

Fiscal Estimate - 2007 Session

Original Updated Corrected Supplemental

LRB Number 07-2482/1		Introduction Number SB-185	
Description Trespass by operators of snowmobiles, all-terrain vehicles, and other off-road vehicles; increasing the appropriations for certain all-terrain vehicle programs; fees for registration of all-terrain vehicles for public and private use, fees for commercial all-terrain vehicle certificates, and fees for nonresident all-terrain vehicle trail passes; creating an all-terrain vehicle damage claim program; the all-terrain vehicle gas tax payment; promulgation of rules to establish standards and procedures for certifying the designation of all-terrain vehicle routes and trails; the display of all-terrain vehicle registration numbers; creating an individual income tax checkoff for trails that are not open to motorized vehicles; creating a nonmotorized trails program; requiring a certificate of title for an all-terrain vehicle; granting rule-making authority; requiring the exercise of rule-making authority; making an appropriation; and providing penalties			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input checked="" type="checkbox"/> Increase Existing Appropriations		<input checked="" type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input checked="" type="checkbox"/> Create New Appropriations		<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input checked="" type="checkbox"/> Increase Costs		3. <input checked="" type="checkbox"/> Increase Revenue	
<input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input checked="" type="checkbox"/> Towns		<input checked="" type="checkbox"/> Village	
<input checked="" type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
<input checked="" type="checkbox"/> Cities			
<input type="checkbox"/> GPR		<input type="checkbox"/> FED	
<input type="checkbox"/> PRO		<input type="checkbox"/> PRS	
<input checked="" type="checkbox"/> SEG		<input type="checkbox"/> SEGS 20.370(3)(as), 5(ct), 5(cu) and others	
Fund Sources Affected		Affected Ch. 20 Appropriations	
Agency/Prepared By		Authorized Signature	
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		Date	
		6/25/2007	

Fiscal Estimate Narratives

DNR 6/25/2007

LRB Number	07-2482/1	Introduction Number	SB-185	Estimate Type	Original
Description Trespass by operators of snowmobiles, all-terrain vehicles, and other off-road vehicles; increasing the appropriations for certain all-terrain vehicle programs; fees for registration of all-terrain vehicles for public and private use, fees for commercial all-terrain vehicle certificates, and fees for nonresident all-terrain vehicle trail passes; creating an all-terrain vehicle damage claim program; the all-terrain vehicle gas tax payment; promulgation of rules to establish standards and procedures for certifying the designation of all-terrain vehicle routes and trails; the display of all-terrain vehicle registration numbers; creating an individual income tax checkoff for trails that are not open to motorized vehicles; creating a nonmotorized trails program; requiring a certificate of title for an all-terrain vehicle; granting rule-making authority; requiring the exercise of rule-making authority; making an appropriation; and providing penalties					

Assumptions Used in Arriving at Fiscal Estimate

The Department estimates that as a result of this bill it will incur \$1,434,900 in one-time costs and \$6,226,500 in ongoing annualized costs, including a workload increase of 4.75 FTE. In addition, the Department estimates that the bill will result in annual state revenues of \$5,992,900. The estimated fiscal effects of ten aspects of the bill are addressed separately below.

A. Establishment and Use of Trails

1.) All-Terrain Vehicle Trail Certification Rules

SUMMARY: The bill requires the Department to promulgate administrative rules to establish standards and procedures for certifying the designation of all-terrain vehicle (ATV) routes and trails under the control of the Department, and to consider the interests of the State Trails Council and other trail user groups when promulgating the rules.

FISCAL EFFECT: Under current law, the Department may establish standards and procedures for certifying the designation of ATV trails and routes. The Department assumes that the rule will essentially codify existing standards and procedures, requiring staff time on a one-time basis from the following DNR programs: Facilities and Lands; Forestry; Parks and Recreation; Community Financial Assistance, and the Division of Water. The Department estimates approximately 200 hours of Department staff time at an average DNR salary of \$25 per hour = \$5,000 salary; fringe at 48.45% = \$2,400; and \$300 in travel and supply costs, for total one-time costs of \$7,700. The Department assumes these costs will be absorbed within the agency's budget.

