAL RESOURCES

Parks and Recreation Operations  
[Agenda Item IV]

Motion:

Move to provide \$494,900 SEG in 1999-00 and \$858,600 SEG in 2000-01 in one-time funding and 21.14 two-year SEG project positions from the parks account of the conservation fund to provide new project positions at certain parks properties and convert certain seasonal parks positions into full-time positions on a project basis.

MO#				
	BURKE	Y	<input checked="" type="radio"/> N	A
	DECKER	Y	<input checked="" type="radio"/> N	A
	JAUCH	Y	<input checked="" type="radio"/> N	A
	MOORE	Y	<input checked="" type="radio"/> N	A
	SHIBILSKI	Y	<input checked="" type="radio"/> N	A
	PLACHE	Y	<input checked="" type="radio"/> N	A
	COWLES	<input checked="" type="radio"/> Y	N	A
	PANZER	<input checked="" type="radio"/> Y	N	A
2	GARD	<input checked="" type="radio"/> Y	N	A
	PORTER	<input checked="" type="radio"/> Y	N	A
	KAUFERT	<input checked="" type="radio"/> Y	N	A
	ALBERS	Y	<input checked="" type="radio"/> N	A
	DUFF	<input checked="" type="radio"/> Y	N	A
	WARD	<input checked="" type="radio"/> Y	N	A
	HUBER	Y	<input checked="" type="radio"/> N	A
	RILEY	Y	<input checked="" type="radio"/> N	A

AYE 7 NO 9 ABS 0

## 13.10 Meeting

Tuesday, December 21, 1999

### Agenda Item V

#### DNR - Kickapoo Wildlife Area Stewardship Purchase

**Issue:** DNR wants approval to purchase 452 acres (cost \$375,000) for an addition to the Kickapoo Wildlife Area in Crawford County.

**Recommendation:** Alternative 1 (approve the request)

**Discussion:** The natural value of this land seems high (see paragraph 5 on p.2). The recreational value also appears high (see top of p.5). Overall, it's a good acquisition.

The only questionable aspects of the purchase are the fact that DNR used the higher appraisal to base its offer to purchase on and the fact that much or all of this land is already open to public use through a state-held easement.

On the appraisal issue, DNR staff did use the higher value but it is still lower than the original asking price. JFC members are certainly not land valuation experts, especially as it applies to one small area of the state. Further, not all appraisers are created equal. The lower appraisal may have been junk. I think we need to give DNR experts a little leeway in their negotiations. Sealing the deal on land transactions is not always easy. However, I would also caution staff and Sec. Meyer to treat Stewardship monies as their own. It's not a bottomless pit, and the temptation to give certain landowners a little extra should be avoided at all times. They are charged with getting the best deal possible for the State of Wisconsin, and they better be upholding that duty.

On the public access and easement issue, I am a little troubled that we are going after land that is already protected in some sense. But, I guess the additional state management and habitat control that will be exercised is worth it.

**Lastly, a continuing gripe. In the last decade the state has spent approximately \$74 million from the "general land acquisition" category of the Stewardship Fund. Not one dollar has been spent in Milwaukee County (and we haven't gotten much from the other categories either). This is appalling. We need to start spending Stewardship money where the people are. There is too much of a bias for purchasing land in rural and northern areas.**

Prepared by: Barry



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 21, 1999

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Kickapoo Wildlife Area (Crawford County) Stewardship Purchase  
-- Agenda Item V

### REQUEST

The Department of Natural Resources (DNR) requests approval to purchase 452.56 acres of land from Hillsdale College for \$375,000 from the Warren Knowles-Gaylord Nelson stewardship program for the Kickapoo Wildlife Area in Crawford County.

### BACKGROUND

#### Stewardship Program

The stewardship program was created in 1989 Act 31 for the purpose of acquiring land to expand recreational opportunities and protect environmentally sensitive areas. The Legislature has authorized \$231 million in general obligation bonding for this purpose over a 10-year period, ending in fiscal year 1999-00. The law allocates funding among twelve categories of land acquisition and development programs. (The 1999-01 biennial budget act provides \$460 million in bonding for a ten-year reauthorization of the stewardship program beginning in 2000-01.)

The stewardship program currently authorizes \$6.7 million annually for the Department's general land acquisition program. General land acquisition bonding is used to purchase land for a number of Department functions, including fisheries management, forests, parks, wildlife management, wild rivers and resources areas. When a DNR project is planned, a map showing the desired borders for the whole project is drawn. Usually, not all of the land proposed for the project

is for sale at that time. Under this program, DNR purchases property that is available within the mapped boundaries and then attempts to buy additional parcels as they come on the market to fill out the project borders.

Under s. 23.0915(4) of the statutes, the Joint Committee on Finance reviews all stewardship projects of more than \$250,000. DNR must notify the Co-chairpersons of the Committee in writing of the proposed encumbrance or expenditure. If the Co-chairpersons do not notify DNR within 14 working days after the Department's notification that a meeting has been scheduled to review the request, DNR may make the encumbrance or expenditure. If an objection to the project is made, then the Co-chairpersons must schedule a meeting to consider the request. DNR may make the proposed expenditure only with Committee approval.

DNR notification of the Kickapoo Wildlife Area purchase was received by the Co-chairpersons on October 28, 1999. On November 17, 1999, the Co-chairpersons notified DNR that a meeting would be scheduled to review the request.

### **Kickapoo Wildlife Area Purchase**

The Kickapoo Wildlife Area was established as a Department project in 1975 to protect wildlife habitat, provide opportunities for public recreation (primarily hunting and fishing) and allow for wildlife management. Prior to that, the area was part of the Lower Wisconsin River Wildlife Area. Prior to establishment as a separate project, much of the acquisition was done through public hunting ground easements to allow public access for hunting and fishing. Since 1975, fee title acquisition has been utilized as well.

As of July 1, 1999, DNR controlled 6,933 acres in the project boundary for the Kickapoo Wildlife Area (2,246 acres in fee title and 4,687 acres under easement), which represents over 77 percent of the project goal of 8,958 acres. Nearly \$790,000 has been spent on acquisition in the wildlife area project boundary.

