

# Natural Resources

## Motorized Recreation

(LFB Budget Summary Document: Page 431)

### LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
1	Boating Safety and Enforcement Aids (Paper #455)
2, 3, & 8	Local ATV and UTV Funding, State ATV and UTV Trail Maintenance, and Recreational Vehicle Fuel Tax Transfer (Paper #456)
4 & 8	Snowmobile Trail Mapping and Recreational Vehicle Fuel Tax Transfer (Paper #457)





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June, 2021

Joint Committee on Finance

Paper #455

### **Boating Safety and Enforcement Aids (Natural Resources -- Motorized Recreation)**

[LFB 2021-23 Budget Summary: Page 431, #1]

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#### **CURRENT LAW**

The Department of Natural Resources (DNR) distributes aids to municipalities for the costs of local boating law enforcement, search and rescue, and safety activities. Municipalities are eligible for up to 75% of their approved costs, but aid payments are prorated if claims exceed the appropriation level. No municipality may receive aid amounting to more than 20% of the funds available.

Communities with lakes of at least 100 acres or one mile of riverfront are eligible to receive local boating law enforcement aids. Aids may be up to 75% of the total costs of the operation and maintenance of local water safety patrols, minus any fines and forfeitures for water safety violations. Eligible costs include patrol hours, search and rescue missions, and training boating safety enforcement officers. To receive enforcement aids, a local boating safety patrol must log at least 80 hours of boating enforcement in a year.

#### **DISCUSSION POINTS**

1. Since fiscal year 2009-10, DNR has been authorized to expend \$1,386,000 from the boat registration account of the segregated (SEG) conservation fund for boating enforcement aids. Eligible reimbursement requests have exceeded state funding for boating enforcement aids each year since current funding levels were set. While the statutes authorize DNR to prorate payments if eligible reimbursement requests exceed available funding, DNR has opted against this in recent years. Instead, the Department has supplemented funding with the federal Recreational Boating Safety (RBS) Grant received from the U.S. Coast Guard.

2. The primary source of revenue to the boat registration account is registration fees for boats over 12 feet operated on state waters. In 2019-20, \$4,867,500 of the total \$5,329,800 account revenue was from boat registration fees, or approximately 91.3%. Under constitutional provisions, the categories of expenditures that may be authorized from boat registration fees are limited to boating safety and law enforcement. Table 1 shows the estimated account condition through June 30, 2023. As shown in the table, account revenues are expected to exceed budgeted expenditures by over \$1 million each year.

**TABLE 1**

**Boat Registration Account Condition**

	2019-20 <u>Actual</u>	2020-21 <u>Budgeted</u>	2021-22 <u>Base Plus</u>	2022-23 <u>Base Plus</u>	2022-23 <u>Staff</u>
Opening Balance	\$9,998,600	\$9,900,600	\$11,109,200	\$12,195,200	
<b>Revenue</b>					
Boat Registrations	\$4,867,500	\$6,600,000	\$6,600,000	\$5,600,000	
Other	<u>464,300</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	
Total	\$5,331,800	\$7,000,000	\$7,000,000	\$6,000,000	
Available	\$15,330,400	\$16,900,600	\$18,109,200	\$18,195,200	
<b>Expenditures</b>					
State Boating Enforcement and Safety	\$2,392,000	\$3,046,300	\$3,017,800	\$3,017,800	21.00
Boating Enforcement Aids	<u>1,386,000</u>	<u>1,386,000</u>	<u>1,386,000</u>	<u>1,386,000</u>	
Subtotal	\$3,778,000	\$4,432,300	\$4,403,800	\$4,403,800	
<i>Split-Funded Appropriations</i>					
Internal Services	\$307,900	\$309,200	\$321,200	\$321,200	2.02
External Services	752,100	827,200	854,100	854,100	7.84
Division Management	131,200	136,600	146,000	146,000	1.36
Law Enforcement and Safety	348,300	2,000	2,000	2,000	
Debt Service, Maintenance, Development and Assessments	<u>112,300</u>	<u>84,100</u>	<u>186,900</u>	<u>199,100</u>	
Subtotal	\$1,651,800	\$1,359,100	\$1,510,200	\$1,522,400	
Total Expenditures	\$5,429,800	\$5,791,400	\$5,914,000	\$5,926,200	32.22
Closing Cash Balance	\$9,900,600	\$11,109,200	\$12,195,200	\$12,269,000	
Encumbrances and Continuing Balances	\$264,800	\$264,800	\$264,800	\$264,800	
Available Balance	\$9,635,800	\$10,844,400	\$11,930,400	\$12,004,200	

3. In fiscal year 2019-20, DNR reimbursed 101 agencies a total of \$2,062,500 using \$1,386,000 from the boat registration account and \$676,500 FED. Table 2 shows the number and value of reimbursements paid since fiscal year 2010-11. As shown in the table, DNR has increased the amount of federal funds available for boating enforcement aids in recent years in order to

reimburse 75% of eligible expenses.