2.) ATV, Snowmobile, and Off-road Vehicle Trespass

SUMMARY: The bill expands current statutes that prohibit trespass for recreational vehicles to apply to all property, rather than just private property and increases the penalty for violating the amended statute.

FISCAL EFFECT: Currently, the majority of Wisconsin's ATV trails are located on county and national forest land. Any vehicles operating off-trail or in an otherwise unauthorized area may only be cited by credentialed county officers or national forest officers. State Conservation Wardens patrol these areas and observe these violations and/or receive complaints about vehicles operating in unauthorized areas. The conservation wardens cannot contact operators in undesignated areas unless a state law has also been violated. In the event that wardens contact the operator for a state law violation, information regarding the operation in an unauthorized area is forwarded to the appropriate county or federal officer. This bill expands to conservation wardens the authority to cite operators for operating in these unauthorized areas. The number of complaints coming into conservation wardens may likely increase. It is not known how much additional workload this will be. An average complaint investigation may take up to three hours. The additional enforcement would also likely decrease the amount of damage that county governments would have to repair, thereby decreasing their costs.

3.) ATV Damage Claim Program

SUMMARY: The bill creates an ATV damage claim program under which an applicant may receive a payment for the repair or restoration of property damaged by the operation of ATVs in any area not designated as an ATV route or ATV trail.

FISCAL EFFECT: The bill creates an appropriation for damage claims with annual expenditure authority of \$30,000 from the segregated ATV account of the Conservation Fund. The Bureau of Community Financial Assistance (CFA) estimates there will be a need of one-time costs of 200 hours to promulgate rules associated with the program. Assuming an average salary of $\$25 \times 200 = \$5,000$; fringe (48.45%) = \$2,400; and supplies of \$300; for a total one-time cost of \$7,700. Once rules are established, the Department assumes the burden of proving the damage had been done by an ATV will be with the damage claim applicant. CFA assumes a need of .25 FTE grant specialist to implement and administer a damage claim program. Assuming an average salary of \$25 per hour, the salary = $\$25 \times 2080 \text{ hrs/FTE} \times .25 \text{ FTE} = \$13,000$; fringe (48.45%) = \$6,300; supplies \$800; total FTE = \$20,100. This program may also require additional workload from other DNR programs, such as Law Enforcement, Water Resources, Facilities and Lands, and others.

B. ATV Title and Registration

In FY06, there were 307,449 ATVs registered in Wisconsin with a two-year registration period. This was broken down as: 238,457 as public registration; 55,853 as agricultural; 12,659 as private; and 480 as municipal. In addition, for commercial dealers in FY06, the DNR processed 198 original and renewal dealer registrations, and 99 additional plates were issued. This resulted in a total of 693 plates issued at a cost of \$.85 per plate. In addition, in FY06, there were approximately 9,776 applications for transfer of registrations.

4.) Certificate of Title for ATVs

SUMMARY: The bill requires the Department to issue a certificate of title for all ATVs required to be registered in this state. The titling requirement applies to the owner of a newly acquired ATV and to the owner of an ATV who applies for registration without holding a previously issued certificate of title. Any ATV that is exempt from registration in this state is also exempt from the titling requirements. This bill also requires the Department to promulgate rules that establish titling fees and ATV titling procedures.

FISCAL EFFECT: One-time costs calculations are based on 307,449 ATVs registered in FY06. Annual costs are based on an estimated 153,725 annual (half of the 307,449 total) ATV transactions. If ATV titling is required in Wisconsin, Customer Service & Licensing (CSL) estimates an initial, one-time fiscal impact of \$857,900 and an ongoing cost of \$55,400 annually.

CSL calculated that it takes 10 minutes to process a recreational vehicle registration application without a title, and 15 minutes to process an application with a title. The additional 5 minutes for processing an estimated 307,449 ATV applications with titles would add an additional workload of 25,621 hours ($307,449 \times 5 \text{ min}/60 \text{ min}$) for a one-time cost of titling ATVs the first years after passage of this bill. Assuming CSL average salary of \$16 = $25,621 \text{ hrs} \times \$16 = \$409,900$ salary; fringe (48.45%) = \$198,600; total one-time salary and fringe = \$608,500. Plus initial one-time costs of: supplies initial costs = \$30,000; Computer System Change Order cost = \$50,000; Document Costs (reprint application forms, title and lien notification stock) Initial Costs = \$28,000; Printing & Additional Postage Costs - Titles, Lien Notices (est. $\$.46 \times 307,449$) Initial cost = \$141,400; total one-time supply costs = \$219,400. Total one-time costs = \$857,900 [$\$608,500 + \$249,400$].