The Hillsdale College tract consists primarily of cropland (185 acres), wooded upland (160 acres) and grassland and wetland (100 acres). A 1.56-acre building site is also on the property, with roads covering six acres of land. The parcel has about 4,000 feet of frontage on the east side of the Kickapoo River on its western boundary and about 4,000 feet of frontage on both sides of Sand Creek (a cold-water trout stream) to the south. The cropland is currently rented to a private company, and the Department anticipates continuing some rental arrangement for the near future. The parcel and the surrounding area provide habitat for a number of species, including deer, turkey, snakes and various types of birds. Pheasant are stocked on the western part of the tract.

A set of farm buildings is also found on the site, including a house, barn, lean-to, tobacco shed, shop and two concrete stave silos. The Department indicates the buildings will be analyzed for potential resale on a small acreage or for sale for removal and site restoration.

With the exception of 40 acres located outside the project boundary, the Hillsdale College tract is subject to a permanent DNR hunting and fishing easement that was purchased in 1968 for \$2,425. DNR holds similar easements on property to the west and south of the Hillsdale College parcel. The Department indicates that the 40 acres outside the property boundary will be held for future sale or exchange. Any funds accruing to the Department from the resale of property or improvements would be deposited in the conservation fund, which can then be used for land acquisition, development and improvement related to the general conservation functions of the Department.

The land is currently zoned agricultural. The 1998 property tax assessment for the land was \$270,300 (\$221,000 for the land and \$49,300 for the improvements), with a total equalized value of \$277,600. Property taxes of \$4,229 were paid in tax year 1998.

Two private appraisers completed valuations of the Hillsdale College property in March, 1999. (At the time of appraisal, the listed sale price of the property was \$425,000.) One appraisal, using a total tract size of 467.4 acres, placed the value of the property at \$418,800, with \$383,800 (or an average of \$821 per acre) of the total value attributable to the land and \$35,000 attributable to the improvements. The highest and best use of the property was identified as being for either recreational or agricultural purposes, with the recreational value of the property limited by the hunting and fishing easement on the land. The four comparable sales utilized by the appraiser to help determine the value of the property had adjusted values ranging from \$1,061 to \$1,234 per acre. The fee value of the property was estimated to be \$1,150 per acre based on the comparable sales. In determining the effect of the easement on the value of the property, the appraiser distinguished between the land suitable for agricultural use (184.8 acres) and the land limited to recreational use (282.6 acres). The appraiser concludes that the hunting and fishing easement would have a greater impact on the value of the recreational land, since public access to land typically reduces its recreational potential for a private buyer. Accordingly, the per acre value of the recreational land is reduced by 30% (to \$805 per acre) while the value of the agricultural land is reduced by only 10% (to \$1,035 per acre). Applying these values to the relevant acreage figures results in an overall land value of \$418,800.

The second appraisal also used a tract size of 467.4 acres, with the overall value of the land estimated to be \$296,900 (an average of \$635 per acre) with no additional value assigned to the improvements. The highest and best use was identified as recreational, with some additional income derived from agricultural use. Four comparable sales, with adjusted per acre values ranging from \$562 to \$985, were used to determine the value of the property. The appraiser used a per acre value of \$804, based on the sale judged to be most comparable, to determine the value of the property. This appraisal also distinguished between the agricultural land (140 acres) and the recreational land (327.4 acres) in determining the value of the property. The per acre value of the recreational land was reduced by 30% (to \$563 per acre), while no reduction was factored in for the agricultural land. Using these figures, an overall value of \$296,900 was estimated.

Both appraisals were accepted by the Department, and were utilized by a DNR staff appraiser to determine the Department's offer for the property. Based on a more accurate description of the property, the acreage was adjusted to the 452.56 acres requested by DNR for

purchase. The DNR staff appraiser utilized the \$1,150 per acre figure from the first appraisal, because it was felt that the first appraisal used sales that were more comparable to the subject property, incorporated the value of the improvements and used a more accurate adjustment for the time of the comparable sales. Using this figure, an overall property value of \$520,500 was calculated, less the \$35,000 improvement value, for a land value of \$485,500. The Department then applied a 30% easement discount to the entire tract (rather than only the recreational portion of the land), for an adjusted land value of \$339,850. With the improvement value added back, the Department estimated the overall value of the property to be \$375,000.

The Department originally negotiated the purchase with the long-term owners of the land. After the purchase was negotiated, the landowners put the property into a trust given to Hillsdale College in the summer of 1999. The Department's original option for the property expired on August 20, 1999. An extension was secured through December 31, 1999. If the Department cannot formally close on the property before that date, staff indicate that they will attempt to secure a verbal commitment from the current owner to extend the option. Staff indicate that, in general, verbal extensions can be secured in most cases, but it is dependent on the individual land owner.

The Natural Resources Board approved the Hillsdale College purchase at its October, 1999, meeting on a 6-0 vote with one member absent. The Board motion for approval included a provision directing the Department to retain the 185 acres of tillable land on the property as cropland.

## **ANALYSIS**

The Department indicates it will fund this purchase from the general land acquisition component of the stewardship program. Assuming this request is approved and considering other obligations and expenditures, through November of 1999, the Department estimates that the entire allocation for this stewardship component has been obligated.

If the Department acquires the Hillsdale College land, it would pay aids in lieu of property taxes on the land to the Town of Clayton in an amount equal to the tax that would be due on the estimated value of the property at the time it was purchased (generally the purchase price), adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district. The town then pays each taxing jurisdiction (including the county and school district) a proportionate share of the payment, based on its levy. Aids in lieu payments are made from a sum sufficient GPR appropriation. Payment for the Hillsdale College land would be approximately \$8,300 GPR annually.

