



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

January 16, 2020

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 692/Senate Bill 623: Funding for County Snowmobile Trails and Areas

Assembly Bill 692 and Senate Bill 623, identical proposals referred to hereafter as "the bill," would increase the amounts available for aids to counties for snowmobile trails and areas by \$3.0 million in each year of the 2019-21 biennium and set a new base for the appropriation. On December 23, 2019, AB 692 was introduced and referred to the Assembly Committee on Forestry, Parks and Outdoor Recreation. A public hearing was held on January 7, 2020. An executive session is scheduled to be held on January 15, 2020. SB 623 was introduced on December 19, 2019 and referred to the Senate Committee on Natural Resources. A public hearing was held for the bill on January 8, 2020.

BACKGROUND

The Department of Natural Resources (DNR) administers a snowmobile recreation program to develop and maintain a statewide system of snowmobile trails and administer and enforce snowmobile laws. Revenues to the account include: (a) an annual transfer from the transportation fund equal to the value of motor fuel tax paid on 50 gallons of gasoline, multiplied by the number of snowmobiles registered in the state, multiplied by 1.55; (b) snowmobile registration fees for public use; (c) commercial and antique snowmobile registration fees; (d) resident, nonresident and club registration fees; (e) snowmobile safety course instruction fees; and (f) 1% of the total sales tax receipts the Department collects from those who have purchased snowmobiles but who have not provided proof that a sales tax was paid, which is required before the vehicle can be registered.

These revenues support: (a) the administration of DNR's snowmobile program, including state snowmobile enforcement; (b) state snowmobile facilities; (c) trail and project aids to participating counties; (d) county enforcement aids; and (e) snowmobile education and safety trainings. The attachment shows the preliminary condition of the snowmobile account as of June 30, 2019, as well as its estimated condition under 2019 Wisconsin Act 9, the 2019-21 biennial budget act.

CURRENT LAW

DNR distributes aids to participating counties for the maintenance, development, and acquisition of land to support approximately 18,900 miles of interconnecting snowmobile trails throughout the state. Generally, these aids are provided to counties at 100% of eligible costs. The counties either develop and maintain local trails, or, more typically, redistribute aid to local snowmobile clubs that do the maintenance and development projects. County expenditures eligible for state aid are as follows, listed in priority order: (a) maintenance of existing approved trails, up to a maximum of \$300 per mile per year; (b) club signing programs; (c) bridge rehabilitation; (d) municipal route signing; (e) trail rehabilitation; and (f) development of new trails.

Snowmobile trail and project aids are funded from three sources: (a) a sum-certain appropriation [s. 20.370 (5)(cr) of the statutes], which would be increased by the bill; (b) the annual gas tax transfer, budgeted at approximately \$5.2 million in 2019-20 and \$4.9 million in 2020-21; and (c) annual revenues from nonresident trail passes, budgeted at \$915,400 in 2019-20 and \$966,100 in 2020-21. As shown in the account condition, the sum-certain county snowmobile trail and project aids appropriation is authorized to expend up to \$2,475,400 in each year of the 2019-21 biennium. This amount has remained constant since fiscal year 2010-11. All three trail and project aids appropriations are continuing, meaning funds budgeted or received for those purposes do not lapse to the snowmobile account balance for use for other purposes.

SUMMARY OF BILLS

The bills would increase the appropriation's expenditure authority by \$3,000,000 in each year of the biennium from \$2,475,400 to \$5,475,400.

FISCAL EFFECT

The bill would increase the appropriation under s. 20.370(5)(cr) of the statutes by \$3,000,000, setting expenditure authority at \$5,475,400 each year beginning in fiscal year 2019-20. The bill would enable DNR to award more grants to counties for snowmobile projects. Under current law, DNR typically is unable to fully fund county requests. The following table shows grant requests and awards for snowmobile trail and project aids since fiscal year 2015-16. It should be noted that DNR pools snowmobile grant funds and awards project aids from a single source. The awards shown in the table include the trail and project aids appropriations.

Snowmobile Project and Trail Grant Awards, 2015-16 to 2019-20

<u>Fiscal Year</u>	<u>Requested</u>	<u>Awarded</u>	<u>Percent of Request Funded</u>
2015-16	\$8,291,734	\$6,673,205	80.5%
2016-17	9,632,780	6,729,265	69.9
2017-18	9,799,249	7,037,867	71.8
2018-19	8,569,655	7,684,966	89.7
2019-20	9,434,574	7,583,942	80.4

As shown in the table, DNR has been unable to fund between \$885,000 and \$2.9 million in snowmobile grant requests each year. The amount appropriated under the bills would enable DNR to fund all grant requests, based on historic demand. In recent years, snowmobile account revenues have exceeded expenditures by between \$2 million and \$3 million per year. As shown in the attachment, under current law, the account is estimated to have an unencumbered balance of \$9.6 million on June 30, 2021.

