

Paper #445 Fox River Navigational System Authority

Alternative (whatever Kaufert wants, except 2(a))

Notes: I have no idea which alternative is best here, but I know that Brian should definitely vote against anything that includes alt 2(a), which exempts the new authority from ch. 30 and ch. 31 DNR permits.

Decker - 2 c - ok

3, 4, 5, 6, 7(b)

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Kaufert - 1, 2(b), 3, 4, 5



## Legislative Fiscal Bureau

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May 29, 2001

Joint Committee on Finance

Paper #445

### Fox River Navigational System Authority

[LFB 2001-03 Budget Summary: Page 319, #1, Page 322, #2 and Page 477, #26]

#### **CURRENT LAW**

The water resources account of the conservation fund is used to partially fund the costs of operating, managing, and repairing the locks, harbors, property, structures, and facilities on or near the Fox River between Green Bay and Lake Winnebago. In 2000-01, \$121,700 was budgeted for these functions. In order to receive funding, local governments must match state funding by contributing cash, or in-kind services, on a 50% cost-sharing basis. Currently, three of the 17 locks (Menasha, DePere, and Little Kaukauna) are operational.

#### **GOVERNOR**

Create a Fox River Navigational System Authority to rehabilitate, repair, replace, operate, and maintain the navigational system on the Fox River. The Authority would be created upon the transfer of the navigational system to the state by the U.S. Army Corps of Engineers and would replace both the Fox River Management Commission and the Fox-Winnebago Regional Management Commission.

In addition, delete \$90,000 in 2001-02 and \$126,700 in 2002-03 from the Fox River Management Commission appropriation. The water resources account funding would be transferred to the Fox River Navigational System Authority. Further, require DNR to set aside \$400,000 annually for seven fiscal years (\$2.8 million in total) from the recreational boating aids grant program to meet the state's match funding requirement under the bill.

Under the bill, it would be the responsibility of the Fox River Navigational Authority to take over the rehabilitation, repair, replacement, operation, and maintenance of the Fox River navigational system after the transfer of the system to the state from the federal government.

(The navigational system would not include dams on the Fox River.) After the system has been transferred to the state, the state would enter into a lease with the Authority (overseen by the Department of Administration) to transfer the system to the Authority for nominal consideration. The Secretary of DOA would determine the amount of the rental payments. The Authority would be prohibited from subletting any part of the navigational system without the approval of the Department of Administration.

DNR would be required to set aside \$400,000 annually for seven fiscal years (\$2.8 million in total) from the recreational boating aids grant program to meet the state's match funding requirement under the bill. Funding comes from the water resources account (motorboat gas tax revenues) of the conservation fund. DNR would be required to release the set-aside funding on an annual basis in amounts to match the amounts raised by nonprofit corporations. In order to receive state funding, the Authority would be required to contract with one or more nonprofit corporations to provide marketing and fundraising services. The funds raised by these corporations would provide matching amounts to state dollars, and would be used for the rehabilitation and repair of the locks system. All corporations contracting with the Authority would be required to submit an annual audited financial statement of the amount raised by the corporation each fiscal year. The nonprofit corporations would be allowed to invest the funding received by the Authority for the rehabilitation and repair of the navigational system. In order to be eligible, these corporations must be based in one or more of the counties in which the navigational system is located.

The Authority would be required to submit a management plan to DOA that addresses the costs of and funding for the rehabilitation, repair, replacement, operation, and maintenance of the navigational system and describes how the Authority would manage its funds to insure that there would be sufficient funds available to abandon the navigational system if its operation were no longer feasible. The Authority would be required to submit the initial plan within 180 days after the date on which the state and the authority enter into their initial lease, and the authority would be required to update the plan upon the request of DOA. State funding for rehabilitation (\$400,000 annually for seven years) would be made available under the bill beginning in the first fiscal year after submission of the plan. The Authority would be required to submit an audited financial statement to DOA each fiscal year identifying funding received from DNR, contributions, and other funding sources. Should the operation of the system become infeasible, the Authority would be required to submit a plan for its abandonment. Before abandoning the system, DOA and DNR would be required to determine that the abandonment plan would preserve the public rights in the Fox River and would ensure public safety.

Under current law, the Fox-Winnebago Regional Management Commission would have replaced the Fox River Management Commission upon receipt by the state of federal funding for the restoration of the locks system. Under the bill, the Fox River Navigational System Authority would replace the Fox River Management Commission after the federal land has been transferred to the State and the State and the Authority enter into a lease for the navigational system property. All assets, liabilities, personal property, contracts, policies and procedures of the Commission would transfer to the Authority on the day after the lease is signed. In case of disagreement the DOA Secretary would determine the matter.

The Fox River Navigational System Authority would be governed by a nine-member board of directors consisting of the Secretaries of the Departments of Natural Resources and Transportation, and the Director of the State Historical Society (or their designees) as well as six individuals appointed by the Governor for three-year terms. The initial term of three appointed members would expire on July 1, 2004, and the remaining three on July 1, 2005. Board members would not be paid; however, they would be reimbursed for expenses incurred in the performance of their duties (including travel). The chairperson would be elected annually by the board. Five voting members of the board of directors would constitute a quorum, and the board would decide by majority rule, unless the bylaws of the Authority require a larger number. The board would be responsible for appointing a non-board member as the Authority's chief executive officer and determine his or her compensation. The Authority may delegate, by resolution, to one or more of its members or to its executive director any powers or duties that it considers proper. The board would be required to designate an individual to keep a record of the proceedings of the Authority, the minutes of meetings, and its official seal.

The Authority would not be required to submit plans for rehabilitation projects to the Building Commission for approval; in addition, the Authority could permit a privately-owned or operated facility to be constructed on state-owned land without the Building Commission's approval. Any building constructed by the Authority would be required to comply with all state laws and regulations, but would be exempted from local ordinances other than zoning. DOA would review and approve the design and specifications of construction projects and have review and compliance duties during construction. The Authority would be able to enter into contracts with third parties as necessary for the rehabilitation, repair, replacement, operation, or maintenance of the navigational system. All construction contracts entered into by the Authority would be subject to state anti-discrimination, prevailing wage and other labor management standards. Any activity or project involving the navigational system, including abandonment, would be exempt from any permit or approval requirements of Wisconsin Statutes Chapter 30 (Navigable Waters, Harbors and Navigation) or 31 (Regulation of Dams and Bridges).

An authority is an entity with a board of directors that is established by state law but that is not a state agency. However, the Authority would be considered a state agency in the following respects: (a) it would be required to comply with the open records and open meetings laws; (b) it would be subject to the lobbying regulation law to the same extent as state agencies; (c) the members of its board of directors and its chief executive officer would be subject to the code of ethics for state public officials; (d) it would be exempt from the sales and use tax and from property taxes; (e) its employees would receive state health and retirement benefits; and (f) its employees would be subject to laws prohibiting political activities by state employees while engaged in official duties. The Authority may incur debt, but would be prohibited from issuing bonds to raise funding for the Locks system.

The Authority would differ from a state agency in several ways: (a) it would approve its own budget without going through the state budgetary process; (b) it would hire its own staff outside of the state hiring system; (c) it would not be subject to statutory administrative rule making procedures, including requirements for legislative review of proposed rules; (d) it would keep its own operating fund in its own account outside of the state treasury; (e) the Department

of Justice would not represent the Authority; and (f) the Authority would instead retain its own legal counsel.

## DISCUSSION POINTS

1. In September, 2000, Governor Thompson signed a memorandum of agreement (MOA) with the Army Corps of Engineers to transfer ownership of the Fox River locks from the federal government to the state. The Fox River locks system refers to 17 locks, associated canal segments, and about 94 acres of federal land along about 30 miles of the Fox River between Lake Winnebago and Green Bay. Three locks (Menasha, DePere, and Little Kenosha) are currently operational and one (Rapide Croche) is permanently sealed as a sea lamprey barrier. The MOA specifies that either party may terminate the MOA prior to the transfer of any funds and/or property interest by written notice. The transfer of property is expected to occur no earlier than October of 2001. Rehabilitation of the Fox River locks system is viewed as a component of a larger Fox-Wisconsin Rivers Heritage Corridor following the Fox River from Green Bay to Portage and then the Lower Wisconsin River to the confluence of the Mississippi River near Prairie du Chien.

2. The Fox River Navigational System Authority would be governed by a nine-member board of directors consisting of the Secretaries of the Departments of Natural Resources and Transportation, and the Director of the State Historical Society (or their designees) as well as six individuals appointed by the Governor for three-year terms. It may be argued that since communities where locks are located have a greater interest in being involved in the restoration and management of the locks system. This would be particularly true if actions of the Authority had potential economic impacts on the local governments. From this perspective, it may be advisable to specify the six individuals appointed by the Governor be from the three counties where locks are located and from municipalities in which a lock is located. It has been suggested that of the six individuals appointed by the Governor to serve on the Board of Directors of the Authority, two should be from Brown County, two from Outagamie County, and two from Winnebago County. In addition, it has been suggested that three of the appointed members (one from each of the counties) should reside in a municipality in which a Fox River lock is located. In the past, the Senate confirmation has been required for the Governor's appointments to some authorities. For example, Senate approval is required for the Governor's appointments to the Board of Directors of the Wisconsin Housing and Economic Development Authority (WHEDA), the Southeastern Wisconsin Professional Baseball Park District, and the Board of Directors of the University of Wisconsin Hospital and Clinics Authority. The Committee may want to consider whether it is desirable for the Senate to review appointments to the Fox River Navigational System Authority.