Given that the Department already owns an easement permitting public hunting and fishing on the Hillsdale College land, it could be argued that stewardship funding could be better spent purchasing land or easements on property where the public does not have recreational access. This approach would work to maximize the amount of land in the state available for public recreation within the expenditure limits of the stewardship program. However, the easement does not allow public access for other year-round recreational opportunities, such as hiking, and does not allow for

habitat restoration and other public land management activities. Thus, it could be argued that use of stewardship funding for fee title purchase is reasonable to allow for more consolidated public management and multiple use benefits on the property. The Department indicates that, while the past practice of purchasing hunting and fishing easements has lead to some interest among landowners in the area to sell such land to the state, DNR generally purchases fee title to such easement land where the benefits of consolidation of state ownership and possibilities for multiple use are the greatest.

If DNR is allowed to make this purchase, the amount of land under state control in the Kickapoo Wildlife Area would remain at about 77 percent of the overall acreage goal, given that land would be converted from easement to fee title ownership. If the Department is not allowed to make the purchase, the \$375,000 that would otherwise have been spent on the Hillsdale College purchase would revert to the unobligated balance of the general land acquisition category of stewardship. As indicated in the appraisals, the highest and best use of the land if it were not publicly owned would be for recreational or agricultural use, or some combination of the two.

**ALTERNATIVES**

1. Approve the DNR request to purchase 452.56 acres of land from Hillsdale College for \$375,000 from the Warren Knowles-Gaylord Nelson stewardship program for the Kickapoo Wildlife Area in Crawford County.
2. Deny the request.

Prepared by: Russ Kava

MO#	<u>4171</u>		
2 BURKE	<input checked="" type="radio"/>	<input type="radio"/>	A
DECKER	<input type="radio"/>	<input checked="" type="radio"/>	A
JAUCH	<input checked="" type="radio"/>	<input type="radio"/>	A
MOORE	<input checked="" type="radio"/>	<input type="radio"/>	A
SHIBILSKI	<input checked="" type="radio"/>	<input type="radio"/>	A
PLACHE	<input checked="" type="radio"/>	<input type="radio"/>	A
COWLES	<input checked="" type="radio"/>	<input type="radio"/>	A
PANZER	<input type="radio"/>	<input checked="" type="radio"/>	A
GARD	<input type="radio"/>	<input checked="" type="radio"/>	A
PORTER	<input type="radio"/>	<input checked="" type="radio"/>	A
KAUFERT	<input type="radio"/>	<input checked="" type="radio"/>	A
ALBERS	<input checked="" type="radio"/>	<input type="radio"/>	A
DUFF	<input type="radio"/>	<input checked="" type="radio"/>	A
WARD	<input type="radio"/>	<input checked="" type="radio"/>	A
HUBER	<input checked="" type="radio"/>	<input type="radio"/>	A
RILEY	<input checked="" type="radio"/>	<input type="radio"/>	A
AYE	<u>9</u>	NO	<u>7</u> ABS



## **13.10 Meeting**

**Tuesday, December 21, 1999**

### **Agenda Item VI**

#### **DNR - Buckhorn State Park Stewardship Purchase**

**Issue:**

DNR wants authority to pay \$2.4 million for 3,200 acres in Juneau County - from the Stewardship Fund. The land will be added to Buckhorn State Park and also create a new state Wildlife Area.

**Recommendation:**

Alternative 1 (approve the request)

**Discussion:**

Shibilski is hot for this one. Any serious opposition to the purchase will cause him to become very upset.

However, since he doesn't always play nice with you, a few points could possibly be made.

Namely, here we are again (i.e. Kickapoo acquisition) buying land at considerable cost that is already open to the public through an easement. Paper and timber companies around the country are selling off forestland in record numbers lately. This is largely because Wall Street investors are demanding it. This could be a boon for the state, but we also need to be careful to get the best deal possible and not use up all the Stewardship monies on these somewhat remote purchases. Many people of the state can't get to these areas and many others will choose not to because they are so far away. We need to start spending more Stewardship money where the most people are.

Also, you could repeat the gripe detailed on the notes for Item V here (i.e. Milwaukee County hasn't gotten a penny from the land acquisition category of the Stewardship Fund).

Prepared by: Barry



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 21, 1999

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Buckhorn State Park and Wildlife Area (Juneau County)  
Stewardship Purchase -- Agenda Item VI

### REQUEST

The Department of Natural Resources (DNR) requests approval to purchase 3,221 acres of land from Wisconsin River Power Company (WRPC) for \$2.39 million from the Warren Knowles-Gaylord Nelson stewardship program for Buckhorn State Park and Wildlife Area in Juneau County.

### BACKGROUND

#### Stewardship Program

The stewardship program was created in 1989 Act 31 for the purpose of acquiring land to expand recreational opportunities and protect environmentally sensitive areas. The Legislature has authorized \$231 million in general obligation bonding for this purpose over a 10-year period, ending in fiscal year 1999-00. The law allocates funding among twelve categories of land acquisition and development programs. (The 1999-01 biennial budget act provides \$460 million in bonding for a ten-year reauthorization of the stewardship program beginning in 2000-01.)

The stewardship program currently authorizes \$6.7 million annually for the Department's general land acquisition program. General land acquisition bonding is used to purchase land for a number of Department functions, including fisheries management, forests, parks, wildlife management, wild rivers and resources areas. When a DNR project is planned, a map showing the desired borders for the whole project is drawn. Usually, not all of the land proposed for the project

is for sale at that time. Under this program, DNR purchases property that is available within the mapped boundaries and then attempts to buy additional parcels as they come on the market to fill out the project borders. An additional \$2 million annually is allocated for acquisition in the Lower Wisconsin State Riverway.

A provision in 1999 Act 9 (the 1999-01 biennial budget) specifies that, if the amount of funding available in a stewardship category is not sufficient for a given project or activity which is uniquely valuable in conserving the natural resources of the state, the Department may expend funding from any category of stewardship for that project or activity.

Under s. 23.0915(4) of the statutes, the Joint Committee on Finance reviews all stewardship projects of more than \$250,000. DNR must notify the Co-chairpersons of the Committee in writing of the proposed encumbrance or expenditure. If the Co-chairpersons do not notify DNR within 14 working days after the Department's notification that a meeting has been scheduled to review the request, DNR may make the encumbrance or expenditure. If an objection to the project is made, then the Co-chairpersons must schedule a meeting to consider the request. DNR may make the proposed expenditure only with Committee approval.

