



Legislative Fiscal Bureau

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January 30, 2008

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 62: Electrical Receptacles in State Parks

Assembly Bill 62 would increase the allowable number of state park campsites that have electrical receptacles. The bill was introduced on February 13, 2007, and referred to the Assembly Committee on Tourism, Recreation and State Properties. On May 14, 2007, the bill was recommended for passage by the Committee on a vote of Ayes 10; Noes 0. The bill was referred to the Joint Committee on Finance on July 31, 2007.

CURRENT LAW

Currently, the Department of Natural Resources (DNR) Bureau of Parks operate 72 recreational properties open to the public, including 45 state parks, 15 state trails (another 27 trails are state owned, but locally operated and maintained), six southern forests and six recreation areas. The recreational properties managed by park staff contain 4,700 campsites, 1,400 acres of picnic areas, and 32 properties containing approximately 21 miles of beaches. Revenues to the parks account of the conservation fund are primarily generated by motor vehicle admissions fees to state parks and by camping fees.

The statutory minimum charge for all campgrounds was increased by \$2 per night under 2005 Act 25 (the 2005-07 biennial budget bill). Campgrounds are classified in statute as being type "A" (\$10 per night for residents, \$12 for nonresidents); type "B" (\$9 per night for residents, \$11 for nonresidents); or type "C" (\$8 per night for residents, \$10 for nonresidents). Additionally, beginning in February, 2008, the minimum charge for most campgrounds will increase by \$2. (DNR increased the fee by amending administrative rule NR 45.) Designations are made based on the location of the campsite and what amenities (such as running water, electricity, flush or pit toilet facilities, or showers) are readily available to campers. Campgrounds in all state parks, southern forests, recreation areas, on state trails, as well as campgrounds located at Crystal Lake, Musky

Lake, Firefly Lake, and Clear Lake in the Northern Highland-American Legion state forest and Castle Mount campground in the Black River state forest are classified as type "A". All other northern forest campgrounds are classified as type "B" campgrounds. There are currently no campsites classified as type "C".

While minimum fees are established in statute, some additional fees have been implemented by administrative rule (including an extra fee of \$5 per night per campsite for electricity, an additional fee of \$3 for certain high-demand campground areas, and additional fees not to exceed \$5 per night for certain campsites that have water views). Accordingly, fees charged for one night of camping can range from \$9 for a resident in certain type "B" northern forest campgrounds with no electrical hook up or water view to up to \$23 per night for a resident (\$12) camping in a type "A" electrified site (\$5) located on the water (\$3) in one of 15 high-demand State Parks (\$3). Further, individuals wishing to reserve a campsite in advance must pay a \$10 fee per reservation (Reservations are generally not accepted on-site; however, if a campsite is available, a person may claim that campsite on-site and would not be subject to the reservation fee).

Currently, no more than 25% of campsites may have electrical receptacles, and not less than 25% must be rustic campsites (including no electricity, flush toilets, or showers).

SUMMARY OF BILL

Assembly Bill 62 would allow up to 30% of all state park campsites to have electrical receptacles, rather than 25% currently. Further, the bill would specify that no more than 50% of the campsites in any one state park may have electrical receptacles.

FISCAL EFFECT

The bill would allow additional development of electrical receptacles by DNR. Currently, approximately 22% of all state park and southern forest campsites (800 campsites out of 3,610 total) have electrical receptacles. Approximately 102 more sites could be modified for electricity under the current law limit of 25%. The Department has received authority from the State Building Commission to develop an additional 342 campsites (bringing the total number of state park and southern forest campsites to 3,952). The Department has plans to develop these additional sites by the end of the 2007-09 biennium. Of these, DNR plans to provide electrical service to 178 campsites, bringing the total number of electrified sites to 978 (slightly less than 25% of total existing and planned campsites; 988 sites would be allowed under current law). The bill would allow an additional 198 sites to feature electrical receptacles over those allowed under current law. DNR indicates that there would be sizeable one-time costs associated with installing sufficient electrical receptacles to reach the higher threshold (at an average cost of \$3,300 per campsite to upgrade 198 sites, for a total one-time cost of \$653,400) if the bill were enacted. The Department generally issues 20-year tax-exempt general obligation bonds to support parks and southern forests facilities and campgrounds construction under the Warren Knowles-Gaylord Nelson Stewardship program. Debt service payments to retire \$653,400 in bonds issued for construction of 198

campsites could be expected to be approximately \$50,000 annually for 20 years (\$1,000,000 total). However, debt service for stewardship bonding is primarily funded from a sum-sufficient general purpose revenue (GPR) appropriation in DNR (although since 1999-00, funds have been appropriated from the forestry account of the segregated conservation fund as well). While the Department could develop additional electrical receptacles in the future, it would not be compelled to do so by this bill.

Currently, DNR charges an additional \$5 per night for sites with electrical hook ups. The Department indicates that the cost of the electricity supplied to these sites averages \$2.04 per night. Assuming a typical occupancy rate for electrical sites of approximately 68% during the 191 day camping season, it could be estimated that each site equipped with electrical receptacles could generate additional net operating revenues of approximately \$385 per season to the parks account of the conservation fund. If all 198 sites allowed under the bill were upgraded, increased revenues could total approximately \$129,000 SEG annually with operating costs of approximately \$52,000, for net revenues of approximately \$77,000 annually.

Although the parks account does not pay debt service on stewardship program bonds, it is possible that state revenues may exceed the state operating and debt service costs for construction of 198 electrified campsites by approximately \$27,000 annually. However, to the extent operating costs increased or maintenance costs were incurred, net revenues could be lower (or park charges increased). Parks staff indicate that the expected life of a standard electrical hook up averages 25 years.

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