3. Under the bill, any activity or project involving the navigational system, including abandonment, would be exempt from any permit or approval requirements of Wisconsin Statutes Chapter 30 (Navigable Waters, Harbors, Navigation and Regulation of Boating) or 31 (Regulation of Dams and Bridges). This would include exemption from state permitting requirements associated with dredging, control of aquatic nuisance species, water diversion or enlargement, piers and bulkheads, stream course modifications and dam operation, maintenance and abandonment. When consulted, DNR expressed some concern over the potential impacts of this exemption. After the

Authority had entered into the lease with the State, it would have responsibility for the entire 30-mile stretch of the Fox River between Lake Winnebago and Green Bay and would not be subject to state review should it, for example, choose to dredge around the lock structures, deepen the entry into the lock channel or dredge elsewhere in the waterway to improve navigation. The Authority would not be required to consult with DNR about environmental, habitat, or water flow management issues associated with dredging which may impact fish habitat or the aquatic environment. The Department indicated that dredging activities are carefully investigated to establish the potential impact on the water system before permits are issued including development of a DNR impact analysis. Narrowing the exemption to cover dredging associated with the actual lock structure but not the canal or the body of the riverway would provide some freedom for the Authority to address its mission of restoring the locks system while addressing DNR's concerns over the management of the Fox River's water flow and habitat. However, DNR has indicated that it has concerns with any exemption from dredging requirements.

4. Under the MOA, funding for the Fox Locks project would come from several sources. The allocation of funding for this project was not included in the President's budget. However, Congress may yet appropriate the requested funds. Under the MOA, the transfer of property is not contingent upon receipt of federal funding by the State of Wisconsin. If the State were to accept the transfer of property and funds were not appropriated by Congress, it would become the responsibility of the State or the local communities where locks were located to pay for the restoration or abandonment of the Fox Locks system. In addition, receipt of the initial payment of \$10 million does not guarantee that Congress will approve the second provision which would provide \$5.5 million in matching funds over seven years. It may be argued that alternative funding sources should be identified in the event that federal funding was not appropriated. Conversely, the Committee could prohibit DOA from accepting the transfer of property unless at least \$10 million in federal funding had been appropriated by the federal government.

5. The Army Corps of Engineers (pending approval of expenditure authority from Congress) is expected to provide \$10 million initially, and match state and local funds used to repair and rehabilitate the locks up to an additional \$5.5 million. (The \$10 million represents the Army Corps of Engineers estimate of the cost of abandoning the lock system.) The federal match requirement would recognize local and state contributions; under the bill, the water resources account would provide the state's share of the funding, totaling \$2.8 million over seven years. The Fox River Trailblazer Project, a non-profit fundraising organization, is currently involved in raising the remaining \$2.75 million from private donors, corporate sponsors, and other interested parties. In addition, the Authority would receive any revenue raised from user fees for services provided by the Authority to operators of watercraft on the navigational system.

6. Currently, user fees for the three seasonally operated locks are set at \$5 per day if a boat is less than 26 feet, and \$10 per day for larger craft. Seasonal passes may be purchased for \$100. In 1999-00, \$21,900 was collected in fees for locks usage. Only three locks are currently in operation. Because the system has not functioned as a whole for almost two decades, it is difficult to estimate the increase in use as more locks are restored and become operational. Further, it is likely that use will continue to increase if a means to permit the passage of boats around the Rapide Croche lock is developed, making it possible to travel from Lake Winnebago into Green Bay. The

price of daily and seasonal passes may also be raised as more locks are opened. It is not known whether user fees will be adequate to fund operations of the locks (staff and supplies to physically operate the locks for navigation). Further, no estimates of operational costs are available.

7. Under the bill, the Fox River Navigational Authority is required to hold sufficient funds in reserve to undertake the abandonment of the locks system, should the repair and rehabilitation of the system become infeasible. The Army Corps of Engineers estimated that the cost of abandoning the locks system would total approximately \$10 million. However, their plan for abandonment involved extensive filling of lock structures, and was objected to by local communities. The Eastern Regional Planning Commission commissioned a study from the architectural and engineering firm of Mead and Hunt to consider alternative abandonment strategies. The option selected from this study by the Fox River Navigation Project work group (consisting of state and local elected officials, staff from DNR, DOT, and the State Historical Society, city and county officials, and other community groups) involves constructing a concrete or stone masonry fixed-crest gravity dam at the downstream end of the lock chamber. The crest of the dam would be submerged (about six inches below the average low water flow), allowing a minimum flow to pass over the dam at all times. In addition to preventing stagnant water conditions, the steep, stair-stepped downstream surface would create the appearance of a cascading waterfall as water flowed over it. In addition to being considered more aesthetically appealing by the work group than the Army Corps of Engineers plan, it is estimated to be less expensive. This option was estimated to cost approximately \$7.1 million in 1994 dollars.

8. Based on the fifty-year rehabilitation and maintenance funding schedule produced by the Eastern Regional Planning Commission (the attachment summarizes the first 20 years of anticipated rehabilitation and capital maintenance costs), the Fox Locks project could be expected to provide repair and maintenance with the \$21 million anticipated under the bill for approximately the first 30 years (assuming a 9% investment return rate on fund balances). However, the spending plan would not reserve sufficient funds to abandon the locks system after the fourth year. Should the decision to abandon the locks be reached subsequent to that time, additional funds would be required to accomplish this. The majority of the rehabilitation and restoration work would be completed within the first seven to ten years of the project. The average annual cost of ongoing maintenance, repair, and restoration after the initial ten-year period is estimated at approximately \$718,000 per year.

9. The \$21 million anticipated to be available from federal, state, and local sources would be used solely for the rehabilitation, restoration and ongoing repair of the locks system. Actual operational costs are not addressed. Under the bill, administrative expenses for the Fox River Navigational System Authority (including travel expenses for board members, a director's salary and supplies for the Authority) would be provided from the water resources account appropriation currently used to fund Fox River management costs. In 2000-01, this was budgeted at \$121,700. In addition, the day-to-day operation of the locks system (including staff time to open and close the locks for boats as they pass through) would need to be funded from a combination of the appropriation for management costs and by revenue from any user fees collected. If identified revenues are insufficient to fund lock rehabilitation, abandonment or system operational costs the agreement does not specify who would be responsible for the additional funds. However, it is

possible that additional state resources would be sought.

10. In order for the locks system to be considered navigable, certain water depths and bridge clearances must be established or maintained along the Fox River. The Fox River Navigation Project work group recommended that vertical navigational clearance during normal water levels be at least 23 feet, and normal channel depth should be approximately four feet to accommodate a range of recreational watercraft.

11. Several bridges crossing the Fox River have been cited as in need of repair or replacement to facilitate the passage of boats beneath. Specifically, the Lawe Street and Old Oneida Street bridges in Appleton, the Wisconsin Street bridge in Kaukauna, and the Old Bascule Bridge in Little Chute would require repair or restoration work approaching \$9 million in order to allow them to accommodate boat traffic underneath with sufficient clearance. DNR indicates that any bridge repairs would be the responsibility of the local communities, and that these costs were not included in the plans for lock restoration. While communities would have the option of applying for aid under the Department of Transportation local bridge repair program, these projects would be competing against other bridge repair requests on a county-wide basis. Funding allocated for projects to increase the clearance of bridges to accommodate boat traffic may be assigned a lower priority than projects necessary to maintain safe automobile traffic conditions or new construction to improve traffic flow.

12. During the period of time that the Army Corps of Engineers maintained the Fox Locks system, dredging was periodically required to maintain the desired depth to allow boat travel in times of average to low water levels. The last known dredging took place approximately 30 years ago, according to Corps records. Dredging is anticipated to be required in association with the reopening of the locks system. However, the presence of polychlorinated biphenyls (PCBs) in the section of the Fox River flowing between Lake Winnebago and Green Bay has changed the legal requirements for sediment removal in this area. Depending on the concentration of PCBs in the areas targeted for dredging and the amount of silt that would need to be treated and removed, the cost of deepening the channel sufficiently could increase significantly over budgeted expectations. Disposal costs of PCB contaminated soil are as much as ten times the cost per ton of non-contaminated silt. In addition, special precautions are required to be taken while dredging to minimize the potential for disrupted soil spreading contamination downstream. While the Authority would be exempt from state dredging permit requirements under the bill, it would still be subject to state and federal regulations regarding the disposal of hazardous materials. The Mead and Hunt analysis also notes that mercury and heavy metals are known to exist (in addition to PCBs) in the waters and sediment of the lock and canal system. In comments to a 1991 draft environmental impact statement prepared by the Corps of Engineers on abandonment, the U.S. Fish and Wildlife Service recommended that dredging activities cease due to contamination concerns.

13. However, in 1990 DNR reported that it had performed tests on sediment at ten different points throughout the Fox River lock channels, analyzing the samples for contaminants. Sediment samples were tested for lead, mercury, and arsenic. The study found that sediments found in the navigation channels of the lower Fox River locks were heavily polluted, but were not considered hazardous under existing guidelines for tested contaminants. This study confirmed

earlier findings published by the Army Corps of Engineers that showed sediments contained moderate to high levels of various heavy metals, oils, and grease. The report also specified that any dredged sediment would need to be disposed of in a confined disposal facility, and that dredging operations would require extreme care to prevent sediment from moving out of the dredge area into other areas of the river. Physical barriers (such as silt screens) and dredging during low flows was recommended.

14. The 1990 DNR report also estimated that the cost of dredging eight locks to the recommended channel depth of four feet would be approximately \$789,600, including disposal of sediment. Given that this estimate is in 1990 dollars, and that additional sediment may have accumulated in the lock channels since the report was published, it is reasonable to assume that costs would be higher.

