



## Legislative Fiscal Bureau

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May 23, 2005

Joint Committee on Finance

Paper #537

### State Park Admissions and Camping Fees (DNR -- Forestry and Parks)

[LFB 2005-07 Budget Summary: Page 369-70, #13 & #14]

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#### CURRENT LAW

Currently, DNR park staff operate 71 recreational properties open to the public, including 45 state parks, 14 state trails (another 21 state-owned trails are locally operated and maintained through partnerships), seven southern forests, and five recreational areas. An estimated 14.1 million visitors enter the parks and southern forests annually. The recreational properties managed by park staff contain 4,530 campsites, 1,407 acres of picnic areas, and 32 beaches. The state recreation system also includes an extensive network of trails, including: (a) 1,758 miles of hiking trails; (b) 1,077 miles of snowmobile trails; (c) 1,075 miles of bicycle trails (including 440 miles of off-road mountain bike trails); (d) 615 miles of groomed cross-country ski trails; (e) 586 miles of bridle trails; and (f) 231 miles of nature trails. In addition, the state owns a number of state parks and trails that are operated and maintained by local governments.

Parks account revenues are generated primarily by motor vehicle admissions fees to state parks and camping fees. No admission fee is required for any vehicle that transports a person with a senior citizen recreation card or a conservation patron license. Other revenues include certain trail use fees, golfing at Peninsula State Park, and swimming at Blue Mounds State Park. In addition, a portion of the revenue from the sale of conservation patron licenses is deposited in the parks account to reflect the park-related privileges granted to patron license holders.

#### GOVERNOR

Increase certain park vehicle admissions fees as follows:

**TABLE 1**

**State Park Vehicle Admissions Fees**

	<u>Current Law</u>	<u>Bill</u>	<u>Increase</u>	
			<u>Amount</u>	<u>Percent</u>
Resident annual	\$20	\$25.00	\$5.00	25%
Senior Citizen annual	10	10.00	0.00	0
Additional annual*	10	12.50	2.50	25
Resident daily	5	7.00	2.00	40
Nonresident annual	30	35.00	5.00	17
Additional non-resident annual*	15	17.50	2.50	17
Nonresident daily	10	10.00	0.00	0

\*Issued to an individual for a second vehicle if a full-price annual sticker has already been purchased.

Increased revenues to the parks account are estimated by the administration at \$1,428,700 (\$411,000 in 2005-06 and \$1,017,700 in 2006-07). This provision would take effect upon the general effective date of the budget.

Further, increase the minimum camping fees for DNR properties as follows:

**TABLE 2**

**State Park Camping Fees**

	<u>Current Law</u>	<u>AB 100</u>	<u>Increase</u>	
			<u>Amount</u>	<u>Percent</u>
Type "A" Campground, Resident	\$8	\$10	\$2	25%
Type "A" Campground, Nonresident	10	12	2	20
Type "B" Campground, Resident	7	9	2	29
Type "B" Campground, Nonresident	9	11	2	22
Type "C" Campground, Resident	6	8	2	33
Type "C" Campground, Nonresident	8	10	2	25

Increased revenues to the parks account are estimated by the administration at \$198,100 in 2005-06 and \$792,500 in 2006-07. This provision would take effect with the general effective date of the budget.

**DISCUSSION POINTS**

1. Certain park admissions fees were last increased in 2002. Prior to that, the last

general admissions fee increase took place in 1996. Minimum camping fees were last increased in 1992. However, while minimum fees are established in statute, some additional fee adjustments have been implemented by administrative rule, including an extra fee of \$5 per night per campsite for electricity, additional weekend and holiday fees for certain campground areas from Memorial Day weekend through Labor Day, and additional fees not to exceed \$5 per night for certain campsites that have water views.

2. The following table provides a condition statement for the parks account of the conservation fund under current law, which assumes current admission sticker and camping fees and adjusted base expenditures through the 2005-07 biennium. The account is expected to have a June 30, 2005, balance of \$130,000 primarily because park officials have been voluntarily reducing expenditures and expect to lapse over \$400,000 in expenditure authority in 2004-05. However, the account would be expected to have a deficit of over \$1.4 million under current law on June 30, 2007. Total parks revenues would be expected to decline in 2005-06 and 2006-07 as compared to the previous year due to the discontinuation of the transfer of tribal gaming revenues to the parks account. The account has received funding from tribal gaming revenues since 2001-02, including \$650,000 in 2004-05. No funding from this source is provided after 2004-05, either under current law or AB 100.