DNR notification of the Buckhorn State Park and Wildlife Area purchase was received by the Co-chairpersons on October 28, 1999. On November 17, 1999, the Co-chairpersons notified DNR that a meeting would be scheduled to review the request.

### **Buckhorn State Park and Wildlife Area Purchase**

Buckhorn State Park was established on the Buckhorn Peninsula of the Castle Rock Flowage in 1971 to provide opportunities for public recreation, allow for management of biological resources and protect the scenic beauty of the area. Recreational opportunities at the park include camping, swimming, picnicking, boating, fishing, hiking and nature appreciation. As a result of the master planning process for the property, Buckhorn State Wildlife Area was created in 1977 by the designation of 1,800 acres of the park as a wildlife area. Recreational opportunities at the wildlife area include hiking, skiing, hunting and camping.

As of July 1, 1999, DNR controlled 2,512 acres in the project boundary for Buckhorn State Park (1,695 acres in fee title and 817 acres under easement), which represents 97 percent of the project goal of 2,577 acres. Nearly \$300,000 has been spent on acquisition in the park boundary. As of that same date, the Department owned 1,797 acres of land in the Buckhorn Wildlife Area project boundary, which is nearly 100 percent of the project goal of 1,800 acres. Over \$450,000 has been expended on the acquisition of property in the wildlife area.

The 3,221-acre parcel proposed for purchase from WRPC consists of 1,295 acres of submerged land, 1,086 acres of wetlands and 840 acres of wooded upland. The submerged land consists of the mouth of the Yellow River where it flows into the Wisconsin River, with a maximum water depth in the area of approximately 20 feet. Improvements on the property include three boat landings, parking lots, picnic grounds, portable toilets, two dug wildlife ponds and

shoreline stabilization. The present uses of the land are for power generation, public recreation and forestry purposes.

Included in this parcel are 2,381 acres of land (commonly referred to as "project lands") that are encumbered by a license from the Federal Energy Regulatory Commission (FERC). The FERC restrictions generally specify that project lands must be open for public use (in this case, hunting, fishing, hiking, nature appreciation and limited timber removal) and that land under the encumbrance cannot be sold without federal and state approval. Title to small tracts of five acres or less, however, can be conveyed to local governments for public use if the use is determined to be compatible with the land use and recreational plan submitted to FERC and is approved by DNR.

An additional 400 acres of land proposed for purchase within the park boundary are currently encumbered with a scenic easement held by DNR. The easement places restrictions on allowable development, signage, dumping, building height, sand and gravel excavation and timber removal on the property. Also, 80 acres of land are currently enrolled in forest tax law programs.

Of the total purchase, 2,581 acres would be designated as part of the wildlife area and 640 acres would be part of the park. Of the 640 acres proposed for the park, 400 are currently covered under the scenic easement, while 240 are outside the project boundary for the park. The land proposed for the wildlife area is entirely outside of the current project boundary. The proposed uses of the property include scenic protection, wildlife management and public recreation. A variety of recreational uses are anticipated for the property, including hunting, fishing, trapping, camping, canoeing, cross-country skiing and nature appreciation.

The land in the Town of Necedah is currently zoned all-purpose. The land in the Town of Germantown is zoned A-R-O (Agricultural, Residential and Open). The 1998 property tax assessment for the land in Necedah was \$62,800, with \$1,300 in property taxes paid in tax year 1998. In the same tax year, the Germantown land was assessed at approximately \$1.1 million, with over \$32,000 paid in property taxes.

Two private appraisals were completed on the property. Both appraisals were completed in the spring of 1999 based on a tract size of approximately 3,545 acres. After further negotiation and refinement of the property area being purchased, both appraisals were amended in June of 1999 based on the 3,221 acres now proposed for purchase. The amended appraisal which the Department approved for just compensation placed a value of \$2.43 million on the property proposed for purchase, with \$2.28 million of the total value attributable to the land (or an average of \$1,190 per acre for non-submerged land) and \$150,000 attributable to the improvements. The highest and best use of the non-project land (property not encumbered by the FERC license) was identified in the appraisal as being for either residential or recreational use, with possible subdivision and timber production. The highest and best use of the project land, given the FERC licensing limitation, was identified as recreational with some timber production. The four comparable sales utilized by the appraiser to help determine the value of the property had adjusted overall values ranging from \$2.35 million to \$2.69 million. Among the adjustments made were those that factored in the distinction between project and non-project land. The total value of the property was estimated to be \$2.43 million based on the comparable sales.

The second amended appraisal placed an overall value of \$2,351,000 on the property, with \$2,156,000 of the value allocated to the land (an average of \$1,125 per acre of non-submerged land) and \$195,000 to the improvements. The highest and best use of the property was identified as forestry and recreation with occasional sales of 40 to 80 acre parcels of non-project land for subdivision into recreational building sites. The appraiser valued the non-submerged FERC project lands, non-project lands and submerged land separately, rather than making adjustments for them from a single overall value. Seven comparable sales, with values ranging from \$1,470 to \$2,592 per acre, were used to set a value on the non-project lands. The appraiser estimated the market value of the 841 acres of non-project land at the average of \$1,950 per acre, yielding a value for these lands of \$1,639,950. Three comparable sales were used to estimate the value of the project lands. The per acre value ranged from \$585 to \$691, with the appraiser using the average of \$650 per acre for valuation purposes for the 1,085 acres of project lands (an value of \$705,250 for these lands). With respect to the submerged land, the appraiser noted that such land contributes value only to adjoining lands and has little value to anyone except neighboring owners. Citing no comparable sales, the appraiser placed a value of \$100 per acre on the 1,295 acres of submerged land (a value of \$129,500 for these lands) based on the appraiser's past experience with similar contributory real estate values. The appraiser then applied a 5% discount to the \$2,474,700 sum (given that the relatively large parcel is being sold as a whole rather than in smaller tracts, reducing transaction costs) to place a total value on the property of \$2,351,000.