15. The Department is currently negotiating with seven paper companies along the Fox River in an attempt to reach an agreement over cleanup costs associated with the PCB contamination of the Fox River. DNR has indicated that it may be possible to include the increase in dredging costs associated with the removal and disposal of contaminated sediment in the terms of the settlement. However, it may be some time before a settlement is reached.

16. The Army Corps of Engineers' past dredging activities have raised other concerns as well. The Mead and Hunt abandonment assessment identifies known contaminated dredge disposal sites on federal land in proximity to 13 of the 17 locks. Further assessments by the U.S. Fish and Wildlife service indicate the presence of mercury as well as PCB contaminated silt in at least one of these deposits. The transfer of property from the federal government to the state would extend potential environmental liability for these sites to the state of Wisconsin.

17. A clause in the MOA between the State of Wisconsin and the Army Corps of Engineers specifies that the lock at Rapide Croche must remain sealed as a barrier against the sea lamprey. Sea lamprey are an invasive parasitic fish that feed off of large game fish. The barrier at Rapide Croche has prevented the spread of sea lamprey into Lake Winnebago and Lake Poygan, protecting sport fishing opportunities in these areas. In order for boat traffic to travel the length of the Fox River locks system between Lake Winnebago and Green Bay, some method of conveyance would need to be devised to allow boats around the closed lock. One option that has been proposed is the installation of a boat lift to manually transfer boats around the lock. Any transfer system constructed would need to address DNR concerns regarding the transfer of invasive species, and the Authority would be required under SB 55 to receive DNR approval for any planned conveyance. Bilge water would need to be drained and some disinfection may be necessary. No plans for a conveyance system have been developed; planning commission members indicated that such a project would not likely take place for seven to ten years, and that no funding for development, construction or operation had been allocated in the 50-year spending plan for such a system. If it were to be undertaken, it is not clear where the cost and responsibility for putting such an apparatus in place would fall.

18. Under the bill, DOA would have responsibility for oversight of the Authority. The Legislative Audit Bureau would have access to the Authority's records under the general powers

granted the Bureau under statute. However, the bill could be amended to give the Legislative Audit Bureau specific access to the records of the Authority. This clarification has been provided in the past to ensure access to information, including specifically granting LAB the authority to investigate Wisconsin Works agencies, the Milwaukee baseball park district, and the Green Bay professional football stadium district. Further, the Legislative Fiscal Bureau could be given specific authority to access documents and records of the Authority (similar to that granted to the LFB for the UW Hospitals and Clinics Authority).

19. The locks and associated federal land will become state property upon transfer. It may be argued that a restoration endeavor of this scope on state lands should be undertaken by a state agency, rather than by an independent authority. The local partners working with the state on the Fox Locks restoration project expressed a strong interest during the planning process in maintaining community involvement, including the investment and management of funds by locally-based non-profit community organizations. If the Fox Locks project were managed as a state agency, funds would be required to be invested through the State of Wisconsin Investment Board (SWIB). In the interest of involving the communities (who will be responsible for providing at least \$2.75 million in funding), the Governor proposed creating an authority. This may allow more freedom in establishing state and local collaborative fundraising and fiscal management efforts, while still providing a level of state oversight. On the other hand, there are a number of programs administered by state agencies which involve joint funding and management by state and local interests.

## ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to create a Fox River Navigational System Authority to rehabilitate, repair, replace, operate, and maintain the navigational system on the Fox River. In addition, transfer \$90,000 in 2001-02 and \$126,700 in 2002-03 from DNR's appropriation from the water resources account for the Fox River Management Commission to the Authority. Further, require DNR to set aside \$400,000 annually for seven fiscal years (\$2.8 million in total) from the recreational boating aids grant program to meet the state's match requirement under the agreement. Create a nine-member board, and provide DOA with certain oversight responsibilities.

| <u>Alternative 1</u>             | <u>SEG</u> |
|----------------------------------|------------|
| 2001-03 FUNDING (Change to Bill) | \$216,700  |

2. Provide the following guidance for the Authority as relates to Chapters 30 and 31 of state statute:

a. Exempt the Authority from permit requirements under Chapters 30 and 31. (Governor's recommendation)

b. Narrow the exemption to include only dredging and other work associated with the actual lock structure but not the canal or the body of the riverway. The Authority would still be

required to consult with DNR and obtain permits for additional dredging or other work involving the canals or the body of the Fox River.

c. Do not exempt the authority from permitting requirements under Chapters 30 and 31.

3. In addition, specify that the Legislative Audit Bureau and the Legislative Fiscal Bureau be given access to records and information from the Fox River Navigational System Authority.

4. Further, specify that of the six individuals appointed by the Governor to serve on the Board of Directors of the Authority, two shall be from Brown County, two from Outagamie County, and two from Winnebago County. Require that three of the appointed members (one from each of the counties) reside in a municipality in which a Fox River navigational system lock is located.

5. Require Senate confirmation of the Governor's appointments to the Board of Directors of the Authority.

6. Prohibit DOA from accepting the transfer of any property associated with the Fox River navigational locks system unless at least \$10 million of the federal funding agreed upon under the memorandum of agreement has been appropriated by the federal government.

7. Create the entity as a state agency (the Fox River Navigational System Board). Create a segregated fund for Fox River locks restoration and create a SEG continuing appropriation for lock repair and restoration (to contain all monies received from the federal government, DNR and local communities for lock repair and restoration) and an annual SEG appropriation for navigational system operations to receive fees paid for use of the locks. Attach the Board for administrative purposes to one of the following agencies:

- a. Administration
- b. Natural Resources
- 8. Maintain current law.

|                                  |             |
|----------------------------------|-------------|
| <b>Alternative 3</b>             | <b>SEG</b>  |
| 2001-03 FUNDING (Change to Bill) | - \$216,700 |

MO# 1,2(b), 3, 4 & 5

|           |   |   |   |
|-----------|---|---|---|
| BURKE     | Y | N | A |
| DECKER    | Y | N | A |
| MOORE     | Y | N | A |
| SHIBILSKI | Y | N | A |
| PLACHE    | Y | N | A |
| WIRCH     | Y | N | A |
| DARLING   | Y | N | A |
| WELCH     | Y | N | A |
| GARD      | Y | N | A |
| KAUFERT   | Y | N | A |
| ALBERS    | Y | N | A |
| DUFF      | Y | N | A |
| WARD      | Y | N | A |
| HUEBSCH   | Y | N | A |
| HUBER     | Y | N | A |
| COGGS     | Y | N | A |

Prepared by: Rebecca Hotynski  
Attachment

AYE 16 NO 0 ABS

**ATTACHMENT**

**Eastern Regional Planning Commission  
Locks Rehabilitation and Capital Maintenance Schedule**

|                     | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> | <u>Year 4</u> | <u>Year 5</u> | <u>Year 6</u> | <u>Year 7</u> | <u>Year 8</u> | <u>Year 9</u> | <u>Year 10</u> |
|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Opening Balance     | \$9,932       | \$9,508       | \$9,837       | \$9,753       | \$8,732       | \$6,845       | \$6,094       | \$7,191       | \$6,060       | \$6,448        |
| Revenues            | <u>1,573</u>  | <u>2,429</u>  | <u>2,458</u>  | <u>2,451</u>  | <u>2,359</u>  | <u>2,189</u>  | <u>2,122</u>  | <u>647</u>    | <u>545</u>    | <u>580</u>     |
| Total Available     | \$11,505      | \$11,937      | \$12,295      | \$12,204      | \$11,091      | \$9,034       | \$8,216       | \$7,838       | \$6,605       | \$7,028        |
| Expenditures        |               |               |               |               |               |               |               |               |               |                |
| Lock Rehabilitation | \$1,893       | \$1,994       | \$2,434       | \$3,362       | \$4,133       | \$1,865       | \$909         | \$1,660       | \$36          | \$74           |
| Maintenance         | <u>104</u>    | <u>106</u>    | <u>108</u>    | <u>110</u>    | <u>112</u>    | <u>1,075*</u> | <u>116</u>    | <u>119</u>    | <u>121</u>    | <u>123</u>     |
| Total Expenditures  | \$1,997       | \$2,100       | \$2,542       | \$3,473       | \$4,246       | \$2,940       | \$1,025       | \$1,778       | \$157         | \$196          |
| Closing Balance     | \$9,508       | \$9,837       | \$9,753       | \$8,732       | \$6,845       | \$6,094       | \$7,191       | \$6,060       | \$6,448       | \$6,832        |
| Opening Balance     | \$6,832       | \$7,171       | \$7,690       | \$8,150       | \$8,752       | \$9,207       | \$8,724       | \$9,372       | \$10,076      | \$10,697       |
| Revenues            | <u>615</u>    | <u>645</u>    | <u>692</u>    | <u>733</u>    | <u>788</u>    | <u>829</u>    | <u>785</u>    | <u>843</u>    | <u>907</u>    | <u>963</u>     |
| Total Available     | \$7,447       | \$7,817       | \$8,382       | \$8,883       | \$9,540       | \$10,035      | \$9,509       | \$10,215      | \$10,983      | \$11,660       |
| Expenditures        |               |               |               |               |               |               |               |               |               |                |
| Lock Rehabilitation | \$151         | \$0           | \$103         | \$0           | \$200         | \$41          | \$0           | \$0           | \$144         | \$293          |
| Maintenance         | <u>125</u>    | <u>127</u>    | <u>129</u>    | <u>131</u>    | <u>133</u>    | <u>1,271*</u> | <u>137</u>    | <u>139</u>    | <u>141</u>    | <u>144</u>     |
| Total Expenditures  | \$276         | \$127         | \$232         | \$131         | \$333         | \$1,311       | \$137         | \$139         | \$286         | \$436          |
| Closing Balance     | \$7,171       | \$7,690       | \$8,150       | \$8,752       | \$9,207       | \$8,724       | \$9,372       | \$10,076      | \$10,697      | \$11,224       |

\*Includes system dredging costs at \$961,000 in year 6 and \$1.1 million in year 16.