Assuming an annual increase in the number of registered ATVs of 10%, the number of ATVs needing new titles annually would be 15,373 [$153,725 \times 10\%$]. Also assuming the continuation of 9,776 annual transfers and the fact that these transfers will require new titles, this would result in the need for 25,149 [$15,373 + 9,776$] new titles annually. This increase in ATVs $\times 5$ minutes to process the applications = 2,096 hours [$25,149 \times 5 \text{ min}/60$]. Staff Costs: Assuming 1820 annual hours = 2,096/1,820 = 1.15 FTE. Assuming average CSL average salary \$16 = $2080 \text{ FTE hours} \times \$16 \times 1 = \$33,300$; fringe (48.45%) = \$16,100; total salary and fringe annualized = \$49,400; annual position related supply costs = \$4,000; annual document costs = \$1,200; and annual printing, ongoing costs = \$800. Total annualized supply costs = \$6,000 [$\$4,000 + \$1,200 + 800$].

The bill directs the Department to, by rule, fix and collect fees that shall, as closely as possible, equal the cost of providing services related to issuing certificates of title. Consequently, the Department assumes that the fees promulgated in rule will provide the revenue to offset the one-time and ongoing costs related to issuing certificates of title. However, although the bill provides a mechanism for the Department to generate the revenue necessary to cover the costs of issuing certificates of title, it does not increase the Department's

expenditure authority in appropriation s. 20.370 (9)(mu).

5.) Stolen ATVs and Certification of Title

Summary: This bill requires the Department to establish procedures for identifying stolen ATVs with the cooperation of local law enforcement officials and the Department of Justice, by checking applications for title against any lists of stolen ATVs, inspecting serial numbers if the owner applies for a replacement certificate of title, and inspecting ATVs that are purchased out of state. The following estimations are based on 307,449 ATVs registered in Wisconsin in FY06, 9,410 duplicate ATV decal and certificate applications received in FY06, and approximately 7,600 registrations processed for out-of-state purchased ATVs in FY06. The Department assumes the new procedures workload and checking applications costs can be absorbed within the current DNR LE budget, and the inspecting of ATVs will be done in the field and cannot be absorbed.

-Establishment of new procedures for identifying stolen ATVs (one-time) - 40 hours X average warden salary \$26 = \$1,000 salary, fringe rate of 57.75% = \$600.

-Checking applications for title against stolen lists (1 minute X 307,449) = 5,124 hours. The 1 minute title check is included within the 5 minutes assumed for processing the application in CSL mentioned previously. The Department also assumes that the ongoing costs associated with checking titles of newly registered ATVs and transferred ATVs can also be absorbed in the CSL ongoing costs mentioned previously.

-Inspecting serial numbers for replacement certificate of title (20 minutes X 9,410) = 3,137 hours

-Inspecting ATV that are purchased out of state (20 minutes X 7,600) = 2,533 hours

TOTAL = 5,670 hours (assuming 1,820 FTE hours) = 3.0 FTE positions: 2.0 FTE program assistants and 1.0 FTE warden.

Program assistants dollar calculations = average hourly salary = \$16.00 per hour X 2080 FTE hours X 2.0 = \$66,600 salary, fringe rate of 48.45% = \$32,200, total salary and fringe annualize = \$98,900, plus \$3,000 annual supply costs per FTE = \$6,000.

Warden dollar calculations = average hourly salary for DNR wardens = \$26.00 per hour X 2080 FTE hours X 1.0 = \$54,100 salary, fringe rate of 57.75% = \$31,200, total salary and fringe annualize = \$85,300, plus \$4,000 annual supply costs per FTE.

6.) Display of ATV Registration Numbers

SUMMARY: The bill creates a requirement for the operator of an ATV to display the registration number on an ATV that is registered for use on public trails or routes. DNR is required by this bill to specify the manner of displaying the registration number. The registration number must be displayed in a prominent manner and, at a minimum, must be displayed at the rear of the ATV.

