



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #561

Exotic Species Management (DNR -- Water Quality)

[LFB 2003-05 Budget Summary: Page 325, #2]

CURRENT LAW

The water resources account of the conservation fund (motorboat gas tax revenue) supports DNR staff who provide technical and educational assistance to local governments, including public inland lake rehabilitation districts and lake and river associations. In addition, funding is used to conduct diagnostic studies, support demonstration projects, and to develop and distribute information on lakes and river management to lake districts and waterfront property owners.

Several exotic species, including Eurasian water milfoil, purple loosestrife, zebra mussels, carp, and rusty crayfish are already present in many inland Wisconsin waters. Invasive species that are currently present in the Great Lakes include spiny water flea, ruffe, round goby, and white perch.

GOVERNOR

Provide an additional \$250,000 annually from the water resources account (motorboat fuel tax) of the conservation fund for the invasive species management program. This would increase available funding for the exotic species management program to \$550,000 annually.

DISCUSSION POINTS

1. Under the 1999-01 biennial budget, \$25,000 was provided from the recreational boating program for 1999-01 only for informational and educational activities related to zebra mussels and other aquatic nuisance species. Support for the program was increased under 2001 Act 16 (the 2001-03 biennial budget) to \$300,000 annually, with funding provided from the water resources account of the conservation fund to begin a comprehensive program to manage invasive

species. In addition, DNR was authorized to establish an invasive plants management program with several goals: (a) protect and develop diverse and stable communities of native aquatic plants; (b) regulate how aquatic plants are managed; and (c) provide education and conduct research concerning invasive aquatic plants. Further, Act 16 authorized DNR to issue aquatic plant management permits, charge fees, and enforce the provisions of the bill including the imposition of penalties for violations.

2. The funding provided in each year under Act 16 has been used for a variety of purposes. Approximately \$50,000 annually has been allocated for LTE assistance during the boating season to provide watercraft inspection assistance at selected boat landings, provide staff to demonstrate proper techniques for cleaning boats and trailers, and increase public awareness of invasive species issues. In addition, DNR allocated \$132,000 in each year for information and education outreach efforts, including public service announcements, the development of exotic species information displays for use at state parks, and coordination efforts with lake groups to develop and distribute brochures to the public. Funds were also used to hire an outreach coordinator through the University of Wisconsin Extension to help provide information and assistance to counties and local units of government on this issue. Monitoring costs (\$50,000 annually) were also incurred. DNR utilized this funding to track the spread of several species, including Eurasian water milfoil and zebra mussels, and to train volunteers to assist in monitoring efforts for invasive species around the state. Finally, \$68,000 was allocated in each year for purple loosestrife biocontrol efforts. Expenditures support obtaining and distributing beetles (which feed on the purple loosestrife), as well as a full-time coordinator, contracted for through the UW Extension, to train and coordinate volunteers to propagate and release the beetles at appropriate sites.

3. Under the bill, \$150,000 would be provided annually from the water resources account to increase watercraft inspection and public contact efforts during the boating season. This level of funding is expected to increase available staff resources for this effort by up to 12,000 hours each year, allowing DNR to place LTE staff at additional sites statewide. In addition, \$50,000 would be provided annually to increase statewide monitoring efforts (including equipment acquisition, field work, and data analysis). Finally, \$50,000 would be provided each year under the bill for programs and research targeted at preventing the spread of aquatic invasive species. These efforts would include pilot projects to determine the feasibility of implementing alternative control strategies on problem species.

4. Funding provided under the bill would increase resources for monitoring, research, and public contact to increase awareness of invasive species issues. However, while financial support for the program has been steadily increasing, no permanent DNR staff have been provided. The Department requested 2.0 positions (one to manage the aquatic invasive species program and one to manage the terrestrial invasive plant species management program) during the 2001-03 biennium, and again as part of their 2003-05 biennial budget request, but no positions have been provided. It may be argued that authorizing 1.0 position to coordinate statewide invasive species prevention and education efforts within DNR as well as with external partners (such as volunteer groups, lake associations, and local units of government) may improve DNR's ability to address and effectively plan its response to this issue. If a position were provided for these purposes, the Committee would have the option of providing additional funding to support the position, or

allocating funding from available resources under the program. A conservation biologist could be funded at \$28,300 in 2003-04 and \$56,600 in 2004-05, including salary, supplies, and fringe benefit costs. (This assumes that the position would begin on January 1, 2004.)

5. Alternatively, it may be argued that a different direction could be taken to support the invasive species program, through increasing local cooperative management and control efforts. DNR currently administers a lake protection grant program to assist local partners in a variety of planning, management, and classification activities.

6. Lake protection grants may be awarded for a variety of purposes, including management projects that will improve or protect the quality of water in lakes, flowages, or natural lake ecosystems. A grant for a lake management project may be made for up to 75% of the cost of the project up to \$200,000 per grant. Counties, municipalities, non-profit conservation organizations, qualified lake associations, town sanitary districts, certain school districts, and public inland lake protection and rehabilitation districts are all eligible to apply for grants for lake management projects. Eligible activities include: (a) the purchase of land or conservation easements (if the purchase will substantially contribute to the protection or improvement of a lake or natural lake ecosystem's water quality); (b) wetland restoration; (c) restoration of shoreline habitat; (d) development of local regulations or ordinances that will protect or improve the water quality of a lake or natural lake ecosystem; and (e) an activity that is approved by the DNR, and that is needed to implement a recommendation made as a result of a plan to improve or protect the quality of water in a lake or natural lake ecosystem. Eligible lake restoration projects under the program are specifically defined to include aquatic plant management.