Paper #660 Shift Stewardship Debt Service to Forestry Acct

Alternative 1

Notes: Any alternative is fine, but any changes to the gov mean less GPR. This is probably not the best budgeting move for the long term, but it helps out in a tight GPR crunch like now.

Alt 2 - ok

Board motion



## Legislative Fiscal Bureau

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

May 29, 2001

Joint Committee on Finance

Paper #660

### Shift Stewardship Debt Service to Forestry Account (DNR -- Forestry and Parks)

[LFB 2001-03 Budget Summary: Page 478, #1]

#### **CURRENT LAW**

Most of the \$231 million in bonding authorized for the original Warren Knowles-Gaylord Nelson stewardship program has been issued or committed. Further, the statutes authorize \$460 million in general-obligation bonding authority for the Warren Knowles-Gaylord Nelson Stewardship 2000 program (\$46 million annually beginning in 2000-01 and ending in 2009-2010). 1999 Act 9 appropriated \$3 million annually in the 1999-01 biennium only from the forestry account for the payment of principal and interest related to the acquisition and development of state forests under the stewardship program. Previous to that action, 1997 Act 27 appropriated \$8.7 million annually from forestry SEG and \$225,000 annually from the water resources account in 1997-99 only for the same purpose.

#### **GOVERNOR**

Under the bill, \$8 million in 2001-02 and \$4 million in 2002-03 for the 2001-03 biennium only would be shifted from GPR to the forestry account of the conservation fund for the payment of principal and interest related to the acquisition and development of state forests under the Warren Knowles-Gaylord Nelson Stewardship program.

#### **DISCUSSION POINTS**

1. Under current law, \$691 million in general obligation bonding has been authorized over a 20-year period (from 1990-91 to 2009-10) for the stewardship program. Total debt retirement payments over a period of 30 or more years are expected to exceed \$1.1 billion. Under

the bill, DNR debt service payments primarily related to the stewardship program are expected to increase by \$16.1 million for the 2001-03 biennium (from \$23.8 million in 2000-01 to \$29.5 million in 2001-02 and to \$34.2 million in 2002-03).

2. Under the budget bill, including action by the Joint Committee on Finance to date, the forestry account would have a balance of approximately \$6.2 million at the end of the 2001-03 biennium. However, the Building Commission has proposed using \$2.37 from the forestry account to fund a visitor's center at the Kickapoo Valley Reserve. If this proposal were approved, the balance of the forestry account would be approximately \$3.8 million in June of 2003. Traditionally, a balance of \$1.0 million is maintained in the forestry account as a contingency for forest fire emergencies. However, if the cap on the forest fire emergency fund is increased from \$500,000 to \$1.0 million (as proposed under the bill), maintaining this balance for forest fire emergencies would not be as necessary.

3. The Committee may choose to maintain the balance in the forestry account to fund future forestry initiatives.

4. Another option would be to shift some or all of this available balance for payment of stewardship debt service from the forestry account. The forestry account is largely funded (80% in fiscal year 2000) by revenues generated from the statewide forestry mill tax. This tax of 20 cents per \$1,000 of property value is collected with other property taxes; from the perspective that revenue to the forestry account is largely generated through a state-wide property tax, it may be reasonable to direct these funds to be used in place of GPR for debt service payments for forestry-related land purchases.

5. This would be the third biennium in which forestry account funding has been used on a "one-time" basis to fund a portion of stewardship debt retirement costs. As a one-time appropriation, the SEG funding is not considered available for this purpose in future biennia unless it is again appropriated; rather, the sum sufficient GPR appropriation for debt retirement must pay these costs in the future. This practice contributes to the structural deficit in the general fund under the bill. An alternative would be to provide a permanent appropriation from the conservation fund for stewardship debt repayment. However, the structural balance of the forestry account should also be considered. The forestry account could support a \$6 million annual payment in debt service on an ongoing basis.

6. Funding under the stewardship program has been used to acquire and develop land for a variety of recreational uses, parks, forests, wildlife habitat, fisheries, boating, natural areas, and other environmental and conservation purposes. From this perspective, it could be argued that other accounts in the conservation fund should contribute to the payment of stewardship debt service as well (such as the all-terrain vehicle account, the fish and wildlife account, the parks account, the endangered resources account, and the water resources account).

7. Under the bill, and Committee action to date, the fish and wildlife account would have a balance of approximately \$9.4 million at the end of the 2001-03 biennium. The ATV account

would have a balance of approximately \$400,000, the water resources account would have a balance of approximately \$920,000, the parks account would have an estimated balance of \$530,000, and the endangered resources account would have a balance of approximately \$145,000 on June 30, 2003.

8. However, it could be argued that the stewardship program was funded with general obligation bonds to reflect the statewide recreational and conservation benefits of land purchases that were envisioned under the program regardless of the particular location or purpose of the purchase. Therefore, general fund support for the program was deemed appropriate. Shifting a portion of the debt service to the segregated conservation fund may be viewed by some as counter to the intent of the stewardship program.

### ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to shift \$8,000,000 GPR in 2001-02 and \$4,000,000 GPR in 2002-03 of debt service costs to the forestry account for the payment of principal and interest related to the acquisition and development of state forests and nurseries under the stewardship program.

| <u>Alternative 1</u>             | <u>GPR</u>     | <u>SEG</u>   | <u>TOTAL</u> |
|----------------------------------|----------------|--------------|--------------|
| 2001-03 FUNDING (Change to Base) | - \$12,000,000 | \$12,000,000 | \$0          |
| [Change to Bill]                 | \$0            | \$0          | \$0          |

2. Alternatively, shift \$6,000,000 GPR annually of debt service costs to the forestry account for the ongoing payment of principal and interest related to the acquisition and development of forest lands under the stewardship program. (This would provide ongoing support of \$6,000,000 annually into subsequent biennia.)

| <u>Alternative 2</u>             | <u>GPR</u>     | <u>SEG</u>   | <u>TOTAL</u> |
|----------------------------------|----------------|--------------|--------------|
| 2001-03 FUNDING (Change to Base) | - \$12,000,000 | \$12,000,000 | \$0          |
| [Change to Bill]                 | \$0            | \$0          | \$0          |

3. In addition to Alternative 1 or 2, shift one of the following annual amounts for debt service costs to the forestry account for the payment of principal and interest related to the acquisition and development of state forest lands under the stewardship program.

a. \$1,000,000

| <u>Alternative 3a</u>            | <u>GPR</u>     | <u>SEG</u>   | <u>TOTAL</u> |
|----------------------------------|----------------|--------------|--------------|
| 2001-03 FUNDING (Change to Base) | - \$14,000,000 | \$14,000,000 | \$0          |
| [Change to Bill]                 | - \$2,000,000  | \$2,000,000  | \$0          |

b. \$2,000,000

| <b>Alternative 3b</b>                   | <b>GPR</b>     | <b>SEG</b>   | <b>TOTAL</b> |
|---|----------------|--------------|--------------|
| <b>2001-03 FUNDING</b> (Change to Base) | - \$16,000,000 | \$16,000,000 | \$0          |
| [Change to Bill]                        | - \$4,000,000  | \$4,000,000  | \$0]         |

4. Shift \$3,000,000 in each year of debt service costs to the fish and wildlife account for the payment of principal and interest related to the acquisition and development of properties open to hunting and fishing under the stewardship program. (This may be done in addition to, or in place of, the previous alternatives.)

| <b>Alternative 4</b>                    | <b>GPR</b>    | <b>SEG</b>  | <b>TOTAL</b> |
|---|---------------|-------------|--------------|
| <b>2001-03 FUNDING</b> (Change to Base) | - \$6,000,000 | \$6,000,000 | \$0          |
| [Change to Bill]                        | - \$6,000,000 | \$6,000,000 | \$0]         |

5. Shift \$400,000 in each year of debt service costs to the water resources account for the payment of principal and interest related to the acquisition and development of properties with recreational boating access under the stewardship program. (This may be done in addition to, or in place of, the previous alternatives.)

| <b>Alternative 5</b>                    | <b>GPR</b>  | <b>SEG</b> | <b>TOTAL</b> |
|---|-------------|------------|--------------|
| <b>2001-03 FUNDING</b> (Change to Base) | - \$800,000 | \$800,000  | \$0          |
| [Change to Bill]                        | - \$800,000 | \$800,000  | \$0]         |

6. Shift \$150,000 in each year of debt service costs to the ATV account for the payment of principal and interest related to the acquisition and development of recreational properties under the stewardship program. (This may be done in addition to, or in place of, the previous alternatives.)

| <b>Alternative 6</b>                    | <b>GPR</b>  | <b>SEG</b> | <b>TOTAL</b> |
|---|-------------|------------|--------------|
| <b>2001-03 FUNDING</b> (Change to Base) | - \$300,000 | \$300,000  | \$0          |
| [Change to Bill]                        | - \$300,000 | \$300,000  | \$0]         |

7. Shift \$50,000 in each year of debt service costs to the parks account for the payment of principal and interest related to the acquisition and development of new park and recreational properties under the stewardship program. (This may be done in addition to, or in place of, the previous alternatives.)

| <u>Alternative 7</u>             | <u>GPR</u> | <u>SEG</u> | <u>TOTAL</u> |
|----------------------------------|------------|------------|--------------|
| 2001-03 FUNDING (Change to Base) | -\$100,000 | \$100,000  | \$0          |
| [Change to Bill]                 | -\$100,000 | \$100,000  | \$0]         |

8. Shift \$50,000 in each year of debt service costs to the endangered resources account for the payment of principal and interest related to the acquisition and development of natural areas under the stewardship program. (This may be done in addition to, or in place of, the previous alternatives.)

| <u>Alternative 8</u>             | <u>GPR</u> | <u>SEG</u> | <u>TOTAL</u> |
|----------------------------------|------------|------------|--------------|
| 2001-03 FUNDING (Change to Base) | -\$100,000 | \$100,000  | \$0          |
| [Change to Bill]                 | -\$100,000 | \$100,000  | \$0]         |

9. In addition to any of Alternatives 3 to 8, specify that the payments from the conservation fund for stewardship-related debt service would be one-time funding.