FISCAL EFFECT: There will be a modest cost associated with complying with the registration display requirements for all Department-owned ATVs (approximately 250) and updating regulation pamphlets and DNR websites with the new registration display requirements. It is assumed these one-time costs would be \$20 per ATV or \$5,000 [\$20 X 250] will be absorbed by the DNR programs.

There will also be some additional costs to private individuals who must purchase equipment, such as plates and numbers, in order to display the registration number on their ATV.

C. Fees and Appropriations

7.) ATV Gas Tax Payment

SUMMARY: The bill repeals the current ATV gas tax formula and replaces it with a new formula similar to the snowmobile gas tax payment. The new ATV gas tax payment, created by the bill, is calculated by multiplying the number of ATVs registered for public use and the number of reflectorized plates issued for commercial ATV use on the last day of February of the previous fiscal year by 50 gallons and multiplying that product by the motor vehicle fuel excise tax on the last day of February of the previous fiscal year. This total is then increased by an additional 40%.

FISCAL EFFECT: The bill will generate an additional \$3.3 million annually for the ATV trail grant programs. The Department assumes this increased grant amount can be administered without an increase in costs to the DNR's Community Financial Assistance (CFA) program. The Department also assumes, based on

previous trail demands, that there will be insufficient demand on the grants program--at least in the early years of the program-- to spend the increased revenue generated from the increased gas tax revenue.

8.) ATV Fee Increases

SUMMARY: The bill increases a number of ATV fees.

Registrations - Public Use

FISCAL EFFECT: The bill increases the fee for issuance or renewal of a registration certificate for public use of an ATV from \$30 to \$50. Based on 238,500 ATVs (FY06) registered on a two-year cycle (calculated at 119,250 registrations per year to generate an annual number), the result is an increase in revenue of approximately \$2.385 million annually [$119,250 \times \$20 = \2.385 million].

Registrations - Private Use

FISCAL EFFECT: The bill increases the fee for issuance of a registration certification for private use of an ATV (which is defined in statute s.23.33 (2) (d) as exclusively for agricultural purposes or on private property) from \$15 to \$25. Private registration is valid without expiration from the initial purchase to the time that ownership is transferred. Based on an estimate of total annual private use of 5,300 based on FY06 revenues, the total increase could be \$53,000 annually [$5,300 \times \$10 = \$53,000$].

Commercial ATVs

FISCAL EFFECT: The bill increases the fee for issuance or renewal of a commercial ATV certificate from \$90 to \$100. A commercial certificate is valid for two years. Based on 198 commercial dealers registered in FY06, it is assumed the annualized increase would be \$1,000 [$198 \times \$10 \times .5$ for one-year = \$1,000]. Upon receipt of the application of the commercial ATV certification, the DNR must issue 3 reflectorized plates. The fee for an additional plate is increased from \$30 to \$40. Based on the FY06 total of 99 additional plates, it is assumed the plate fee will generate \$1,000 in additional revenue annually.

Nonresident Trail Pass and Seven-Day Trail Pass

FISCAL EFFECT: The bill increases the fee for the current nonresident trail pass from \$17.25 to \$44.25 and designates it as an annual trail pass. A seven-day trail pass is also created for a fee of \$17.25. These fees, plus the \$.75 fee for DNR to administer, makes the fees \$45 for the annual pass, and \$18 for the seven-day pass. Currently about 12,500 trail passes are sold annually, which generates approximately \$225,000. Given the new two-tier system, it is assumed that 80% of nonresidents (10,000) will choose the seven-day pass [$10,000 \times \$18 = \$180,000$] and 20% [$2,500 \times \$45 = \$112,500$] will choose the annual pass. This will result in annualized revenue of \$292,500 or a \$67,500 increase annually.

Total annual increase from increased fees: \$2,507,500 [$\$2,385,000 + \$53,000 + \$1,000 + \$1,000 + \$67,500$]

Cost to update fees:

The costs to update the DNR information related to the ATV fees: web-sites, forms, etc. are part of the CSL costs listed previously under the costs to implement the ATV titling.