**TABLE 3**

**Estimated Parks Account Condition – Current Law  
(in Millions)**

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Opening Balance	-\$0.35	\$0.13	-\$0.55
Parks Fees	\$11.49	\$11.63	\$11.86
Tribal Gaming Revenue	<u>0.65</u>		
Total Revenue	\$12.14		
Total Available	\$11.79	\$11.77	\$11.31
Budgeted Expenditures	\$11.60	\$12.08	\$12.08
Compensation Reserves	<u>0.48</u>	<u>0.24</u>	<u>0.66</u>
Total Expenditures	\$12.08	\$12.32	\$12.74
Anticipated Lapse	-\$0.42		
Available Balance	\$0.13	-\$0.55	-\$1.43

3. The following table shows the condition of the parks account under the bill.

**TABLE 4**

**Estimated Parks Account Condition – AB 100  
(in Millions)**

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Opening Balance	-\$0.35	\$0.13	-\$0.15
Parks Fees	\$11.49	\$12.40	\$13.51
Tribal Gaming Revenue	<u>0.65</u>		
Total Revenue	\$12.14		
Total Available	\$11.79	\$12.53	\$13.36
Budgeted Expenditures	\$11.60	\$12.44	\$12.54
Compensation Reserves	<u>0.48</u>	<u>0.24</u>	<u>0.66</u>
Total Expenditures	\$12.08	\$12.68	\$13.20
Anticipated Lapse	-\$0.42		
Available Balance	\$0.13	-\$0.15	\$0.16

4. Overall, the combined increase in revenue to the parks account as a result of the admissions and camping fee increases is anticipated to be the same as estimated under the bill. Increased revenues as a result of the increase in minimum camping fees are estimated at \$202,600 in 2005-06 and \$665,800 in 2006-07 (or \$122,200 less than the administration's estimate for the biennium under the bill). Revenues as a result of the increase in state park admissions fees is estimated at \$563,200 in 2005-06 and \$981,400 in 2006-07 (or \$115,900 more than the administration's estimate for the biennium under the bill), for a net estimated decrease in revenues to the bill of \$6,300. The parks account is estimated to be structurally sound under the bill as well, with anticipated revenues exceeding budgeted expenditures in 2006-07.

**Admissions Fees Increase**

5. Under the bill, state park admissions fees would increase for resident and nonresident annual, half-price (issued to an individual for a second vehicle if a full priced annual sticker has already been purchased), and resident daily admissions stickers. However, fees charged for buses and senior citizen admission stickers would not be increased under the bill.

6. Until 1992, senior citizens could purchase a recreation card for \$15, which included lifetime small game hunting, fishing, and parks admittance privileges. Beginning in 1996, the senior citizen annual vehicle admissions sticker was priced at one-half the cost of a resident annual park sticker. This allows the same half-price admission sticker to be sold to residents purchasing a sticker for a second vehicle and to senior citizens. Under the bill, the senior citizen annual sticker

would remain at \$10, while the resident additional annual sticker would increase to \$12.50. The Department indicates that this change may necessitate the development of a new sticker for senior citizens, and require programming the change into the Automated License Issuance System (ALIS). Since DNR does not distinguish between half-price stickers sold for second vehicles and stickers sold to senior citizens, it is difficult to estimate the fiscal effect of increasing the half-price additional annual sticker to \$12.50 while maintaining the senior citizen admission sticker at the \$10 rate. Assuming that an equal proportion of half-price stickers are for additional annual sales and for senior citizens, then increasing the fee from \$10 to \$12.50 for senior citizens would be expected to generate \$17,900 in 2005-06 and \$25,900 in 2006-07. In addition, this would allow the current practice of using one discounted sticker to continue.

7. The Department has expressed concern over the implementation of the admissions sticker fee increase as provided under the bill. Specifically, DNR would prefer that the admissions fee increase become effective at the start of the new parks season (January 1, 2006). Department officials indicate that making the provision effective with the passage of the bill would create some administrative difficulties in accounting for revenues and sales of identical stickers sold at different prices. Further, increasing the fee for admissions stickers upon the effective date of the bill would mean that customers purchasing a sticker later in the season would be required to pay a higher fee than customers who bought admission stickers earlier in the year, raising equity concerns.

8. However, it should be noted that delaying the effective date of the admissions fee increase until January 1, 2006, would result in a decrease in revenues of approximately \$151,800. If revenues were reduced by this amount, the parks account would still be expected to maintain a minimal June 30, 2007, balance.

9. The following table compares park admissions fees charged under current law and as proposed under the bill to surrounding states.