The Natural Resources Board approved the WRPC purchase at its October meeting on a 5-1 vote, with one member absent. The motion for approval also increased the boundaries and acreage goals for the park and the wildlife area to accommodate the proposed purchase.

## **ANALYSIS**

The Department indicates it will fund this purchase using the provisions of 1999 Act 9 that allow the Department to expend funding from any category of stewardship for a project or activity that is uniquely valuable in conserving the natural resources of the state. While a purchase such as the one proposed would typically be funded from general land acquisition, DNR estimates that, through November of 1999, the entire allocation for that component has been obligated. DNR proposes to use funding from the Lower Wisconsin State Riverway component for the purchase. Assuming this request is approved and considering other obligations and expenditures, through November of 1999, the Department estimated an unobligated balance of approximately \$370,000 million in the Lower Wisconsin State Riverway component of stewardship.

If the Department acquires the WRPC land, it would pay aids in lieu of property taxes on the land to the Towns of Germantown and Necedah in an amount equal to the tax that would be due on the estimated value of the acreage in each town at the time it was purchased (generally the purchase price), adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district. The town then pays each taxing jurisdiction (including the county and school district) a proportionate share of the payment, based on its levy. Aids in lieu payments are made from a sum sufficient GPR appropriation. Payment for the WRPC

land would be approximately \$53,200 GPR annually (\$48,400 to Germantown and \$4,800 to Necedah).

In the feasibility study and environmental assessment on the proposed acquisition prepared by the Department in October, 1999, initial development costs for the property were estimated to range from \$50,000 to \$100,000 for such items as property boundary surveys and signs, gates, fencing, portable toilets, buoys and other items for existing boat landings. Removal of dilapidated structures on the property might also be necessary. On an ongoing basis, the study indicated that staff would be needed for law enforcement and property maintenance on the land. The study gave a preliminary cost estimate of \$50,000 annually for these functions. The study further noted that the cost estimates could change based on the results of the master planning process for the property. Operational funding could be reallocated from within the Department's existing base budget or requested as part of the Department's 2001-03 budget. Development funding could also be provided through the property development subprogram of stewardship.

The Department indicates that WRPC does not yet have the federal approval for the sale, but that the Company wishes to close on the property by the end of the calendar year. Among the options for closing being considered by the Department and WRPC are to first close on the non-FERC lands and then close on the FERC lands once approval has been granted, or to delay final closing on the entire tract until federal approval has been given. The Department indicates if the closing does not occur by the end of the year, they will attempt to secure a verbal commitment from the current owner to extend the option. Staff indicate that, in general, verbal extensions can be secured in most cases, but it is dependent on the individual land owner.

Given that the FERC license requires public access on 2,381 acres of land (including all of the submerged lands) and that the Department already owns a scenic easement restricting use and development of approximately 400 acres of the land (a total of over 86% of the entire parcel), it could be argued that stewardship funding could be better spent purchasing land or easements on property where the uses of the land is not already restricted. This approach would work to maximize the amount of land in the state available for conservation and public recreation within the expenditure limits of the stewardship program. The Committee could allow DNR to purchase the 440 acres not encumbered by either the FERC license or DNR easement at the same per acre cost as the request (\$1,220 per acre of nonsubmerged land). If the actual purchase price of the 440 acres were greater than that allowed, the Department could resubmit the request to the Committee under passive review.

However, the 400 acres of land are covered by a DNR easement that does not allow public access and would allow some development. Further, the easement parcel and an additional 1,086 acres of nonsubmerged project lands cannot be used for public land management activities such as habitat restoration. It could be argued that use of stewardship funding for fee title purchase is reasonable to allow for consolidated public management and multiple use benefits on the property. Also, if the Committee reduces the amount of acreage DNR is allowed to purchase, it could reduce the Company's willingness to sell a portion of the property, as the negotiations to this point have involved a parcel size of over 3,000 acres.

Since the proposed purchases would involve increasing the project boundaries and acreage goals for both the park and the wildlife area, departmental control of land in both properties would remain near 100 percent if the purchase is made. If the Department is not allowed to make the purchase, the \$2.39 million that would otherwise have been spent on the WRPC purchase would revert to the unobligated balance of the Lower Wisconsin State Riverway category of stewardship. The funding would be available in the future for purchases within the Riverway or for the purchase of other uniquely valuable tracts under the provisions of 1999 Act 9. If not under public ownership, the land would most likely be used for some combination of recreational, residential and forestry uses, consistent with the highest and best use of the land as identified in the appraisals.

## ALTERNATIVES

1. Approve the DNR request to purchase 3,221 acres of land from Wisconsin River Power Company for \$2.39 million from the Warren Knowles-Gaylord Nelson stewardship program for Buckhorn State Park and Buckhorn State Wildlife Area in Juneau County.

2. Allow DNR to purchase up to 440 acres of land (the acreage unencumbered by the FERC license or DNR scenic easement) from WRPC for up to \$536,800 (based on a price of \$1,220 per acre of nonsubmerged land) from the stewardship program for Buckhorn State Park and Buckhorn State Wildlife Area.

3. Deny the request.

Prepared by: Russ Kava

MO#	Alt. 1		
BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	N	A
PANZER	<input checked="" type="radio"/>	N	A
GARD	Y	<input checked="" type="radio"/>	A
PORTER	Y	<input checked="" type="radio"/>	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
DUFF	Y	<input checked="" type="radio"/>	A
WARD	Y	<input checked="" type="radio"/>	A
HUBER	<input checked="" type="radio"/>	N	A
RILEY	<input checked="" type="radio"/>	N	A
AYE	12	NO	4
		ABS	

## 13.10 Meeting

Tuesday, December 21, 1999

### Agenda Item VII

#### DATCP - Gypsy Moth Control

**Issue:** DATCP wants \$218,000 additional funding annually from the forestry account to pay for more spraying and other things used to suppress gypsy moth populations.

**Recommendation:** Alternatives 5 & 6 together

*(in addition, direct DATCP to submit a plan to JFC on how Wisconsin will adapt to the impending infestation of gypsy moths once efforts to slow the spread are no longer effective)*

**Discussion:** Alternative 5 provides funding based on a re-estimated (and more accurate) cost per acre projection (see last paragraph on page 4) and less overall acreage, as recommended by the Gypsy Moth Scientific Working Group.