9.) Appropriation Changes

SUMMARY: The bill provides \$250,000 in each of FY 08 and 09 in ATV project funding for the DNR to reroute a segment of the Ice Age Trail that currently allows the use of ATVs.

FISCAL EFFECT: The Department assumes actual costs of the project are likely in excess of those provided under the bill, and will have to be supplemented from other sources. The Department estimates that the entire project will likely necessitate the acquisition of 25.9 acres of land, which the Department does not currently own, and the construction of 5.2 miles of trail. Land acquisition costs are estimated at \$3,900/acre or approximately \$101,000. In addition, trail development and construction costs are estimated at \$5,000/mile or approximately \$26,000, plus an estimated \$25,000 to construct a bridge over Bear Lake. Lastly, it is possible that the Department may need to build a bridge over the narrows between Balsam and Red Cedar lakes to complete the project, which is estimated to cost an additional \$400,000. Should this option become necessary, total project costs are estimated at \$552,000. Other planning and siting workload may be absorbed by existing staff and budgets and the Department does not anticipate requesting a supplement for these specific costs.

SUMMARY: The bill increases, by \$2,300,000 annually, the funding to provide aids to towns villages, cities, counties, and federal agencies for nonstate ATV projects.

FISCAL EFFECT: Under current law, the Department provides \$1,600,000 annually in aid to towns, villages, cities, counties, and federal agencies for nonstate ATV projects. This bill would increase the annual amount to \$3,900,000.

SUMMARY: The bill increases, by \$300,000 annually, the aid for local law enforcement

FISCAL EFFECT: ATV local enforcement aids for patrol year 2006 were \$200,000 which resulted in a prorated 57% reimbursement. An increase of \$300,000 in aids would allow for 100% reimbursement for local ATV patrols.

10.) Income Tax Checkoff for Nonmotorized Trails

SUMMARY: The bill creates a nonmotorized trail program, to be administered by DNR, and funded from the individual income tax checkoff for nonmotorized trails, also created by the bill. The bill creates a continuing, SEG-funded appropriation for the income tax checkoff. The bill requires that all funds received, minus the costs DOR incurs for administering the checkoff procedure, must be spent on the new nonmotorized trail program; however, the bill does not list administrative costs as eligible under the program.

FISCAL EFFECT: According to Department of Revenue data from tax year 2005 returns, tax filers contributed approximately \$543,100 to the endangered species program, \$278,252 to breast cancer research, and \$133,571 for the Veterans' Trust Fund. Donations to these programs are collected in the same manner in which the proposed checkoff for the non-motorized trail program would be administered by the Department. Assuming similar participation for the non-motorized trail checkoff, it is assumed at least \$130,000 would be donated to the non-motorized trail program in the first tax year of the program.

The Department estimates it will need an additional 0.5 FTE Parks and Recreation Specialist position to administer the program. This position will serve as the program coordinator, and may coordinate land acquisition costs such as GIS mapping, surveying existing and potential lands, boundary marking and signing. Also, the incumbent may need to develop grant guidelines, assist grant applicants, review and score grant applications and review projects for feasibility. In addition, this position may draft administrative rules concerning the non-motorized trails program, and will work with the existing State Trails Coordinator to ensure program continuity. Lastly, this position will work with members of the public, landowners, state and local officials as well as legislators concerning new land acquisitions, trail construction and program development. The costs for this position are detailed below:

Salary: \$16,700
Fringe: \$ 8,100
Supplies: \$2,000
One-time: \$3,000

Total Annualized Costs: \$26,800

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description			
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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
One-time costs of \$1,434,900 related to rules development, ATV licensing and titling, equipment, Ice Age Trail re-routing, and others. The Department assumes that \$1,357,900 of this amount will be offset by increased revenue and expenditure authority.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$277,700	\$
	(FTE Position Changes)	(4.8 FTE)	
	State Operations - Other Costs	18,800	
	Local Assistance	5,900,000	
	Aids to Individuals or Organizations	30,000	
	TOTAL State Costs by Category	\$6,226,500	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S	6,226,500	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S	5,992,900	
	TOTAL State Revenues	\$5,992,900	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$6,226,500	\$

NET CHANGE IN REVENUE	\$5,992,900	\$5,900,000
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Agency/Prepared By	Authorized Signature	Date
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