**TABLE 5**

**State Park Admissions Fees -- Surrounding States**

	<u>Illinois</u>	<u>Iowa</u>	<u>Michigan</u>	<u>Minnesota</u>	<u>Wisconsin Current Law</u>	<u>Wisconsin Budget Bill</u>
Resident Annual	Free	Free	\$24	\$25	\$20	\$25.00
Nonresident Annual	Free	Free	29	25	30	35.00
Additional Resident Annual	Free	Free	6*	18	10	12.50
Additional Nonresident Annual	Free	Free	6*	18	15	17.50
Resident Senior Citizen Annual	Free	Free	6	NA	10	10.00
Daily Resident	Free	Free	6	7	5	7.00
Daily Nonresident	Free	Free	8	7	10	10.00

\*In Michigan, this permit is only available to individuals who tow a second motor vehicle with a motor home.

10. Two neighboring states (Illinois and Iowa) do not charge admissions fees to their

state parks. Natural resources officials from these states indicate that state park operations are supported by a combination of revenues from camping fees and from the general fund. Previously, Wisconsin state parks operations were supported by one-half segregated revenue (most of which is generated through user fees, such as park admission stickers and camping revenues) and one-half from general purpose revenues (GPR). The percentage of GPR as a portion of the state parks operating budget has declined in recent years. Under AB 100, parks operations are funded by approximately 32% GPR, 4% FED, 1% PR, and the remaining 63% from SEG funds. If additional funds were provided from an alternative source (such as GPR or tribal gaming revenues), parks admissions fees could be reduced accordingly.

11. Minnesota currently charges the same park admission fee to residents and nonresidents. From the perspective that the tourism and related economic benefits generated from out-of-state visitors to the State Parks is an important factor in the state and local economies, it may be argued that decreasing fees for out of state visitors to match those charged to residents could have other positive impacts. However, it may also be argued that since the cost of a park admission sticker may be a secondary concern to other costs for out-of-state visitors (with food, lodging, and transportation costs being primary), it is difficult to estimate the number of increased admission sticker sales as a result of a decrease in fees. Further, it has been argued that non-residents enjoy access to State Park facilities purchased and maintained by state tax revenues funded by Wisconsin residents. From this perspective, it may be reasonable to assess a higher fee on nonresident parks visitors.

12. Given the current condition of the parks account and the estimated balance between resident and nonresident users, it is estimated that the account could maintain the level of revenue from admissions fees projected under the bill by charging \$25 for an annual park admissions sticker, \$13 for a second vehicle sticker or senior citizen admissions sticker, and \$10 for a daily sticker to all visitors, regardless of residency. Some benefits of the decrease in price for nonresidents (including an increase in overall sales to nonresidents and the potential shift of some to purchase the higher priced annual, rather than daily, park stickers) may be countered by a decrease in sales to residents as a result of anticipated price resistance. Revenues may be expected to increase slightly under this alternative, by perhaps \$80,000 in 2005-06 and by \$100,000 in 2006-07 compared to the bill.

13. Historically, significantly increasing the cost of parks admission stickers has led to reductions in sales due to price resistant behavior in consumers. However, variations in annual attendance seem to vary strongly with seasonal weather conditions as well. While increasing the cost of vehicle admissions stickers may lead to a decrease in sales, it is likely that the overall sales trend will also be affected by the quality of the weather.

### **Camping Fee Increases**

14. Under the bill, the statutory minimum charge for all campgrounds would be increased by \$2 per night. Campgrounds are classified in State statute as being type "A", type "B", or type "C". 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 Mound 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 categorized as type "C".

15. 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, additional weekend and holiday fees for certain campground areas from Memorial Day weekend through Labor Day, 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 under the bill for a resident in a type "B" campground up to \$23 per night for a nonresident (\$12) camping in an electrified site (\$5) located on the water (\$3) in one of eight prime-location State Parks between Memorial Day and Labor Day weekend (\$3). Further, individuals wishing to reserve a campsite in advance must pay a \$9.50 fee per reservation.

16. While camping fees would increase under the bill, it should be noted that, in most cases, fees charged per night for camping in state parks are comparable to or lower than those charged by county parks or private campgrounds. In the past, private campground owners have supported fee increase proposals for state campgrounds in order to maintain equitable pricing structures, particularly in competitive markets. Further, given the estimated condition of the parks account under the bill, reducing camping fee revenues would require an accompanying reduction in expenditures from the account, or additional revenues from another source.