Alternative 6 makes the funding one-time rather than continuing. I think we need to continually review this particular agency activity. In addition, I would add a measure to the motion that directs DATCP to face reality and start planning for how we can best adapt to gypsy moths. It sounds they are coming to stay.

Gypsy moth trapping surveys show we aren't winning the war. We may have some short-term success in localized areas, but it's clear we cannot eliminate gypsy moths entirely with existing chemicals and technology. It seems like we are throwing state money down a rat hole.

I'm not convinced that continued spraying is all that wise from a human health standpoint. I'm even less convinced that it is a wise use of state financial resources.

In addition, the gypsy moth program seems to be developing into full employment initiative for DATCP. FB says they have 9 FTE already. It seems like DATCP spends as much or more on staff as it does on spraying. What are all these people doing? We're not stopping the spread of the moths and we don't seem to be planning for the future. Let's stop proving the obvious - we all know the moths are spreading. I want to know how we are ultimately going to deal with them.

Prepared by: Barry





## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 21, 1999

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Agriculture, Trade and Consumer Protection: Increased Funding for Gypsy Moth  
Suppression -- Agenda Item VII

### REQUEST

The Department of Agriculture, Trade and Consumer Protection requests an increase of \$218,100 SEG in each fiscal year from the forestry account of the conservation fund for additional spraying to suppress gypsy moth populations. Base funding of \$350,000 would cover the state share of Slow the Spread (STS) treatment for 69,450 acres and eradication for 800 acres in Grant and Clark counties. The requested increase would cover 31,950 STS acres and 2,200 eradication acres for a total of 104,400 acres. Portage, Sauk, Adams and Dane Counties would account for 55% of the total acreage. DATCP also proposes spraying between 1,000 and 7,000 acres in Columbia, Waushara, Iowa, Marathon, Juneau, Monroe, Wood, Grant, Jefferson, Rock, Vilas, Oneida and Richland Counties and less than 1,000 acres in Iron, Forest, Jackson and Price Counties.

### BACKGROUND

The gypsy moth is a leaf-eating pest of trees and shrubs. Gypsy moth caterpillars favor oak but will feed on the foliage of many tree species, including some conifers. As each caterpillar eats several leaves per day, infestation by caterpillars may remove much, if not all foliage from trees. The resulting defoliation weakens trees, leaving them susceptible to disease. Trees may die after two or more consecutive years of defoliation.

From its accidental release in Massachusetts in 1869, the gypsy moth has slowly spread south and west through natural progression and the movement of infested products. Currently, all or parts of 18 states are federally quarantined for gypsy moth infestations, including parts of Ohio and Indiana and nearly all of Michigan. The United States Department of Agriculture (USDA)

previously had quarantined Brown, Door, Kewaunee and Manitowoc counties and added 14 eastern Wisconsin counties in 1998 (Marinette, Oconto, Menominee, Shawano, Outagamie, Winnebago, Calumet, Sheboygan, Washington, Ozaukee, Waukesha, Milwaukee, Racine and Kenosha). In 1999, USDA also quarantined Dodge and Fond du Lac Counties because they were determined to have significant populations of reproducing gypsy moths.

Since gypsy moths spread by human transport of infested goods, as well as naturally, the quarantine requires the check of those items that gypsy moths and their eggs readily attach to. Items such as nursery stock, Christmas trees, firewood, pulpwood, logs and certain household articles must be certified free of gypsy moths before they can be transported from a quarantined area to a nonquarantined area. In most cases, certification is done annually by state or federal inspectors.

A Wisconsin gypsy moth control program has been conducted since 1971 in a cooperative effort between DATCP, DNR, USDA, the University of Wisconsin-Madison, local governments, and private businesses and individuals. Through the gypsy moth program, DATCP surveys, controls and provides public education on the moths and their movement to control their spread. A portion of the program includes annual spraying to control the gypsy moth population. In 1998-99, DATCP spent \$1.3 million on the gypsy moth program (\$1,229,800 SEG and \$115,400 PR), of which \$411,800 was spent on treatment (including \$144,400 provided at a February, 1999, s.13.10 meeting). Additionally, the state received \$885,600 in federal funding, of which \$411,800 was spent on treatment. Federal funding is also provided for trapping and other state reimbursements as well as all activity on national forest lands. Since these amounts are reimbursed to the state based on actual costs, it is unknown how much total federal funding will be provided in FY 2000. Annual gypsy moth program expenditures for the past five years are listed in Table 1.

**TABLE 1**

**Annual Gypsy Moth Program Expenditures**

	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000 Base</u>
Total State Expenditure	\$646,625	\$963,013	\$921,097	\$1,190,809	\$1,345,117	\$1,210,600
State Spray Portion	105,112	227,958	265,157	302,366	411,822	350,000
Total Federal Funding	716,060	691,812	776,231	624,080	885,600	Unknown
Federal Spray Portion	141,518	227,958	287,254	302,366	411,822	1,028,060
Acres Sprayed	20,304	28,864	36,895	38,435	54,420	74,000

The USDA Forest Service anticipates implementing Slow the Spread in 2000. The STS program focuses on low-level populations in the transition zone between areas considered generally infested and generally uninfested. The national STS transition zone winds from the northern portion of North Carolina through the middle third of Wisconsin. STS is dependent upon intensive monitoring of low moth populations coupled with timely control of growing isolated populations. Federal funds are anticipated to be available to cover 75% of STS treatment costs, versus 50% that

DATCP received in previous years. USDA also has committed to providing a 50% cost share for gypsy moth eradication in areas west of the STS transition zone.

Wisconsin trapping and survey results were entered into a recently developed computer model that makes treatment and survey recommendations using male moth survey data. The model recommended treating 79,840 STS acres. The national STS coordinator, a local USDA official and DATCP officials looked at model results and chose to treat an additional 21,560 acres that the model had slated for more intensive trapping, for a total of 101,400 acres. The additional sites were chosen to attempt to eliminate isolated colonies. The sites were chosen based on the (a) presence of alternate life stages (which indicates a reproducing population); (b) density of moth populations; and (c) risk of moth spread.

