



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #582

Water Resources Account Lapses (DNR -- Water Quality)

[LFB 2009-11 Budget Summary: Page 475, #3]

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). Conservation fund revenues may only be expended under the appropriation authority provided by the Legislature. 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 for expenditure in subsequent fiscal years. The conservation fund is divided into several accounts, including the water resources account. The source of revenue to the water resources account is an annual transfer of motorboat fuel tax revenues and the investment income on that revenue.

GOVERNOR

Lapse \$724,600 in 2009-10 and \$502,900 in 2010-11 in uncommitted balances from the following continuing appropriations back to the unappropriated balance of the water resources account.

MODIFICATION

Lapse the following amounts, from the continuing, uncommitted, balance of the identified appropriations to the general balance of the water resources account of the conservation fund.

<u>Appropriation</u>	<u>2009-10</u>	<u>2010-11</u>
Lake protection grants	\$403,800	\$233,600
Recreational boating project aids	26,200	0
Public boating access	24,100	15,700
Non-profit conservation organization aids	18,700	12,200
Southeastern boating access	12,100	7,900
Non-Profit river protection aids	9,100	5,900
Mississippi and St. Croix rivers management projects	7,500	4,900
Facilities acquisition, development, and maintenance	<u>1,100</u>	<u>700</u>
Total	\$502,600	\$280,900

EXPLANATION

The bill would lapse \$248,200 in 2009-10 and \$222,000 in 2010-11 from the recreational boating project aids appropriation to the balance of the water resources account. However, at the close of fiscal year 2008-09, the continuing balance in the appropriation is expected to be \$158,200. Of that amount, \$132,000 will be lapsed to the balance of the account as required under 2007 Act 20, leaving a continuing balance of \$26,200 in the appropriation. Further, the bill reduces the expenditure authority under the appropriation from \$622,000 to \$400,000 in 2009-10 and 2010-11. Under current law, DNR is required to provide \$400,000 annually from the recreational boating appropriation to the Fox River Navigational System Authority each year from fiscal year 2005-06 through 2011-12. Therefore, only \$26,200 in 2009-10 is expected to be available from the recreational boating aids appropriation to lapse to the balance of the water resources account. This would bring the total amount lapsed from continuing balances to \$783,500.

To address the structural deficit in the water resources account, the Department reduced annual expenditures from the account by \$562,100 in 2008-09 and plans to reduce expenditures in most annual water resources account appropriations by \$530,000 in 2009-10 and 2010-11. Under the Department's reduction plan, and with the lapses included in the bill (as corrected), the water resources account would be expected to have an available balance of approximately \$135,000 on June 30, 2011 as shown in the following table.

**Estimated Water Resources Account Condition Statement
AB 75 and 2009-11 DNR Reduction Plan**

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Opening Balance	\$13,383,100	\$13,354,200	\$13,640,600
Revenue	<u>13,405,500</u>	<u>13,572,700</u>	<u>13,510,600</u>
Total Available	\$26,788,600	\$26,926,900	\$27,151,200
Budgeted Expenditures	\$14,340,000	14,080,200	\$14,088,300
Reserves		50,000	100,000
Annual Expenditure Reductions	-562,100	-530,000	-530,000
Continuing Appropriation Reductions	<u>-343,500</u>	<u>-313,900</u>	<u>-280,900</u>
Total Expenditures	\$13,434,400	\$13,286,300	\$13,377,400
Cash Balance	\$13,354,200	\$13,640,600	\$13,773,800
Less Encumbrances/Continuing Balance*	13,982,200	14,141,300	13,919,600
Plus 2007 Act 20 Lapse	154,800		
Plus AB 75 Lapse**	<u>0</u>	<u>502,600</u>	<u>280,900</u>
Available Balance	-\$473,200	\$1,900	\$135,100

*Includes encumbrances (amounts committed but not yet paid), as well as continuing balances from certain appropriations (such as recreational boating aids, lake management, and boating access projects).

**As modified to reflect anticipated continuing balances in the recreational boating aids appropriation.

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