17. While camping fees charged by other states vary according to time of year, location, and amenities provided, it appears that Wisconsin's rates would remain within the range of prices charged by surrounding states (even with the \$2 per night increase included in the bill). Currently, Minnesota charges between \$11 and \$15 per night, with an extra \$4 per night charge each for electricity and water hookups. Michigan charges \$29 per night for its "premium" sights, which include electric, water, and sewer hookups. Michigan campsites with electrical hookups in parks featuring modern facilities (such as showers and flush toilets) are priced at \$16 to \$25 per night. Campgrounds with modern facilities and no electricity cost \$13 to \$15 per night, as do campgrounds with electricity but no modern plumbing (pit toilets and hand-pumped water are available). Rustic campsites (with pit toilets and hand-pumped water) are priced at \$10 per night. Iowa charges peak rates of \$14 to \$16 per night for a site with electricity and \$9 to \$11 for sites without electricity from the Monday before Memorial Day through Labor Day weekend. Off-peak rates of \$11 to \$13 for a site with electricity and \$6 to \$8 for sites without electricity are charged during the rest of the year. Finally, Illinois charges \$20 per night for campsites with water and electrical hookups, between \$13 and \$20 for campsites with electrical hookups, from \$10 to \$13 for campsites with access to shower facilities, and \$6 to \$8 per night for walk-in rustic sites. Illinois also offers a discounted camping rate for resident senior citizens and disabled individuals staying Monday through Thursday, and discounted rates to disabled veterans (always valid).

18. Finally, it should be noted that the Department recently contracted with the University of Wisconsin Survey Center to conduct a survey of conservation patron license holders in order to determine the extent to which various privileges included with the license are used.

Preliminary results indicate that fewer respondents than previously estimated were using benefits such as state trails, the annual park sticker, passes to Heritage Hill State Park, and certain stamps with dedicated revenue appropriations. While DNR is awaiting a final report and would have to decide how to incorporate the new data with the existing distribution formula, it appears likely that some adjustment would be made to the current formula for the distribution of conservation patron license revenues between the accounts of the conservation fund in 2005-07. Based on preliminary information, it appears likely that revenues to the general fish and wildlife account may increase somewhat, primarily at the expense of the parks account. However, the amount of the potential shift in revenues between the fish and wildlife and the parks account is uncertain at this time. If revenues under the bill were not adequate to support budgeted expenditure levels, DNR and DOA would be required to reduce expenditures in order to maintain a positive account balance.

## ALTERNATIVES

### A. Admissions Fee Increases

1. Adopt the Governor's recommendation to increase certain parks admissions fees as shown in Table 1. As reestimated, this would generate funding of \$563,200 in 2005-06 and \$981,400 in 2006-07. The increase would be effective upon enactment of the budget.

<u>Alternative A1</u>	<u>SEG-REV</u>
<b>2005-07 REVENUE</b> (Change to Bill)	\$115,900

2. Adopt the Governor's recommendation. Further, increase the fee for a resident senior citizen annual park sticker to equal the fee charged for the resident second vehicle annual admission sticker (\$12.50, one-half the price of a resident annual state park admission sticker). Additional revenues of \$17,900 in 2005-06 and \$25,900 in 2006-07 would be anticipated.

<u>Alternative A2</u>	<u>SEG-REV</u>
<b>2005-07 REVENUE</b> (Change to Bill)	\$159,700

3. Create an annual state park admission sticker priced at \$25, a second vehicle state park admission sticker priced at \$13, a senior citizen state park admission sticker priced at \$13, and a daily state park admission sticker priced at \$10 (all stickers would be valid for both residents and nonresidents).

<u>Alternative A3</u>	<u>SEG-REV</u>
<b>2005-07 REVENUE</b> (Change to Bill)	\$295,900



4. Adopt one of the above alternatives. In addition, specify the new fees be effective on January 1, 2006. (While the fiscal effect of this Alternative would vary slightly depending on which of the preceding Alternatives were selected, in general, revenues would be reduced by approximately \$150,000.)

<u>Alternative A4</u>	<u>SEG-REV</u>
2005-07 REVENUE (Change to Bill)	- \$150,000

5. Maintain current law.

<u>Alternative A5</u>	<u>SEG-REV</u>
2005-07 REVENUE (Change to Bill)	- \$1,428,700

**B. Camping Fee Increases**

1. Adopt the Governor's recommendation to increase State Park camping fees as shown in Table 2. As reestimated, this would generate funding of \$202,600 in 2005-06 and \$665,800 in 2006-07.

<u>Alternative B1</u>	<u>SEG-REV</u>
2005-07 REVENUE (Change to Bill)	- \$122,200

2. Maintain current law.

<u>Alternative B2</u>	<u>SEG-REV</u>
2005-07 REVENUE (Change to Bill)	- \$990,600

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