While the balance of the snowmobile account has generally grown in recent years, revenues to the account tend to follow a cyclical trend. Snowmobile registrations are valid for three years. Therefore, in certain years, the number of snowmobiles registered in the state is lower than in other years. This has the effect of reducing that year's registration and trail pass revenues, as well as the motor fuel tax transfer. DNR reports that if revenues are insufficient to fund the additional expenditures authorized in the bill, the Department would award fewer grants to counties.

Prepared by: Eric Hepler
Attachment

ATTACHMENT

Snowmobile Account Condition

	2017-18 <u>Actual</u>	2018-19 <u>Preliminary</u>	2019-20 <u>Budgeted</u>	2020-21 <u>Budgeted</u>	2019-20 <u>Staff</u>
Opening Balance	\$11,506,900	\$12,650,800	\$15,039,300	\$16,997,300	
Revenue					
Club Trail Pass	\$674,400	\$643,700	\$650,000	\$650,000	
Education and Safety	36,600	22,500	25,000	25,000	
Fuel Tax Transfer	4,858,700	5,579,000	5,248,300	4,909,200	
Non-Resident Trail Pass	1,075,200	969,300	1,000,000	1,000,000	
Registration Transfers	88,900	122,300	125,000	75,000	
Resident Trail Pass	1,886,200	2,393,900	2,200,000	2,200,000	
Snowmobile Registrations	1,282,200	2,774,100	2,750,000	2,000,000	
Other	<u>29,900</u>	<u>56,600</u>	<u>65,000</u>	<u>50,000</u>	
Total	\$9,932,100	\$12,561,400	\$12,063,300	\$10,909,200	
Available Balance	\$21,439,000	\$25,212,200	\$27,102,600	\$27,906,500	
Expenditures					
Operations					
State Snowmobile Areas and Trails	\$151,500	\$211,100	\$211,100	\$211,100	
Snowmobile Administration	194,500	194,500	206,800	206,800	1.50
Snowmobile Enforcement and Safety	<u>123,400</u>	<u>123,400</u>	<u>119,600</u>	<u>119,600</u>	
Subtotal	\$469,400	\$529,000	\$537,500	\$537,500	
Aids					
Trail and Project Aids (Sum-Certain) *	\$2,617,900	\$3,058,100	\$2,475,400	\$2,475,400	
Trail Aids (Gas Tax-Funded)	4,579,200	5,624,000	5,248,300	4,909,200	
Trail Aids (Trail Pass-Funded)	316,400	167,800	915,400	966,100	
County Enforcement Aids	<u>396,000</u>	<u>396,000</u>	<u>396,000</u>	<u>396,000</u>	
Subtotal	\$7,909,500	\$9,245,900	\$9,035,100	\$8,746,700	
Split-Funded Appropriations					
Internal Services	\$30,200	\$19,000	\$21,600	\$21,600	0.14
External Services	352,800	344,200	454,300	454,300	4.34
Facilities, Lands, and Property Management	-	8,900	9,600	9,600	0.10
Administrative Facility Repair and Debt Service	2,800	3,400	9,400	9,500	
Resource Acquisition and Development	400	900	600	600	
Rent and Property Maintenance	3,400	-	3,500	3,600	
Education and Safety	<u>19,700</u>	<u>21,600</u>	<u>29,800</u>	<u>29,800</u>	
Subtotal	\$409,300	\$398,000	\$528,800	\$529,000	
Compensation Reserves			\$3,900	\$7,900	
Total Expenditures	\$8,788,200	\$10,172,900	\$10,105,300	\$9,821,100	6.08
Closing Cash Balance	\$12,650,800	\$15,039,300	\$16,997,300	\$18,085,400	
Encumbrances and Continuing Balances	\$7,987,200	\$8,450,100	\$8,450,100	\$8,450,100	
Available Balance	\$4,663,600	\$6,589,200	\$8,547,200	\$9,635,300	

* Under AB 692/SB 623, the trail and project aids appropriation would be increased to \$5,475,400 in both 2019-20 and 2020-21.