

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
DOA-2049 (R09/2016)

DIVISION OF EXECUTIVE BUDGET AND FINANCE
101 EAST WILSON STREET, 10TH FLOOR
P.O. BOX 7864
MADISON, WI 53707-7864
FAX: (608) 267-0372

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis <input type="checkbox"/> Original <input checked="" type="checkbox"/> Updated <input type="checkbox"/> Corrected	2. Date 06/02/2021
3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) NR 20, Fishing: Inland Waters; Outlying Waters, NR 25, Commercial Fishing--Outlying Waters	
4. Subject FH-10-20 and FH-07-21 (E) - Fish harvest in Lake Superior	
5. Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	6. Chapter 20, Stats. Appropriations Affected
7. Fiscal Effect of Implementing the Rule <input type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs <input type="checkbox"/> Decrease Costs <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Could Absorb Within Agency's Budget	
8. The Rule Will Impact the Following (Check All That Apply) <input type="checkbox"/> State's Economy <input checked="" type="checkbox"/> Specific Businesses/Sectors <input type="checkbox"/> Local Government Units <input type="checkbox"/> Public Utility Rate Payers <input checked="" type="checkbox"/> Small Businesses (if checked, complete Attachment A)	
9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1). \$Approximately \$50,000 to \$140,000 in total FH-07-21 (E) will not have any additional economic impacts beyond the above amount that is expected for the permanent rule (FH-10-20). It is important to note that since dockside values and market values of Lake Superior commercial fish and spending at businesses in the Lake Superior region vary from year to year, determining the net economic impact is difficult. Proposed quotas and associated regulations aim to maintain sustainable harvest levels to prevent economic decline linked with reduced fish populations.	
10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
11. Policy Problem Addressed by the Rule Sustainable harvest of commercial fish species such as lake trout and cisco depends upon appropriate quotas and harvest regulations. These rules update lake trout and cisco quotas and associated harvest regulations to manage these fisheries based on the most recent biological information.	
12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments. The department will contact individuals, businesses, local governmental units and others with an interest in this rule's economic impacts during development of the permanent rule.	
13. Identify the Local Governmental Units that Participated in the Development of this EIA. None	
14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred) State Fiscal Impact The department anticipates no fiscal impact resulting from these rules. The department annually conducts a number of activities related to managing lake trout and cisco including monitoring both angler and commercial harvest, establishing harvest quotas, selling licenses, providing law enforcement services, surveys and related research. The department will	

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continue to conduct the same activities under the season framework proposed in this rule and does not anticipate any new or reduced expenditures.

Economic Impact

This rule is expected to have a moderate economic impact because it is very similar to rules which have been in place from 2018 to 2020, but does include quota reductions that could impact total commercial harvest. Lake trout are managed by quota and state and tribal commercial fishers are allotted individual tags. Estimated dockside value of lake trout for the ten state licensed commercial fishermen during the 2019 season was \$28,651. Even under a decreased quota, dockside value is dependent on a variety of factors including market value and fishing conditions, and fuel and other expenditures have a greater economic impact for commercial fishers. In 2018, a higher lake trout quota went into effect for commercial fishers; therefore, the average pounds of lake trout harvested by all commercial fishers in 2018-19 was 32,609 per year, compared to an average of 23,665 pounds per year in 2016-17. Assuming a value of \$1 per pound for lake trout, the total gain to commercial fishers under the higher quota years was \$8,944. A similar quota reduction, therefore, would result in a similar economic loss of less than \$10,000 across the 10 Lake Superior state commercial fishers. However, the reduction under these rules will not create quotas as low as the 2016-17 quotas, so the economic impact to profits will likely be less than under the 2016-17 quotas. It is also important to note that whitefish harvest is also limited by lake trout harvest. Commercial fishing allowable effort is established at a level that will prevent overharvest of lake trout during whitefish gill netting operations, so commercial fishers may see an economic impact from lower whitefish harvest. However, the average wholesale price of whitefish fluctuates from year to year, so lower harvest may not necessarily translate to lower profits. For example, in 2014 commercial fishers harvested a total of 380,968 (dressed weight) pound of whitefish with an estimated dockside value of \$792,413. In 2019, commercial fishers harvested a total of 393,269 (dressed weight) pounds of whitefish valued at \$385,403. The difference between the two years was due to the difference in average wholesale value. Though these rules does not apply to tribal fishers, tribal commercial fishers are also included under the quota through the Lake Superior Fishing Agreement, so they are likely to see a similar decrease or maintain pattern for lake trout and whitefish harvest.

