



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>

June, 2021

Joint Committee on Finance

Paper #457

Snowmobile Aids (Natural Resources -- Motorized Recreation)

[LFB 2021-23 Budget Summary: Page 432, #4 and Page 434, #8 (part)]

CURRENT LAW

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. DNR distributes aids to participating counties for the maintenance, development, and acquisition of land for snowmobile trails. 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.

DISCUSSION POINTS

Snowmobile Trail Tracking Units

1. The snowmobile account of the segregated (SEG) conservation fund supports DNR's recreational snowmobile programs. 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.

2. Account 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. Table 1 shows the estimated condition of the account, under Committee action as of May 20, 2021. As shown in the table, the account is expected to have a unencumbered balance of \$4.7 million on June 30, 2021.

TABLE 1
Snowmobile Account Condition

	2018-19 <u>Actual</u>	2019-20 <u>Actual</u>	2020-21 <u>Budgeted</u>	2021-22 <u>Base Plus JFC</u>	2022-23 <u>Base Plus JFC</u>
Opening Balance	\$8,318,300	\$15,058,600	\$15,077,900	\$14,100,400	\$13,064,000
Revenue					
Fuel Tax Transfer	\$5,579,000	\$5,248,300	\$5,124,900	\$5,227,400	\$5,200,200
Snowmobile Registrations and Transfers	2,896,400	2,528,100	2,600,000	2,700,000	2,800,000
Trail Passes	4,006,900	4,163,400	4,200,000	4,300,000	4,400,000
Other	<u>79,000</u>	<u>217,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Total	\$12,561,300	\$12,156,800	\$12,174,900	\$12,477,400	\$12,650,200
Available Balance	\$20,879,600	\$27,215,400	\$27,252,800	\$26,577,800	\$25,714,200
Expenditures					
<i>Operations</i>					
State Snowmobile Areas and Trails	\$211,100	\$211,100	\$211,100	\$211,000	\$211,000
Snowmobile Administration	194,500	186,600	206,800	218,400	218,400
Snowmobile Enforcement and Safety	<u>123,400</u>	<u>119,600</u>	<u>119,600</u>	<u>119,700</u>	<u>119,700</u>
Subtotal	\$529,000	\$517,300	\$537,500	\$549,100	\$549,100
<i>Aids</i>					
Trail and Project Aids	\$3,058,100	\$2,460,700	\$5,475,400	\$5,475,400	\$5,475,400
Trail Aids (Gas Tax-Funded)	5,624,000	6,278,500	4,909,200	5,227,400	5,200,200
Trail Aids (Trail Pass-Funded)	167,800	1,677,400	966,100	966,100	966,100
County Enforcement Aids	<u>396,000</u>	<u>396,000</u>	<u>396,000</u>	<u>396,000</u>	<u>396,000</u>
Subtotal	\$9,245,900	\$10,812,600	\$11,746,700	\$12,064,900	\$12,037,700
<i>Split-Funded Appropriations</i>					
Internal Services	\$19,000	\$21,600	\$21,600	\$22,500	\$22,500
External Services	344,200	531,400	574,600	592,500	592,500
Division Management	8,900	9,200	9,600	10,200	10,200
Law Enforcement and Safety	21,600	232,600	254,700	259,500	259,500
Debt Service, Maintenance, Development and Assessments	<u>4,300</u>	<u>12,800</u>	<u>7,700</u>	<u>15,100</u>	<u>16,000</u>
Subtotal	\$398,000	\$807,600	\$868,200	\$899,800	\$900,700
Total Expenditures	\$10,172,900	\$12,137,500	\$13,152,400	\$13,513,800	\$13,487,500
Closing Cash Balance	\$10,706,700	\$15,077,900	\$14,100,400	\$13,064,000	\$12,226,700
Encumbrances and Continuing Balances	\$8,450,100	\$9,449,300	\$9,449,300	\$9,449,300	\$9,449,300
Available Balance	\$2,256,600	\$5,628,600	\$4,651,100	\$3,614,700	\$2,777,400

3. 2019 Wisconsin Act 141 increased the amount available for snowmobile trail and project aids by \$3,000,000, setting base funding at \$5,475,400 plus the value of the annual motor fuel tax transfer and revenues from nonresident trail passes. Prior to this, DNR had been unable to fund between \$885,000 and \$2.9 million in eligible aid requests annually.

4. Under current practice, DNR relies on counties to report trail conditions and grooming activity and to provide geographic information systems (GIS) data on county trails to Snowmobile Automated Reporting System (SNARS). DNR notes that the quality of data varies widely and some counties are unable to provide GIS data. Currently 60 counties use grooming units enabled with global positioning systems (GPS) that automatically report information about trail conditions and grooming to SNARS. These GPS-enabled units are connected to trail groomers and can track trail conditions in real time as grooming crews perform their work.

5. Assembly Bill 68/Senate Bill 111 would expand the allowable uses for snowmobile trail and project aids, allowing counties to use state funds to lease GPS-enabled tracking units that could automatically report trail conditions to SNARS. The bill would also increase budget authority for snowmobile trail and project aids to provide state funding for counties to lease these units. Since leasing GPS-enabled tracking units is not an eligible use of trail and project aids, counties that use these units must pay for the leases using only local funds.

6. Counties and snowmobile clubs are required to track grooming activity and trail and project work and report activity to DNR to receive county snowmobile aids. Currently, most clubs and counties input this activity manually into an online system. The GPS-enabled tracking units input this activity automatically, improving the reliability of reimbursement data received by DNR and reducing the onus on clubs and counties. In September, 2020, the Governor's Snowmobile Council, a 15-member advisory board that advises DNR on snowmobile recreation issues, passed a motion recommending that DNR require GPS-enabled trackers be required on all groomers operated by clubs and counties that apply for snowmobile aids.

