



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #527

Snowmobile and Endangered Resources Account Adjustments (DNR -- Fish, Wildlife, and Recreation)

CURRENT LAW

The conservation fund is a segregated (SEG) trust fund used to finance many of the state's resource management programs administered by the Department of Natural Resources (DNR). DNR programs supported by conservation fund revenues include the endangered resources program and the snowmobile recreational vehicle program.

GOVERNOR

No provision.

DISCUSSION POINTS

1. The conservation fund is defined under s. 25.29 of the Wisconsin Statutes. Conservation fund revenues may only be expended under the appropriation authority provided by the Legislature. The Department cannot transfer funds between appropriations. At the end of each fiscal year, unexpended amounts in most conservation fund appropriations lapse to the balance of the fund. However, certain appropriations are designated as continuing. Any uncommitted expenditure authority remains available in these appropriations in subsequent fiscal years.

2. The snowmobile and endangered resources accounts are both projected to have negative available balances on June 30, 2007, under the bill. While the accounts would show a negative available balance at the end of the biennium, each is anticipated to have sizable cash balances available as a result of uncommitted expenditure authority from continuing appropriations. This budgetary imbalance can occur when estimated expenditure authority for all-mones received appropriations exceeds revenues in a given fiscal year.

3. Both the snowmobile and endangered resources accounts include several continuing appropriations under which the Department is authorized to spend all revenues associated with them. One such example is the appropriation for county snowmobile trail aids (which is funded by the snowmobile fuel tax transfer). For each fiscal year, appropriation expenditure levels in state statute are estimated to equal anticipated revenues. The Department monitors actual revenues from these sources during the fiscal year, and modifies approved expenditures to equal actual revenues (rather than the previously estimated expenditure authority). At the end of a fiscal year, expenditures should generally equal revenues. However, the revenues received during a given fiscal year may not equal levels estimated when establishing the appropriation's expenditure authority in statute under the previous budget or the agency may not fully expend revenues received. As a result, the account condition statements will show a "continuing balance" to the account in the amount of the difference between what was authorized to have been spent and what the Department actually spent. This continuing balance represents approved expenditure authority that has not yet been committed by the Department. However, in these instances, the unused authorized expenditure authority may not be supported by actual revenues (meaning that the Department can not actually make expenditures that exceed the revenues received for that purpose, and the continuing balance is a measure of the difference between what expenditures were estimated to be for a given fiscal year, and what they actually were).

4. This imbalance may be corrected by adjusting appropriated expenditure authority in an effort to minimize future discrepancies, or by lapsing uncommitted expenditure authority shown in the continuing balance to the available balance of the respective account. This action does not delete or transfer funds out of the account. Rather, it changes the budgetary status of the funds from "reserved" for expenditure under a specific appropriation to becoming available for appropriation for purposes with existing revenue streams. By this method, the Legislature would not need to reduce 2005-07 expenditure authority for these programs in order to balance the accounts. Under the bill, snowmobile account commitments are expected to exceed available revenues by \$2.15 million and endangered resources by \$721,100.

ALTERNATIVES

1. Lapse the following amounts, from the continuing, uncommitted balance of the identified appropriations to the general balance of the respective conservation fund account. (This action would allow the snowmobile and endangered resources accounts to maintain positive balances through June 30, 2007.)

<u>Appropriation Account</u>	<u>Lapse Amount</u>
Snowmobile registration	\$1,350,000
Snowmobile fuel tax transfer	500,000
Nonresident trail sticker	300,000
Endangered resources voluntary payments	722,000

2. Maintain current law.

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