In 2019, the cisco price per pound was \$0.40-0.75, but has been as high as \$1.20 per pound since 2012. While the price per pound has varied over time, estimated total value of the commercial cisco roe fishery is between \$200,000 and \$500,000 per year. The methods in the rules for determining harvest restrictions are expected to allow the commercial fishing community to harvest at or near the current total average annual catch amount. A reduction in cisco quota may impact commercial fishers, but actual harvest levels over the past 10 years have generally been below the proposed quota, so the total value of the fishery may not change significantly. Due to annual variation in value of the cisco fishery, the total economic impact is indeterminate. However, because the individual quota allotment for cisco will decrease, some individual fishers that harvested their full allotment in the past few years may see a decrease in actual harvest and corresponding economic impacts under the reduced quota (likely less than \$40,000 for each licensee). In 2019, three commercial fishing licensees harvested more cisco than the amount of cisco allowable harvest that would be allotted to those fishers under the proposed lower quota, so most licensees are not likely to experience reduced harvest due to this rule. Individual commercial fishers may need to reduce their harvest or acquire part of the individual quota allocated to another fisher as a result of the new quota. This would be viewed as a negative impact by commercial fishers that would experience decreased harvest or the need to purchase part of another fisher's quota, but could benefit the seller of the quota.

These rules may also have a minimal impact on sport fishing businesses and local businesses, in the event that the lake trout season closes early. Sport fishing is an important contributor to local economic activity in the Lake Superior region through direct spending to hotels, restaurants, bars, and to fishing businesses such as outfitters, guide or charter services and bait and tackle stores. However, because the lake trout season is not guaranteed to close early under these rules, and

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because these rules make no changes to size or bag limits, sport fishers may not be affected. It is difficult to determine the economic impact that might result from changes in the angling activities, and related spending, from non-commercial fishing but it is expected to be minimal because lake trout are just one component of the fishery. Angling activity is determined by weather conditions year-round as well as by success on other targeted salmonid species such as brown trout, splake, or coho salmon. Angler hours in WI-2 have ranged from 195,000 to 235,000 from 2017 through 2019. Charter fishing licenses for Lake Superior have remained stable over the past years (2005-2019) ranging from 22 to 29. The number of licensed charter fishers in 2019 was 24 and had the highest harvest and effort since 2010. Lake trout size and bag limits will not change with these rules, though an adjustment to the harvest trigger for lake trout could potentially lead to an early season closure if the trigger is reached prior to the end of the recreational lake trout season. The last time that the lake trout season closed early was 2017, and the new quota would not have resulted in early closure in 2017. Economic impact on local business would be expected to be similar to 2019.

Related to both commercial and angler use of lake trout and cisco, harvest quotas are ideally reviewed every 3 years, with data collection and review occurring each year. Because of the variability of harvest quotas, there is no true baseline against which to compare increases and decreases and related economic impacts. Because of this variability, it is also difficult to estimate specific long-term economic impacts except to surmise that continued availability of the resource has overall positive impacts.

Minimal to no impact from reduced lake trout harvest is expected for businesses or business associations that do not rely on harvest of lake trout (e.g., charter fishers who promote catch and release, commercial fishers who use trap nets which allow the release of incidentally caught lake trout).

The rules do not impose any compliance or reporting requirements nor would any design or operational standards be contained in the rules. The rules do not allow for the potential to establish a reduced fine for small businesses, nor do they establish “alternative enforcement mechanisms” for “minor violations” of administrative rules made by small businesses. Public utility rate payers and local governmental units will not be affected by the rule.

15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule
These rules imposing harvest revisions are necessary in order to ensure a sustainable lake trout fishery over the long-term and will result in economic and natural resource benefits for everyone who utilizes Lake Superior's lake trout and cisco. Not implementing the rules is likely to result in a decline of the lake trout population, resulting in lower lake trout harvest in the future for all fishers. Not implementing these rules could also result in a steeper decline in cisco populations; cisco are commercially harvested and are also part of the prey base for lake trout.

16. Long Range Implications of Implementing the Rule
Sustainable lake trout and cisco quotas will help ensure good sport, tribal and commercial fishing opportunities into the future.

17. Compare With Approaches Being Used by Federal Government
No federal statutes or regulations apply. States possess inherent authority to manage the fishery and wildlife resources located within their boundaries, except insofar as preempted by federal treaties and laws, including regulations established in the Federal Register.