7. DNR reports that the units may be leased for \$250 per unit per year. The lease covers data storage, service, automatic data uploading, and replacement for defective units. The units can be connected to trail grooming machines. DNR reports that the units are compatible with the existing SNARS database. DNR indicates that the units would provide tracking and grooming data in a consistent, GIS-compatible manner. This would improve the existing SNARS system by ensuring that data is provided consistently across counties. Given the potential statewide benefit of the systems, the Committee could consider expanding eligible expenses under snowmobile trail and project aids to include GIS-enabled tracking units [Alternative A1].

8. It should be noted that counties and clubs may already lease these trackers. However, since these units are not authorized as a category of aids, counties and clubs must provide their own funding for the units. Any lease costs for the units come out of either the county or club budget. The proposal would allow DNR to fund 100% of the cost of the \$250 per unit annual lease in addition to any other aids awarded for snowmobile trails.

9. The bill would authorize DNR to make direct lease payments vendors that offer these tracking units. DNR currently works with Groomer Tracking Systems to track grooming activity and

develop GIS maps of the state's snowmobile trails. DNR indicates that Groomer Tracking Systems would be able to inform the Department about the number of trackers installed in grooming units across the state. DNR would pay the lease amount based on this number directly to Groomer Tracking Systems, without counties needing to report the number of trackers used or provide lease verification to DNR.

10. The bill's provision of \$200,000 for these tracking units would support the lease of 800 units. DNR reports that this would be the maximum amount needed to provide support leases for groomer units currently in use by each county and club. In addition to authorizing GPS-enabled tracking units as a category of aids, the Committee could consider providing an additional \$200,000 SEG annually for snowmobile trail aids to provide dedicated funding for GPS-enabled tracking units [Alternative A1a].

11. DNR reports that approximately 275 units are currently in use across 60 counties. It is uncertain what demand there may be for additional tracking units. As noted above, the DNR request would support the lease of up to 800 units. However, if counties lease fewer than 800 units, DNR could use any amounts remaining from the \$200,000 for other county snowmobile aids. DNR has consistently been unable to fund all requests for snowmobile project aids.

12. Given the uncertainty in demand for the tracking units, the Committee could consider providing a lower amount. As the counties apply for aids to fund the lease costs of tracking units, DNR will better be able to project for the units. The 60 counties that currently use tracking units employ an average of 5 units each. It would cost \$90,000 to fund leases for five units in each of the state's 72 counties [Alternative A1b]. DNR reports that six counties use tracking units on all their groomers. These six counties use an average of nine units each. It would cost \$162,000 to fund leases for nine units in each of the state's 72 counties [Alternative A1c].

13. It should be noted that while the statutes provide a mechanism to prorate snowmobile aids, the bill contains no mechanism to prorate lease payments to vendors. If requests for aids are less than DNR has the funding to award, DNR indicates that it would prioritize trail maintenance requests over leases for these units. DNR has authority to develop administrative rules that prioritize certain categories of aids.

14. As noted above, counties may already lease these units, funding them through local sources. Considering the Legislature increased funding for county snowmobile aids in the last session, it could be argued that it would be premature to increase the amount available for these aids. Under this perspective, the Committee take no action [Alternative A2].

Snowmobile Supplemental Aids

15. A county or snowmobile club contracting with DNR for work on a state property is eligible for supplemental trail aid payments up to a total of \$900 per mile, if actual eligible costs exceed the maximum of \$300 per mile for basic trail aids. Of the costs incurred, actual trail grooming costs must exceed \$200 per mile per year.

16. DNR is to credit \$47 from each nonresident annual trail use sticker to supplemental trail

aids; \$1,040,700 was available under this provision for fiscal year 2020-21. In each year of the 2021-23 biennium, these aids are budgeted at \$966,100 SEG. Based on projected nonresident trail pass sales, the Committee could consider reestimating supplemental trail aids by \$24,800 SEG in 2021-22 and by \$16,200 SEG in 2022-23 [Alternative B1]. These reestimates would set the budgeted amount for these aids at \$990,900 in 2021-22 and \$982,300 in 2022-23. Alternatively, the Committee could take no action [Alternative B2]. Since the amount available for aids is based on a statutory formula, the amount budgeted in the Chapter 20 schedule would not impact the amount DNR may award for supplemental snowmobile aids.

ALTERNATIVES

A. County Snowmobile Project Aids

1. Expand eligible uses of snowmobile aids to include real-time online tracking of snowmobile trail conditions and geographic information system (GIS) mapping of snowmobile trails. Authorize direct aids payments to a qualified vendor to provide real-time tracking of trail grooming through an existing online system and to maintain an accurate statewide GIS map of snowmobile trails. In addition, provide one of the following amounts:

- a. Provide an additional \$200,000 SEG for county snowmobile aids annually.

ALT 1a	Change to Base
SEG	\$400,000

- b. Provide an additional \$90,000 SEG for county snowmobile aids annually.

ALT 1b	Change to Base
SEG	\$180,000

- c. Provide an additional \$162,000 SEG for county snowmobile aids annually.

ALT 1c	Change to Base
SEG	\$324,000

2. Take no action.

B. Supplemental Snowmobile Aids

1. Reestimate supplemental snowmobile trail aids by \$24,800 SEG in 2021-22 and by \$16,200 SEG in 2022-23, setting the budgeted amount for these aids at \$990,900 in 2021-22 and \$982,300 in 2022-23.

ALT B1	Change to Base
SEG	\$41,000

2. Take no action.

Prepared by: Eric R. Hepler