10. Maintain current law.

| <u>Alternative 10</u>            | <u>GPR</u>    | <u>SEG</u>   | <u>TOTAL</u> |
|----------------------------------|---------------|--------------|--------------|
| 2001-03 FUNDING (Change to Base) | \$0           | \$0          | \$0          |
| [Change to Bill]                 | -\$12,000,000 | \$12,000,000 | \$0]         |

MO# A171

Prepa

|           |          |   |   |
|-----------|----------|---|---|
| BURKE     | <u>Y</u> | N | A |
| DECKER    | <u>Y</u> | N | A |
| MOORE     | <u>Y</u> | N | A |
| SHIBILSKI | <u>Y</u> | N | A |
| PLACHE    | <u>Y</u> | N | A |
| WIRCH     | <u>Y</u> | N | A |
| DARLING   | <u>Y</u> | N | A |
| WELCH     | <u>Y</u> | N | A |
| GARD      | <u>Y</u> | N | A |
| KAUFERT   | <u>Y</u> | N | A |
| ALBERS    | <u>Y</u> | N | A |
| DUFF      | <u>Y</u> | N | A |
| WARD      | <u>Y</u> | N | A |
| HUEBSCH   | <u>Y</u> | N | A |
| HUBER     | <u>Y</u> | N | A |
| COGGS     | <u>Y</u> | N | A |

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

Paper #661 Assistance to Private Landowners

Alternative 1 (Part A)  
1 (Part B)

Notes: Go with the gov on the Managed Forest Law provisions that result in better forest planning and more grants.

A-1 - Guard  
B-1 ok ok

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Shibilski motion - Decler - no  
reduce 80-20 to 65/35%  
timber productive  
4 new forestry  
positions

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## Legislative Fiscal Bureau

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

May 29, 2001

Joint Committee on Finance

Paper #661

### **Assistance to Private Forest Landowners (DNR -- Forests and Parks)**

[LFB 2001-03 Budget Summary: Page 479, #4 & #6]

#### **CURRENT LAW**

The managed forest land (MFL) program was created under 1985 Act 29 to encourage the productive management of private forest lands. Land enrolled under this program is exempt from local property taxes. Instead, landowners pay the town 74¢ per acre each year through 2002. In addition, a landowner has the option of closing a maximum of 80 contiguous acres to public access if an additional \$1.00 per acre is paid for each acre closed to public access. The rates will be readjusted in 2002 and every fifth year thereafter using a formula that accounts for changes in the average statewide property tax. State aids are distributed by DNR to the towns and counties in which land entered under the managed forest land program is located. The Department receives a portion of the yield tax on merchantable timber harvested and of withdrawal penalties, with the remainder going to the municipality and county.

Application, conversion and transfer fees under the managed forest land program are dedicated to pay the register of deeds any recording fees related to notices of order under MFL. If the revenues from the MFL fees are not sufficient to pay the recording fees, the balance would be paid from the forestry general operations appropriation.

The Wisconsin Forest Landowner grant program was established 1997 Act 27, and provides up to 65% cost-sharing grants (not to exceed \$10,000) to private, non-industrial forest landowners of 500 acres or less to develop and implement management plans. This program is currently funded at \$1 million annually.

#### **GOVERNOR**

Provide \$150,000 annually from the forestry account of the conservation fund to contract with private foresters for the development of managed forest land plans. In addition, provide \$346,100 in 2001-02 and \$365,600 in 2002-03 from the forestry account for 3.0 new forester

positions and convert 5.0 forester project positions to permanent status to increase contacts between non-industrial private forest owners and DNR foresters or state-contracted private foresters to provide land management guidance. Provide \$250,000 SEG annually from the forestry account to increase the allotment for the Wisconsin Forest Landowner grant program (to \$1,250,000 annually).

## DISCUSSION POINTS

1. A recent assessment of forest land ownership throughout the state indicated that approximately 61% of forest land in Wisconsin (or 9.7 million acres) is owned by non-industrial private forest owners. Currently, DNR estimates that of 401 Division of Forestry staff, approximately 99 DNR foresters provide individual consultation to an estimated 10,000 landowners annually.

2. DNR foresters are involved in a variety of duties related to the administration of the managed forest law (MFL) and forest crop land (FCL) programs. Any landowner may petition the Department to designate an eligible parcel of land as MFL. Upon receipt of such a petition, DNR is required to provide written notice of the petition to the clerk of the municipality in which the land is located. Petitions must generally be approved by November 20 each year. If a petition is approved, DNR must issue an order designating the land as MFL and provide a copy to the petitioner, the Department of Revenue, the supervisor of assessments and the clerk of the municipality and record the order with the register of deeds in the county.

An owner may generally sell or otherwise transfer ownership of all or part of land enrolled in a forest tax law program. If the land transferred meets the eligibility requirements of the program, it continues to be designated as FCL or MFL. If the land does not meet eligibility requirements, DNR must issue an order withdrawing the land from the forest tax program and assess a withdrawal tax. Also, DNR may, at the request of the governing body of the municipality in which forest tax land is located or at its own discretion, investigate to determine whether the forest tax designation on a parcel of land should be withdrawn. The Department may order the withdrawal of all or part of a parcel of MFL for a number of reasons, including failure to comply with the management plan, intentional cutting in violation of statutory criteria and development of the property in violation of statutory criteria. If DNR determines that the land should be withdrawn, an order must be issued and a withdrawal tax must be assessed. The amount of the withdrawal tax varies based on whether the land is FCL or MFL and on the date the land is withdrawn relative to the date of entry into the program, but is generally based on either the property taxes that would have been due on the land, less severance or yield taxes, or the value of the merchantable timber on the land. Withdrawal orders must generally be issued under MFL by December 15 each year.

Any landowner who intends to cut merchantable timber on land enrolled in a forest tax law program must file a cutting invoice and request approval of the proposed cutting from DNR at least 30 days before the timber cutting is to take place. For MFL land, DNR must approve the cutting

request if it conforms to the management plan for the land and must assist the owner in developing an acceptable proposal if it does not conform. All cutting must begin within one year after the date the proposed cutting is approved. The landowner must report to the Department the date on which the cutting is commenced, and, within 30 days after completion of the cutting, must report to DNR on the type and quantity of wood harvested. For FCL land, DNR assesses a severance tax on any landowner who cuts merchantable timber equal to 10% of the value of the cut timber, based on stumpage values established by DNR in administrative rule. For MFL land, DNR assesses a yield tax equal to 5% of the value of the timber.

3. The Department indicates that failure to meet the statutorily-specified deadlines for the processing of application and withdrawal orders under the forest tax law programs could potentially open the state to liability for the property taxes of the landowner. However, the state is generally immune from such liability unless it specifically consents to liability. Although a landowner could choose to file a claim against the Department through the Claims Board on equitable grounds, to date, the state has not been held responsible with respect to any forest tax law applications or withdrawals that were not processed by the statutory deadlines.

4. The 1999-01 biennial budget provided \$150,000 annually from the forestry account on a one-time basis in the current biennium, only, to allow DNR to contract with private foresters to prepare management plans for the entry of land into the MFL. The Department estimates that this will fund the preparation of approximately 220 management plans annually. In response to an emergency request at the May 3, 2000 s.13.10 meeting, the Joint Committee on Finance approved an additional \$150,000 annually for ongoing contracts with private foresters to prepare management plans for the entry of land into managed forest land. Joint Finance also provided \$76,700 SEG in 2000-01 and authorized 1.0 SEG position for permanent and LTE staffing related to forest tax law workload. The number of contractors bidding has increased from 16 in 1998-99 to 23 in 2000-01. The Department indicates that of the 3,194 applications received during the current fiscal year, 2,375 will be able to be completed by foresters within their regions by October, 2001, and an additional 440 plans could be contracted for using available funding. (Any field forestry plans must be completed by the beginning of October in order to meet the statutorily designated November 20<sup>th</sup> deadline for tax law approvals.), leaving DNR 379 plans short of its goal for the 2001 tax year. The Joint Committee on Finance, in response to an emergency request at the April 24, 2001, s.13.10 meeting, approved an additional \$198,100 for contracts with private foresters to prepare management plans for the entry of land into MFL, program assistance and LTE help, travel expenses, overtime, and for temporary staff assistance for data entry of tax law information.

5. The Department's request under s.13.10 was received after the biennial budget had been submitted to the Legislature. Therefore, the action taken by the Committee provided one-time authority only. For the expenditure authority to be permanent, additional action would be required as part of the budget process.

6. As shown in the following table, forest tax law activities showed larger than average increases in the last two years. The Department anticipates that this trend may continue through the 2001-03 biennium. Approximately 260,000 non-industrial private forest landowners own

approximately 61% of forest land in Wisconsin. DNR estimates that it is able to give professional forestry guidance to 20% of this class of owners over a 15-year time period.