18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)
Along with Wisconsin, Michigan and Minnesota are the only adjacent states with a Lake Superior commercial fishery. In Michigan, whitefish is the focus of the commercial fishery. Minnesota regulates several commercial fisheries on Lake Superior. Both Minnesota and Michigan have established quotas, gear requirements and other restrictions for commercial fishing in Lake Superior, working in cooperation with the Chippewa tribes in those states.

19. Contact Name	20. Contact Phone Number
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Meredith Penthorn, Fisheries Management policy specialist

608-316-0080

This document can be made available in alternate formats to individuals with disabilities upon request.

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Fiscal Estimate & Economic Impact Analysis**ATTACHMENT A**

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)**Economic Impact**

The overall economic impact of these rules is expected to be moderate because they are very similar to rules which have been in place from 2018 to 2020, but do include quota reductions that could impact total commercial harvest. Lake trout are managed by quota and state and tribal commercial fishers are allotted individual tags. Estimated dockside value of lake trout for the ten state licensed commercial fishermen during the 2019 season was \$28,651. Even under a decreased quota, dockside value is dependent on a variety of factors including market value and fishing conditions, and fuel and other expenditures have a greater economic impact for commercial fishers. In 2018, a higher lake trout quota went into effect for commercial fishers; therefore, the average pounds of lake trout harvested by all commercial fishers in 2018-19 was 32,609 per year, compared to an average of 23,665 pounds per year in 2016-17. Assuming a value of \$1 per pound for lake trout, the total gain to commercial fishers under the higher quota years was \$8,944. A similar quota reduction, therefore, would result in a similar economic loss of less than \$10,000 across the 10 Lake Superior state commercial fishers. However, the reduction under these rules will not create quotas as low as the 2016-17 quotas, so the economic impact to profits will likely be less than under the 2016-17 quotas. It is also important to note that whitefish harvest is also limited by lake trout harvest. Commercial fishing allowable effort is established at a level that will prevent overharvest of lake trout during whitefish gill netting operations, so commercial fishers may see an economic impact from lower whitefish harvest. However, the average wholesale price of whitefish fluctuates from year to year, so lower harvest may not necessarily translate to lower profits. For example, in 2014 commercial fishers harvested a total of 380,968 (dressed weight) pound of whitefish with an estimated dockside value of \$792,413. In 2019, commercial fishers harvested a total of 393,269 (dressed weight) pounds of whitefish valued at \$385,403. The difference between the two years was due to the difference in average wholesale value. Though this rule does not apply to tribal fishers, tribal commercial fishers are also included under the quota through the Lake Superior Fishing Agreement, so they are likely to see a similar decrease or maintain pattern for lake trout and whitefish harvest.

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and bait and tackle stores. However, because the lake trout season is not guaranteed to close early under these rules, and because these rules make no changes to size or bag limits, sport fishers and associated businesses may not be affected by the rules. It is difficult to determine the economic impact that might result from changes in the angling activities, and related spending, from sport fishing, but it is expected to be minimal because lake trout are just one component of the fishery. Angling activity is determined by weather conditions year-round as well as by success on other targeted salmonid species such as brown trout, splake, or coho salmon. Angler hours in WI-2 have ranged from 195,000 to 235,000 from 2017 through 2019. Charter fishing licenses for Lake Superior have remained stable over the past (2005-2019) ranging from 22 to 29. The number of licensed charter fishers in 2019 was 24 and had the highest harvest and effort since 2010. Lake trout size and bag limits will not change with these rules, though an adjustment to the harvest trigger for lake trout could potentially lead to an early season closure if the trigger is reached prior to the end of the recreational lake trout season. The last time that the lake trout season closed early was 2017 and the new quota would not have resulted in early closure in 2017. Economic impact on local business would be expected to be similar to 2019.

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2. Summary of the data sources used to measure the Rule’s impact on Small Businesses

Commercial fishing licensees are required to record and report all elements of their fishing activity as required by s. 29.519 (5) Wis. Stats.

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

Consistent hook and line fishing regulations

4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

Aside from adjustment of the sport fishing lake trout harvest quota, no other sport fishing regulations will change with these rules, keeping regulations consistent for recreational anglers, charter captains, and similar businesses.

5. Describe the Rule’s Enforcement Provisions

The rules will be enforced by department conservation wardens under the authority of chapter 29, Stats., through routine patrols, record audits of wholesale fish dealers and state-licensed commercial fishers, and follow up investigations of citizen complaints.

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6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

Yes No