After reviewing 1999 male moth trapping and egg mass survey data, the STS model recommendation and the DATCP/STS decision, on November 29, 1999, the Gypsy Moth Scientific Working Group recommended that 79,840 acres be treated to slow the spread of gypsy moths in the state and 800 acres for eradication, for a total of 80,640 acres. The group consists of one representative from each of the following organizations: DATCP, DNR, UW, USDA-Forest Service and USDA-Animal and Plant Health Inspection Service.

The primary source of revenue deposited in the forestry account of the conservation fund is the forestry mill tax, a state tax on property of 0.2 mill (20¢ per \$1,000 of property value). Other sources of revenue to the forestry account include: (a) revenue from the sale of timber on state forest lands; (b) revenue from the sale of stock from the state's tree nurseries; (c) camping and entrance fees at state forests; (d) severance and withdrawal payments from timber harvests on cooperatively-managed county forests and on privately-owned land entered under the forest crop land and managed forest land programs; and (e) a portion of the revenue from the sale of the conservation patron license, to reflect the fact that license holders are granted admission to state forests at no additional charge as part of the license.

Forestry account revenues are used to fund several forestry programs and related administrative activities in DNR. The main expenditure from the forestry account relates to the operations of state forest and nursery properties. Other DNR activities funded from the forestry account include: (a) forest management assistance for private landowners and county foresters; (b) aid payments under forest tax law programs; (c) county forest acreage payments and loans; and (d) forest fire control activities. The forestry account also funds programs in seven other agencies, the largest expenditures being for administrative and worker salary costs of the Wisconsin Conservation Corps and the gypsy moth program in DATCP.

## ANALYSIS

Although spraying does not occur until the end of May or early June, DATCP officials indicate they need to contract with the aerial applicator prior to that time. Additionally, USDA has allocated monies to match state funds for spraying, but they require state notification by the end of February on how much the state will allocate to spraying. USDA will generally provide three

federal dollars for each state dollar allocated for spraying and has not set a maximum reimbursement amount. However, if Wisconsin does not commit state money, federal funds may be redistributed to other states. If no action is taken, Wisconsin will receive approximately \$1.1 million FED to match the \$350,000 DATCP currently has for spraying. If the DATCP request is approved, the state will receive approximately \$1.7 million FED.

Federal funding for gypsy moth spraying in Wisconsin has increased from a 50% cost share to 75% of STS treatment covered by USDA. The 75% will be available for each of the next two years of spraying. However, federal funds are not guaranteed to be available at the same level in future biennia. Thus, some argue the state should maximize federal funding by spraying more now when a 75% federal match is guaranteed.

DATCP is appropriated \$1,210,600 in 1999-00 and \$1,218,300 in 2000-01 for the gypsy moth program. The Department is appropriated \$437,300 SEG from the forestry account of the conservation fund in the biennium in a continuing appropriation based on a surcharge of one cent per seedling sold by DNR. Another \$1,883,800 SEG from the forestry account and \$107,800 related to a PR position from nursery license fees are appropriated for the gypsy moth program over the biennium. From these accounts, DATCP has budgeted \$350,000 annually for spraying *Bacillus thuringiensis* var. *kurstaki* (B.t.k.), and pheromone flakes. The remaining \$1,728,900 biennially is used to fund nine permanent staff (approximately seven of which focus on spray and survey tasks and two of which are regulatory), LTEs and the costs for survey, trapping and analysis of the gypsy moth infestation in the state. If no additional funding is provided, DATCP officials indicate they would prioritize 800 eradication acres and up to 69,450 STS acres in western and southern parts of the STS transition zone for a total of 70,250 acres.

The DATCP request is based on an average spraying cost of approximately \$24 for each acre sprayed with B.t.k. However, to date the Department has not spent more than an average of \$18.50 per acre (in February, 1999, DATCP requested funding based on costs of nearly \$20 per acre, and actual per acre costs were closer to \$18.50). In 1997, the costs were approximately \$15 per acre and in 1998, \$15.75 per acre. DATCP officials indicate that they prefer to have some extra funding in case rain washes away the spray and it needs to be applied a third time over an area (a standard B.t.k. application is two sprayings). Additionally, DATCP officials point to an increase in the cost of B.t.k., additional flight time due to the distance of application sites from airports and higher insurance costs as reasons for the increase. However, past records indicate that actual costs have been lower than the \$24 requested. Further, spraying more acres could lead to lower costs due to greater economies of scale. Finally, if costs do exceed estimates, the Department is carrying a \$120,000 balance in its continuing SEG appropriation that could be spent down. Thus, the Committee may wish to grant funding at a lower estimated cost per acre. Actual per acre costs increased by 17.5% between 1998 and 1999. Providing another 17.5% increase for 2000 would provide funding of \$21.75 per acre of B.t.k. treatment, rather than the 30% increase requested by DATCP. With an estimate of \$21.75 per acre of treatment, DATCP could treat 74,000 acres with no additional state funding, the Gypsy Moth Scientific Working Group recommendation of 80,640 acres with an additional \$36,000 or 104,400 acres (the requested acreage) with an additional \$177,100 annually.

Another alternative would be to place the funding provided in unallotted reserve for release by DOA after spray costs are known. If available funding exceeds the actual cost of spraying, the remaining funds would lapse to the forestry account on June 30 of each year.

Some would argue that since gypsy moths will inevitably infest the entire state, it is futile to attempt to control the population through mass sprayings. They would claim that spraying efforts have been ineffective in ridding areas of the pest. Further, some may prefer to focus on adapting to the impending infestation rather than attempting to slow the spread.

Others would claim that because it may take a few years before the gypsy moth spreads to include all of Wisconsin, there is an economic benefit in attempting to slow the rate of spread into uninfested areas. They claim that funds spent now for aggressive surveys and treatment will slow the spread of gypsy moths by up to 50% each year. In turn, they claim this would save between \$2 and \$18 in economic losses for every dollar spent due to projected costs incurred by individual residents, government management, decreased tourism and loss of timber.