### Forest Tax Law Activities by Calendar Year, 1995-2000

|                            | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Forest Crop Law</b>     |             |             |             |             |             |             |
| Cutting Invoices           | 392         | 322         | 296         | 284         | 794         | 267         |
| Transfers                  | 22          | 269         | 282         | 237         | 367         | 649         |
| Withdrawals                | 73          | 40          | 139         | 66          | 69          | 106         |
| <b>Managed Forest Land</b> |             |             |             |             |             |             |
| Applications               | 1,871       | 1,928       | 1,699       | 1,821       | 1,637       | 2,707       |
| Cutting Invoices           | 858         | 837         | 916         | 1,077       | 829         | 1,468       |
| Transfers                  | 389         | 449         | 448         | 363         | 710         | 1,204       |
| Withdrawals                | <u>91</u>   | <u>215</u>  | <u>265</u>  | <u>280</u>  | <u>272</u>  | <u>311</u>  |
| <b>TOTAL</b>               | 3,696       | 4,060       | 4,045       | 4,128       | 4,678       | 6,712       |

7. Currently, DNR has 19 vacant SEG forester, forester-advanced, and forester-senior positions of 185 authorized (a vacancy rate of over 10%). These do not appear to be long-term vacancies, as all occurred within the previous nine months. DNR attributes its forester vacancy rate to its practice of accumulating vacancies and recruiting foresters in "classes." The Department argues that it is more efficient when hiring staff within certain professions (such as conservation wardens, foresters, and park wardens) to hire multiple employees at the same time, and to provide training and mentoring to the incoming group as a whole. When these positions are filled, they will represent a substantial increase in available resources that may be directed, in part, to meet demands associated with managed forest land plans and assistance to private landowners. For example, if DNR could fill 12 of these positions (and maintain a vacancy rate of less than 4%), the Department could significantly increase the number of plans completed on an annual basis.

8. The Department has stated that approximately 99 foresters provide individual consultation to private non-industrial forest landowners. Assuming that DNR maintains a 4% vacancy rate, a base level of 95 foresters would be available to consult with landowners. While preparing MFL plans would not be their sole occupation, DNR estimates that individual foresters could complete between 30 and 60 plans annually, depending on other forestry demands in the region where they worked. Assuming an average of 35 plans per year per forester, DNR staff would have the capability of completing an estimated 3,325 plans annually. In addition, \$150,000 in ongoing funding is available annually to contract with private foresters for the preparation of MFL plans, providing DNR with the capability to contract for at least 220 additional plans annually, for a potential base level of at least 3,545 plans per year under current law.

9. Under the bill, an additional \$150,000 would be provided each year to contract with

private foresters for the preparation of MFL plans, funding the preparation of at least 220 additional plans annually. Further, eight forester positions would be provided to address the needs of non-industrial private forest landowners, which would include performing duties related to forest tax law. Assuming that the workload balance assigned to these new positions reflects DNR's stated priority to reduce the MFL backlog, it may be reasonable to estimate that each of the eight forester positions could complete an average of 45 plans per year, for a total of 360 plans annually. Therefore, under the bill, DNR foresters should have the resources to complete an additional 580 plans per year, for a total of at least 4,125 MFL plans annually. In comparison, DNR is expecting to receive 3,194 MFL applications in 2000-01.

10. The Department indicates that the eight additional forester positions would be available to address other program needs as well. For example, due to the increased demand for new managed forest law plans, DNR has focused attention on first-time contacts with non-industrial private landowners and away from enforcement of existing contracts. Landowners with property enrolled in forest tax law programs receive a significant reduction in property taxes. In return, landowners are required to follow a forest management plan which includes periodic harvest of timber. A severance tax is assessed on this lumber, and the revenue is divided between the town where the property is located and the forestry account. Under FCL, DNR retains from severance and withdrawal taxes an amount generally equal to the amount paid to municipalities under FCL aid programs for the applicable land and remits the remainder to municipalities. Under MFL, DNR retains 50% of the revenue, and remits 50% to the municipalities in which the land is located. A municipality must pay 20% of this amount to the county in which the municipality is located. To date, DNR has accumulated a backlog of timber thinning projects on land entered under forestry tax law programs. The additional resources in the bill would allow DNR to follow up on more timber harvests under the contracts, potentially increasing revenues to local communities and to the forestry account.

11. As demonstrated by the history of application and activity rates in the table, while the rate of requests for applications has generally been increasing, it has also been erratic. In addition, DNR indicates that as the number of available private forestry contractors working with the Department increases, competition for contracts may serve to lower the average cost per plan and potentially allow DNR to contract for more plans than anticipated with available funding. Based on the overall increase in application rates over the last six years, a 12% increase in applications annually over the biennium could potentially be expected. If this rate of growth were realized, DNR could expect to complete 3,575 plans in 2001-02 and 4,000 plans in 2002-03. Funding provided under the bill would be adequate to address this level of demand. Should these resources be insufficient to meet actual program demand, DNR could request additional spending authority through future legislation or under s.13.10.

12. The Wisconsin Forest Land Owner grant program awards approximately 600 grants each year, with an average grant amount of \$1,700 to private, non-industrial forest landowners with 500 acres or less. It is currently funded at \$1 million annually. The program funds grants on a continuous application basis – grant requests received but not funded remain in a pool of eligible requests until funding becomes available. After all available funding was awarded for the grant

program in September of 2000, DNR indicated that requests for grants totaling approximately \$830,000 remained unfunded. The Department also asserts that this number may not represent the actual level of demand for the program. Many of the landowners who apply for grants under the Wisconsin Forest Land Owner grant program do so based on information obtained from DNR foresters. As demand has continued to exceed available funding, DNR indicates that fewer foresters actively promote the program in an attempt to avoid lengthening the waiting list for available funds. Eligible activities under the grant program include the development of a land stewardship plan, tree planting, timber stand improvement, soil and water protection, fencing, fisheries and wildlife enhancement practices, establishment of forest buffers, protection of endangered or threatened species, and historic or aesthetic enhancements. The Department indicates that current demand exceeds funding available under the program. The \$250,000 per year provided under the bill would fund approximately 150 additional grants annually.

**ALTERNATIVES TO BASE**

**A. Managed Forest Law**

1. Approve the Governor's recommendation to provide \$150,000 annually from the forestry account of the conservation fund to contract with private foresters for the development of managed forest land plans. In addition, provide \$346,100 in 2001-02 and \$365,600 in 2002-03 from the forestry account for 3.0 new forester positions and convert 5.0 forester project positions to permanent status to increase contacts between non-industrial private forest owners and DNR foresters or state-contracted private foresters to provide land management guidance. (This funding should allow DNR to prepare at least 4,125 MFL plans in 2002-03, an annual increase of over 12%.)

| <u>Alternative A1</u>              | <u>SEG</u>  | <u>TOTAL</u> |
|------------------------------------|-------------|--------------|
| 2001-03 FUNDING (Change to Base)   | \$1,011,700 | \$1,011,700  |
| [Change to Bill]                   | 0           | 0]           |
| 2002-03 POSITIONS (Change to Base) | 8.0         | 8.0          |
| [Change to Bill]                   | 0           | 0]           |

2. Maintain current law.

| <u>Alternative A2</u>              | <u>SEG</u>   | <u>TOTAL</u>  |
|------------------------------------|--------------|---------------|
| 2001-03 FUNDING (Change to Base)   | \$0          | \$0           |
| [Change to Bill]                   | -\$1,011,700 | -\$1,011,700] |
| 2002-03 POSITIONS (Change to Base) | 0            | 0             |
| [Change to Bill]                   | -8.0         | -8.0]         |

Representative Ward  
Senator Shibilski  
Representative Albers  
Senator Wirch

## NATURAL RESOURCES -- FORESTRY AND PARKS

### Managed Forest Law Eligibility

[LFB Paper #661]

#### Motion:

Move to adopt the Governor's recommendation (Alternatives A1 and B1) to provide \$150,000 annually from the forestry account of the conservation fund to contract with private foresters for the development of managed forestland plans. In addition, provide \$346,100 in 2001-02 and \$365,600 in 2002-03 from the forestry account for 3.0 new forester positions and convert 5.0 forester project positions to permanent status to increase contacts between non-industrial private forest owners and DNR foresters or state-contracted private foresters to provide land management guidance. Provide \$250,000 SEG annually from the forestry account to increase the allotment for the Wisconsin Forest Landowner grant program (to \$1,250,000 annually).

Further, effective January 1, 2002, to expand eligibility for designation as managed forest land if at least 65% of the parcel is producing or is capable of producing a minimum of 20 cubic feet of merchantable timber per acre per year. Further, designate as ineligible a parcel (a) of which more than 35% consists of land that is not suitable for producing 20 cubic feet of merchantable timber per acre per year, including water, marsh, muskeg, bog, rock outcrops, or sand dunes; or (b) more than 20% is farmland, roadway, railroad, utility right-of-way, or in reserve due to special resource concern such as sensitive soil, endangered or threatened resources, archeological sites, or the lack of sound forest regeneration recommendations.

Also, provide \$570,300 in 2001-02 and \$728,400 in 2002-03 and 15.0 SEG positions from the forestry account for to increase the number of field foresters.

Require property to be classified as "swamp and waste" for purposes of the property tax if the property is undeveloped, if the property is nonproductive forest land and if the property is part of a parcel, where the other part of the parcel is enrolled in the managed forest law program. Exclude property that is classified as agricultural property from this provision. Provide that this provision applies to property assessed as of January 1, 2002.