7. In addition to lake management projects, lake protection grants may also include lake classification activities for: (a) lake classification project grants of up to \$50,000 per county for up to 75% of the costs for the development and implementation of lake classification and subsequent protection programs; and (b) lake classification technical assistance grants of up to \$200,000 to nonprofit corporations to provide educational and technical assistance to local units of government and lake management organizations that will participate in a lake classification project. Finally, lake protection grants are also provided for planning projects. Examples of eligible activities include data collection, mapping, water quality assessment, nonpoint source pollution evaluation, management strategy development and other projects that would provide baseline information on the status of lakes. Grants may support up to 75% of the project costs, with a maximum award of \$10,000.

8. Under the bill, \$2,675,400 is available annually for lake protection grants. DNR indicates that applications for funding under this program generally total one and one-half to two times the available funds each grant cycle.

9. The Committee could choose to provide additional funding for lake protection grants with the specification that the increased funding be used for grants to assist with projects related to the prevention or control of aquatic invasive species, or to conduct local education/inspection activities at boat landings. Under the program, groups seeking grants for these purposes would be able to use the value of other donated resources (such as volunteer hours or use of equipment) as part or all of their required matching contribution. The Department included a request for \$250,000

annually for this purpose in its proposed 2003-05 biennial budget; however, this funding was not included in the bill. Alternatively, if no additional funding were provided, a portion of the available funding under the lake protection grant program could be earmarked for this purpose to ensure that this issue is prioritized in the competition for grants under the program.

10. The main source of revenue to the water resources account, created in 1987, is an annual transfer of motorboat fuel tax revenue into the account. The amount of the transfer each fiscal year is calculated by multiplying the motor fuel tax on 50 gallons of gasoline on April 1 of the previous fiscal year by the number of motorboats registered as of January 1 of the previous fiscal year and then multiplying this result by 1.4. In 2003-04, \$12,351,500 is expected to be transferred to the water resources account under this formula. Funding from the water resources account is used to support: (a) development of state and local recreational boating facilities; (b) lake and river management activities and grant programs; (c) dam inspection and safety; and (d) operation and management of the Fox River locks system.

11. The following table shows the condition of the water resources account of the conservation fund. The account is estimated to have a balance of \$1.8 million on June 30, 2005, and could support additional expenditures. It should be noted that the account has a potential structural imbalance of \$200,000 in 2004-05 (revenues of \$12.94 million and authorized expenditures of \$13.13 million). If additional funding for invasive species management efforts were provided, the level of funding may need to be adjusted in future biennia, should revenues remain below appropriated expenditure levels. However, motorboat fuel tax and registration numbers would also be expected to increase in the next biennium.

Water Resources Account Condition Statement
(\$ in Millions)

	<u>2003-04</u>	<u>2004-05</u>
Opening Balance	\$2.66	\$2.14
Total Revenue	<u>\$12.57</u>	<u>\$12.94</u>
Total Available	\$15.23	\$15.08
Expenditures	\$13.04	\$13.13
Reserves/Lapses*	<u>\$0.05</u>	<u>\$0.15</u>
Total Expenditures	\$13.09	\$13.28
Closing Balance	\$2.14	\$1.80

*Includes continuing balances from assigned revenue appropriations, payplan reserves, and anticipated lapses due to the hiring freeze.

ALTERNATIVES

1. Approve the Governor's recommendation to provide an additional \$250,000 annually from the water resources account of the conservation fund for the invasive species management program. This would increase available funding for the exotic species management

program to \$550,000 annually.

2. Provide \$28,300 in 2003-04 and \$56,600 in 2004-05 with 1.0 SEG position from the water resources account to coordinate statewide invasive species prevention and education efforts. (This alternative could be adopted in addition to, or instead of, Alternative 1).

<u>Alternative 2</u>	<u>SEG</u>
2003-05 FUNDING (Change to Bill)	\$84,900
2004-05 POSITIONS (Change to Bill)	1.00

3. Provide 1.0 SEG position beginning in 2003-04 to coordinate statewide invasive species prevention and education efforts. Funding for the position could be reallocated from existing resources. (This alternative could be adopted in addition to, or instead of, Alternative 1 or 2).

<u>Alternative 3</u>	<u>SEG</u>
2004-05 POSITIONS (Change to Bill)	1.00

4. Provide \$250,000 annually from the water resources account to increase funding available for lake protection grants. Specify that the additional funding be allocated for grants to local units of government to assist with projects related to the prevention or control of aquatic invasive species, and for education and inspection programs at boat landings. (This alternative could be adopted in addition to, or instead of, Alternative 1).

<u>Alternative 4</u>	<u>SEG</u>
2003-05 FUNDING (Change to Bill)	\$500,000

5. Require DNR to allocate \$250,000 annually from available funds under the lake protection grant program for grants to local units of government to assist with projects related to the prevention or control of aquatic invasive species, and for education and inspection programs at boat landings. (No additional funding would be provided. This alternative could be adopted in addition to, or instead of, Alternative 1).

6. Delete the provision.

<u>Alternative 6</u>	<u>SEG</u>
2003-05 FUNDING (Change to Bill)	- \$500,000

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