The DATCP request is for more spraying than the Scientific Working Group recommended. Some believe treating the additional areas may not greatly reduce the spread of the moths, but only briefly reduce their numbers in localized areas. They believe treating the 80,640 acres recommended by the Working Group will significantly slow the gypsy moth spread, and after that, the economic benefit of spray treatment diminishes. Further, the spraying or treatment of over 80,000 acres would be the most extensive effort the state has undertaken to date.

Yet, others would claim that spraying more acres makes economic sense. Proponents of additional funding may point to Waushara County as an example. Under the request, that county would have 5,800 acres sprayed. Waushara County is a transitional county on the edge of the quarantined area, so gypsy moth inspections are not yet mandatory for out of area shipping. For Christmas tree growers in the county who spent \$2.35 per acre for gypsy moth inspections in 1998, DATCP estimates they may have to pay nearly \$35 per acre once the county is quarantined. Thus, some may argue that funding should be available for treatment of all of the acres requested by DATCP to save costs associated with infestation. Others believe ground surveys show the moth is established in Waushara County and quarantine is expected.

The biological insecticide, B.t.k. is used for 85% of federally funded treatments and would be used for approximately 75% of the proposed treatment in Wisconsin. It can affect other moth and butterfly species besides the gypsy moth, including the endangered karner blue butterfly. In areas where the karner blue would be harmed by a B.t.k application, DATCP indicates it will use the pheromone flake (mating disruption) treatment, which is thought to be gypsy moth-specific in its effects.

After spraying a record 54,420 acres in 1999, the number of moths caught in traps actually increased from a record 109,000 in 1998 to 126,000 in 1999, even while the number of traps set was the lowest since 1991. However, the vast majority of the increase occurred in previously quarantined counties. Of the 17 counties treated in 1999, 12 showed dramatic decreases in moth population. In addition, three of the five counties that showed either unvarying or higher trap

numbers had 1,000 or less acres sprayed. Quarantined counties and counties in the northern part of the state that have not been treated have shown large increases in the number of moths trapped.

Under Act 9, the forestry account is anticipated to have an estimated closing balance of \$1.7 million as of June 30, 2001. Revenue to the account in 2000-01 is expected to be approximately \$67 million with expenditures in that year of nearly \$65 million. In addition to the DATCP request, the Committee is also scheduled to consider a request from DNR for \$327,000 in 1999-00 from the forestry account for the fire suppression grant program (Agenda Item III). If both agency requests were approved as submitted, the estimated balance of the forestry account as of June 30, 2001, would be approximately \$900,000.

Some would argue that funding the gypsy moth program from sources in addition to the forestry account is appropriate. For instance, prior to 1999 Act 9, license surcharges on nurseries of \$20 to \$90 or more (depending on annual sales) and nursery dealers (\$30) accounted for \$74,600 annually in program revenues for the gypsy moth program. Since these surcharges are no longer collected, nursery growers no longer contribute any spray costs to the gypsy moth abatement program. Although some growers are located in quarantined counties where spraying is no longer done, other nursery and Christmas tree growers are located in or to the west of the STS zone where spraying currently provides economic benefits for them. However others claim that since growers located in quarantined counties face increased inspection and local treatment costs, it may be burdensome to charge them for treatment as well.

It is likely that the cost of the gypsy moth control will increase as the moths penetrate further into the state and more counties become quarantined. More funds may need to be allocated for trapping, inspection and spraying. Nevertheless, the Committee could choose to provide one-time rather than continuing funding. Then, DATCP could submit a comprehensive proposal for funding the gypsy moth program to the Governor in its 2001-03 budget request. This would allow future budget deliberations to determine the best source of funds to meet the growing costs of the gypsy moth program.

## **ALTERNATIVES**

1. Approve the DATCP request for an increase of \$218,100 SEG annually from the forestry account of the conservation fund to spray a total of 104,400 acres for gypsy moth control.
2. Provide \$218,100 SEG annually in unallotted reserve and direct DOA to release the amount needed beyond base funding of \$350,000 to cover the state cost of spraying (a maximum of 104,400 total acres in 1999-00).
3. Provide \$177,100 annually from the forestry account of the conservation fund to reflect a reestimated cost per acre of \$21.75 to spray a total of 104,400 acres for gypsy moth control.

4. Provide \$62,300 SEG annually in unallotted reserve and direct DOA to release the amount needed beyond base funding of \$350,000 to cover the state cost of spraying (a maximum of 80,640 total acres in 1999-00).

5. Based on reestimated costs (\$21.75 per acre), provide \$36,000 annually from the forestry account of the conservation fund to spray a total of 80,640 acres for gypsy moth control, as recommended by the Gypsy Moth Scientific Working Group.

6. In addition to Alternative 1, 2, 3, 4, or 5 require that funding is one-time in the 1999-01 biennium.

7. Deny the request.

Prepared by: David Schug

AGRICULTURE, TRADE AND CONSUMER PROTECTION

Funding for Gypsy Moth Suppression  
[Agenda Item VII]

Motion:

Move to provide \$101,500 SEG in 1999-00 from the forestry account of the conservation fund in unallotted reserve and direct DOA to release the amount needed beyond base funding of \$350,000 to cover the state cost of spraying (a maximum of 87,160 total acres, as recommended by the Gypsy Moth Coordinating Group).

MO#				
2	BURKE	Y	N	A
	DECKER	Y	N	A
	JAUCH	Y	N	A
	MOORE	Y	N	A
	SHIBILSKI	Y	N	A
	PLACHE	Y	N	A
	COWLES	Y	N	A
	PANZER	Y	N	A
	GARD	Y	N	A
	PORTER	Y	N	A
	KAUFERT	Y	N	A
	ALBERS	Y	N	A
	DUFF	Y	N	A
	WARD	Y	N	A
	HUBER	Y	N	A
	RILEY	Y	N	A

AYE 16 NO 0 ABS \_\_\_\_\_