Note:

Under current law, at least 80% of the parcel must be producing or be capable of producing a minimum of 20 cubic feet of merchantable timber per acre per year in order to be designated as eligible for the managed forest law program. A parcel which consists of more than 20% land that is not suitable for producing 20 cubic feet of merchantable timber per acre per year, including water, marsh, muskeg, bog, rock outcrops, or sand dunes is designated as ineligible.

[Change to Base: \$2,810,400 SEG and 23.0 SEG positions]  
[Change to Bill: \$1,298,700 SEG and 15.0 SEG positions]

| MO#       |   |   |   |
|-----------|---|---|---|
| BURKE     | Y | N | A |
| DECKER    | Y | N | A |
| MOORE     | Y | N | A |
| SHIBILSKI | Y | N | A |
| PLACHE    | Y | N | A |
| WIRCH     | Y | N | A |
| DARLING   | Y | N | A |
| WELCH     | Y | N | A |
| GARD      | Y | N | A |
| KAUFERT   | Y | N | A |
| ALBERS    | Y | N | A |
| DUFF      | Y | N | A |
| WARD      | Y | N | A |
| HUEBSCH   | Y | N | A |
| HUBER     | Y | N | A |
| COGGS     | Y | N | A |

AYE 16 NO 0 ABS 0

**B. Wisconsin Forest Landowner Grant Program**

1. Approve the Governor's recommendation to provide \$250,000 SEG annually from the forestry account to increase the allotment for the Wisconsin Forest Landowner grant program (to \$1,250,000 annually).

| <u>Alternative B1</u>            | <u>SEG</u> |
|----------------------------------|------------|
| 2001-03 FUNDING (Change to Base) | \$500,000  |
| [Change to Bill]                 | \$0        |

2. Maintain current law.

| <u>Alternative B2</u>            | <u>SEG</u>  |
|----------------------------------|-------------|
| 2001-03 FUNDING (Change to Base) | \$0         |
| [Change to Bill]                 | - \$500,000 |

Prepared by: Rebecca Hotynski

MO# \_\_\_\_\_

|           |   |   |   |
|-----------|---|---|---|
| BURKE     | Y | N | A |
| DECKER    | Y | N | A |
| MOORE     | Y | N | A |
| SHIBILSKI | Y | N | A |
| PLACHE    | Y | N | A |
| WIRCH     | Y | N | A |
| DARLING   | Y | N | A |
| WELCH     | Y | N | A |
|           |   |   |   |
| GARD      | Y | N | A |
| KAUFERT   | Y | N | A |
| ALBERS    | Y | N | A |
| DUFF      | Y | N | A |
| WARD      | Y | N | A |
| HUEBSCH   | Y | N | A |
| HUBER     | Y | N | A |
| COGGS     | Y | N | A |

AYE \_\_\_\_\_ NO \_\_\_\_\_ ABS \_\_\_\_\_

Paper #662 County Forestry Assistance  
Alternative 1 Part A  
1 Part B

Notes: Go with the gov and fully fund this program and  
the grants.

A-1

ok

B-1

Good ok



## Legislative Fiscal Bureau

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

May 29, 2001

Joint Committee on Finance

Paper #662

### County Forestry Assistance (DNR -- Forestry and Parks)

[LFB 2001-03 Budget Summary: Page 479, #5]

#### CURRENT LAW

The county forest administrator grant program was modified in 1997 Act 237. Prior to that act, DNR provided grants to counties with county forest land for up to 50% of the salary of a county forest administrator or assistant county forest administrator. Under current law, 50% of the fringe benefit cost of the county forester is also provided, and the size of the grant is no longer linked to the number of acres of county forest land. The program is funded at \$675,000 for 2000-01.

#### GOVERNOR

Provide \$322,000 in 2001-02 and \$420,000 in 2002-03 from the forestry account to establish a grant program to increase the implementation of sustainable forestry practices on county forest land and to fully fund the county forest administrator grant program. Of the total, \$200,000 annually would establish the grant program; and \$122,000 in 2001-02 and \$220,000 in 2002-03 would fully fund the county forest administrator grant program as well as provide for an additional county to be added in each year.

#### DISCUSSION POINTS

1. There are 29 counties which have county forests; combined, these total over 2.34 million acres of public forest land. DNR provides technical forestry assistance to counties as part of an ongoing partnership under s. 28.11(5) of the statutes that requires DNR to provide technical assistance for counties to develop an annual work plan and budget, and a comprehensive 10-year plan for each county forest. One goal of this partnership is to improve forestry management on

county forest lands.

2. County forestry committees negotiate with DNR to determine, in practical terms, how the partnership directed under s. 28.11 may be carried out. Every three years, they negotiate the number of hours that DNR foresters will allocate annually to county forestry assistance based on the size and character of the individual county forests. These hours are divided between projects focusing on field reconnaissance, timber sales, reforestation, cultural work (including prescribed burns), county forest loans, 10-year plan monitoring, and coordination between county foresters, county boards, and the Department. Hours DNR has agreed to allot per county range from 142 hours annually in Vernon County to 3,805 in Washburn County. Under the most recent agreement, DNR would provide approximately 46,300 hours of forestry support to counties annually.

3. Due to competing demands for staff time and resources, the Department indicates that it is having difficulty providing the technical assistance to fulfill its agreement with the counties. The Wisconsin County Forest Association and DNR agreed that establishing a grant program to provide funding for technical assistance would help to address this problem. Under the bill, \$200,000 would be available annually for grants to counties to contract for projects that DNR may not have the resources to otherwise complete. For example, if DNR had negotiated to provide 185 hours of work associated with reforestation efforts to Bayfield County, but Department foresters anticipated only being able to complete 35 hours of reforestation activity in a given year, the county could apply for a grant to hire limited-term employees or to contract with private foresters for the remaining 150 hours of work. The Department believes that these agreements are necessary to meet the requirements established in statute directing cooperation between DNR and county foresters in developing work plans and annual budgets.

4. In addition to the assistance of DNR foresters, existing state programs provide: (a) 50% of the salary and fringe benefits of a county forest administrator; (b) noninterest-bearing loans for the acquisition, development, preservation, and maintenance of county forest lands; (c) interest-free forestry aid loans for projects that lead to meritorious and economically productive forestry operations; (d) up to 50% of the project cost of fish and wildlife management and habitat projects, and for outdoor recreational facilities on county forest land; and (e) a 30¢ annual payment per acre of county forest land. It may be argued that provision of these programs constitutes sufficient state support for county forestry efforts.

5. The grant program to assist with the implementation of sustainable forestry practices on county forests would be administered by the Bureau of Forestry central office staff, and would fund grants based on project proposals submitted by individual counties for specific unmet short-term demand for forestry work in the county forest. No additional staff would be required to administer this program. Counties receiving grants would be encouraged to contract with private forestry consulting firms or may choose to hire limited-term employees to complete the work. Grant accomplishments would be monitored by the DNR liaison forester assigned to the county forest receiving the award. To date, DNR has not identified criteria for receiving grant funding (beyond the presence of a county forest), or prioritizing requests, established a county match requirement, determined maximum grant awards, or determined a policy addressing potential proration or prioritization of grant awards (should requests exceed available funds). Further, no statutory

language granting DNR the authority to create or administer such a grant program is included in the bill.

6. Funding for the grant program could be deleted from the bill. DNR could seek funding through future legislation once program parameters were identified. Alternatively, if funding were provided, statutory language granting DNR the authority to administer a county forest grant program and requiring DNR to establish criteria for the program in administrative rule would be necessary.

7. Of the 29 counties with county forests, 25 currently participate in the county forest administrator grant program. Reimbursements to counties for county forest administrators may be prorated if funds are not sufficient to meet eligible requests for reimbursement. In 1999-00, eligible requests exceeded available funding by \$21,500, requiring a 97% proration of payments. It is anticipated that requests will exceed available funding in 2000-01 by approximately \$33,500, requiring a 95% proration of payments to counties. Of the funds provided under the bill, \$90,200 would be designated to fully fund eligible grants for county forest administrators, and \$31,800 would fund a grant allowing an additional county to join the program. In 2002-03, \$185,600 would be designated to fully fund eligible grants for county forest administrators, and \$34,400 would fund a grant allowing an additional county to join the program. The Department indicates that the actual cost increase for the grant program has been approximately 8% annually, due to increases in salary and fringe benefit costs.

8. Under the bill, funding would be provided to allow two additional counties to participate in the grant program over the biennium. DNR indicates that all but four counties with county forests currently participate in this program. Two of the four remaining counties are expected to seek funding under the grant program during the 2001-03 biennium. Monroe County had not been previously considered eligible, as its forest administrator was not a forester (a requirement under the program). The administrator is retiring, and the county has indicated that it will hire a forester as his replacement.

9. The three remaining counties (Wood, Marathon, and Langlade) have as a county forest administrator a DNR employee who is funded 50% by the DNR and 50% by the county. This practice dates back to an earlier agreement under which nine DNR employees acted as county forest administrators, and half of their salaries were paid by the county. This practice was phased out beginning in 1991; employees in these positions were not replaced when they retired or took other jobs. Instead, counties hired their own foresters to serve as county forest administrators, and applied for grants from DNR to receive reimbursement for a portion of the related costs. Wood, Marathon, and Langlade counties are the last three to still retain DNR staff under this arrangement. At least one of the county forest administrators in these three counties is expected to retire this year, and would be replaced by a forester hired by the county. When these positions change from a DNR forester to a county employee, DNR retains the position authority that had been providing county forestry services, and has been able to re-allocate the position for more general forestry duties. Five positions formerly serving as county forest administrators have been reallocated for general DNR forestry purposes since 1991 with a sixth expected to retire this year.

**ALTERNATIVES TO BASE**

**A. County Forest Administrator Grants**

1. Approve the Governor's recommendation to provide \$122,000 in 2001-02 and \$220,000 in 2002-03 from the forestry account to fully fund the county forest administrator grant program.

|                                  |            |
|----------------------------------|------------|
| <b>Alternative A1</b>            | <b>SEG</b> |
| 2001-03 FUNDING (Change to Base) | \$342,000  |
| [Change to Bill]                 | \$0        |

2. Maintain current law.

|                                  |            |
|----------------------------------|------------|
| <b>Alternative A2</b>            | <b>SEG</b> |
| 2001-03 FUNDING (Change to Base) | \$0        |
| [Change to Bill]                 | -\$342,000 |

**B. County Forest Land Grants**

1. Provide \$200,000 annually from the forestry account (as recommended by the Governor) and authorize DNR to establish and administer a grant program to increase the implementation of sustainable forestry practices on county forest land. In addition, require DNR to establish criteria for the grant program in administrative rule, including eligibility requirements, maximum grant allowances, eligible activities, county match requirements, and a policy addressing the potential proration or prioritization of grant awards (should requests exceed available funds).

|                                  |            |
|----------------------------------|------------|
| <b>Alternative B1</b>            | <b>SEG</b> |
| 2001-03 FUNDING (Change to Base) | \$400,000  |
| [Change to Bill]                 | \$0        |

2. Maintain current law.

|                                  |            |
|----------------------------------|------------|
| <b>Alternative B2</b>            | <b>SEG</b> |
| 2001-03 FUNDING (Change to Base) | \$0        |
| [Change to Bill]                 | -\$400,000 |

MO# A-1, B-1

|           |   |   |   |
|-----------|---|---|---|
| BURKE     | Y | N | A |
| DECKER    | Y | N | A |
| MOORE     | Y | N | A |
| SHIBILSKI | Y | N | A |
| PLACHE    | Y | N | A |
| WIRCH     | Y | N | A |
| DARLING   | Y | N | A |
| WELCH     | Y | N | A |
| GARD      | Y | N | A |
| KAUFERT   | Y | N | A |
| ALBERS    | Y | N | A |
| DUFF      | Y | N | A |
| WARD      | Y | N | A |
| HUEBSCH   | Y | N | A |
| HUBER     | Y | N | A |
| COGGS     | Y | N | A |

Prepared by: Rebecca Hotynski

Paper #663 Forest Fire Suppression Grants

Alternative 1 Part A

1 Part B

Notes: Go with the gov - because only you can prevent forest fires.

A-1

B-1

OK

Good OK



## Legislative Fiscal Bureau

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

May 29, 2001

Joint Committee on Finance

Paper #663

### Forest Fire Suppression Grants (DNR -- Forestry and Parks)

[LFB 2001-03 Budget Summary: Page 480, #7]

#### CURRENT LAW

The forest fire suppression grant program was created under 1997 Act 27, and provides a total of \$525,000 annually (\$198,000 forestry SEG and \$327,000 FED) to cities, villages, towns, counties, and fire suppression organizations that enter into written agreements to assist DNR in the suppression of forest fires when requested. "Forest fires" are uncontrolled, wild or running fires occurring on forest, marsh, field or cutover lands and the farms and improvements incidental to the wild fires. Grants may be awarded for up to 50% of the cost of purchasing fire resistant clothing and fire suppression supplies, equipment, and vehicles.

#### GOVERNOR

Provide \$250,000 annually from the forestry account to provide a 48% increase in available cost-share grants to local fire departments. A total of \$775,000 (\$448,000 in forestry SEG and \$327,000 FED) would be available for grants. Also, expand the allowable uses of these grants from fire suppression clothing, supplies, equipment, and vehicles to also include fire prevention materials and fire suppression training.

#### DISCUSSION POINTS

1. The Department indicates that, since its creation, applications for grants under the program have exceeded demand. In 2000-01, 213 grant applications were received, requesting a total of \$824,700 in grant funds. DNR awarded 195 grants with the \$525,000 in available funding. The following tables detail grants awarded by purpose and region for fiscal years 1997-98 through 1999-00.

**TABLE 1****Fire Department Equipment Grants by Region**

| <u>Region</u> | <u>1997-98</u>   |                | <u>1998-99</u>   |                | <u>1999-00</u>   |                |
|---------------|------------------|----------------|------------------|----------------|------------------|----------------|
|               | <u>Amount</u>    | <u>Percent</u> | <u>Amount</u>    | <u>Percent</u> | <u>Amount</u>    | <u>Percent</u> |
| Northern      | \$240,300        | 45%            | \$217,800        | 41%            | \$204,600        | 39%            |
| West Central  | 147,700          | 28             | 144,100          | 27             | 191,700          | 36             |
| Northeast     | 80,600           | 15             | 78,000           | 15             | 64,300           | 12             |
| South Central | 62,500           | 12             | 89,400           | 17             | 67,900           | 13             |
| Southeast     | 1,300            | ---            | 0                | 0              | 0                | 0              |
| <b>Total</b>  | <b>\$532,400</b> | <b>100%</b>    | <b>\$529,300</b> | <b>100%</b>    | <b>\$528,500</b> | <b>100%</b>    |

**TABLE 2****Fire Department Equipment Grants by Purpose**

| <u>Region</u>              | <u>1997-98</u>   |                | <u>1998-99</u>   |                | <u>1999-00</u>   |                |
|----------------------------|------------------|----------------|------------------|----------------|------------------|----------------|
|                            | <u>Amount</u>    | <u>Percent</u> | <u>Amount</u>    | <u>Percent</u> | <u>Amount</u>    | <u>Percent</u> |
| Fire suppression equipment | \$202,300        | 38%            | \$178,500        | 34%            | \$149,600        | 28%            |
| Communications equipment   | 149,100          | 28             | 149,200          | 28             | 227,200          | 43             |
| Off-road vehicles          | 117,100          | 22             | 135,300          | 26             | 91,600           | 17             |
| Protective clothing        | 63,900           | 12             | 64,900           | 12             | 56,700           | 11             |
| Mapping                    | 0                | 0              | 1,400            | ---            | 3,400            | 1              |
| <b>Total</b>               | <b>\$532,400</b> | <b>100%</b>    | <b>\$529,300</b> | <b>100%</b>    | <b>\$528,500</b> | <b>100%</b>    |

2. The primary recipients of these grants tend to be rural and voluntary fire departments. Local fire departments are generally able to respond to fire emergencies faster than the DNR suppression unit. Short response times allow units to fight fires while still small, potentially resulting in the loss of fewer acres of forest land and residential properties. The Department argues that the effectiveness of most local fire departments in fighting forest fires can be improved by providing better coordination, training, and equipment. Further, it is argued that due to financial concerns, most volunteer fire departments allocate resources for equipment associated with residential fires rather than wild fires. Expanding the allowable uses of these grants to also include fire prevention materials and fire suppression training would benefit the Department and forest owners by ensuring that the local units (which would most likely be the first fire fighting teams to reach the scene of the forest fire) would be properly prepared to manage the situation until DNR suppression units arrived, and would increase the effectiveness of local departments as partners in

forest and wild fire suppression efforts.

3. However, it may be argued that local communities receive the most benefit from better training and equipment for their fire departments. Additionally, these communities would bear the greatest cost for damages associated with forest fires in their areas. From this perspective, it may be reasonable to encourage local funding of these initiatives. Finally, expanding the purposes for which grants may be made would increase demand for limited state funds.

## ALTERNATIVES TO BASE

### A. Funding

1. Approve the Governor's recommendation to provide \$250,000 annually from the forestry account to increase available cost-share grants to local fire departments by 48% to \$775,000 (\$448,000 in forestry SEG and \$327,000 FED).

| <u>Alternative A1</u>            | <u>SEG</u> |
|----------------------------------|------------|
| 2001-03 FUNDING (Change to Base) | \$500,000  |
| [Change to Bill]                 | \$0        |

2. Provide \$125,000 annually from the forestry account to increase available cost-share grants to local fire departments by 24% to \$650,000 (\$323,000 in forestry SEG and \$327,000 FED).

| <u>Alternative A2</u>            | <u>SEG</u>  |
|----------------------------------|-------------|
| 2001-03 FUNDING (Change to Base) | \$250,000   |
| [Change to Bill]                 | - \$250,000 |

3. Maintain current law.

| <u>Alternative A3</u>            | <u>SEG</u>  |
|----------------------------------|-------------|
| 2001-03 FUNDING (Change to Base) | \$0         |
| [Change to Bill]                 | - \$500,000 |

### B. Allowable Uses of Grants

1. Approve the Governor's recommendation to expand the allowable uses of these grants from fire suppression clothing, supplies, equipment, and vehicles to also include fire prevention materials and fire suppression training.

2. Maintain current law.

Prepared by: Rebecca Hotynski

MO#

A-1, B1

|           |   |   |   |
|-----------|---|---|---|
| BURKE     | Y | N | A |
| DECKER    | Y | N | A |
| MOORE     | Y | N | A |
| SHIBILSKI | Y | N | A |
| PLACHE    | Y | N | A |
| WIRCH     | Y | N | A |
| DARLING   | Y | N | A |
| WELCH     | Y | N | A |

|         |   |   |   |
|---------|---|---|---|
| GARD    | Y | N | A |
| KAUFERT | Y | N | A |
| ALBERS  | Y | N | A |
| DUFF    | Y | N | A |
| WARD    | Y | N | A |
| HUEBSCH | Y | N | A |
| HUBER   | Y | N | A |
| COGGS   | Y | N | A |

AYE 16 NO 0 ABS