**TABLE 2**

**Boating Enforcement Aids, by Fiscal Year**

<u>Fiscal Year</u>	<u>Eligible Costs</u>	<u>75% of Eligible Costs</u>	<u>State Funding</u>	<u>Federal Funding</u>	<u>Total Reimbursement</u>	<u>Percent Reimbursement</u>
2010-11	\$2,578,100	\$1,933,600	\$1,386,000	\$400,000	\$1,786,000	69.3%
2011-12	2,612,100	1,959,100	1,386,000	400,000	1,786,000	68.4
2012-13	2,626,600	1,970,000	1,386,000	400,000	1,786,000	68.0
2013-14	2,495,000	1,871,300	1,386,000	400,000	1,786,000	71.6
2014-15	2,599,300	1,949,500	1,386,000	400,000	1,786,000	68.7
2015-16	2,565,800	1,924,400	1,386,000	400,000	1,786,000	69.6
2016-17	2,888,800	2,166,600	1,386,000	400,000	1,786,000	61.8
2017-18	2,689,900	2,017,400	1,386,000	631,700	2,017,700	75.0
2018-19	2,828,700	2,121,500	1,386,000	736,000	2,122,000	75.0
2019-20	2,749,900	2,062,400	1,386,000	676,500	2,062,500	75.0
2020-21*	2,745,100	2,058,800	1,386,000	672,800	2,058,800	75.0

\*Preliminary

4. AB 68/SB 111 would increase the reimbursement rate for boating enforcement aids to 80% of eligible patrol costs. Additionally, the bill would increase the amount of state funding for these aids by \$900,000 annually. This would set base-level funding for boating enforcement aids at \$2,286,000 annually. This would allow DNR to provide additional funding to local units of government for their boating enforcement activities and it would allow DNR to deploy the RBS grant elsewhere.

5. DNR reports that the RBS grant may be used for the following purposes: (a) acquisition, operation, maintenance, and repair of facilities, equipment, and supplies related to boating safety education and law enforcement; (b) training law enforcement personnel about enforcement of boating safety laws and regulations; (c) boating safety trainings for the public; (d) acquisition, construction, and repair of public boating access areas; (e) conducting boating safety inspections and marine casualty investigations; (f) providing search and rescue missions and equipping and maintaining search and rescue facilities; (g) acquisition and maintenance of navigational aids; and (h) registering and titling recreational boats.

6. If additional funding were provided from the boat registration account for boating safety and enforcement aids, DNR indicates that it would supplement activities currently funded by the RBS grant. The Department currently uses the RBS grant to conduct public boat safety training sessions, public outreach and marketing related to boating safety, provide boating safety law enforcement, construct public boating access sites, and register boats.

7. Since 2010-11, DNR has received local boating enforcement reimbursement requests for an average of \$2,670,800 each year. Under current law, DNR may reimburse up to 75% of eligible costs, or approximately \$2,003,100, on average, each year. This exceeds the amount of state funding

available for enforcement aids by, on average, \$617,100 per year. The Committee could consider increasing the amount available for enforcement aids by \$620,000 [Alternative 1a]. This would set base-level funding for enforcement aids at \$2,006,000 annually. Since 2016-17, the amount of requests eligible for reimbursement has exceeded \$2,006,000 each year.

8. As shown in Table 2, DNR received \$2,888,800 in reimbursement requests in 2016-17, the highest amount of reimbursement requests in the period shown. This amount could have been eligible for a \$2,166,600 reimbursement, based on the current 75% reimbursement rate. This exceeded authorized state funding by \$780,600. The Committee could consider increasing base-level expenditure authority for boating enforcement aids by \$780,600 [Alternative 1b]. This would set expenditure authority for enforcement aids at \$2,166,600 annually.

9. As described above, DNR has used U.S. Coast Guard funding to supplement state funds, rather than prorating claims. Prior to fiscal year 2017-18, DNR used \$400,000 FED annually to provide more funding for boating enforcement aids. To limit the amount of state funds for these aids, the Committee could increase SEG funding by \$380,600 and allow DNR to either prorate claims or to use funds received from the Coast Guard to supplement state support [Alternative 1c]. This would increase SEG funding available to boating enforcement aids to \$1,766,600. Combined with \$400,000, if DNR continued to allocate this amount of federal grants, this would equal \$2,166,600, or the highest level of eligible annual aids over the last 10 years.

10. As noted above, AB 68/SB 111 would increase the reimbursement rate for local enforcement aids from 75% under current law to 80%. Local boating safety patrols expand the reach of DNR boating enforcement. In 2020, DNR conservation wardens performed 54,100 hours of recreational boating law enforcement. In addition, DNR reports local water patrol officers conducted 45,800 hours of boating law enforcement. In fiscal year 2019-20, DNR wardens issued 1,189 citations while local boating patrols issued 4,660 citations and warnings.

11. As shown in Table 1, the boat registration account is estimated to have a closing balance of \$10.8 million on June 30, 2021. Given the condition of the account, the Committee could consider increasing DNR's cost share for boating enforcement aids from 75% to 80% [Alternative 2].

12. Since 2010-11, the amount of eligible reimbursements has exceeded \$2,286,000 only once, in 2016-17. During that year, local boating safety patrols submitted \$2,888,800 in eligible enforcement costs. If these costs were reimbursed at a rate of 80%, DNR would have needed \$2,311,000 expenditure authority, \$925,000 above the current budget. The Committee could consider increasing boating enforcement aids by \$925,000 to fully fund an increased DNR reimbursement rate of 80% [Alternative 1d].

13. Alternatively, the Committee could take no action [Alternative 3]. As shown in Table 2, DNR has been able to fund 75% of reimbursement requests using the federal RBS grant. Under this perspective, it could be argued that there is sufficient state funding for these aids.

## ALTERNATIVES

1. Increase expenditure authority for boating enforcement aids by one of the following:

a. \$620,000 SEG annually.

<b>ALT 1a</b>	<b>Change to Base</b>
SEG	\$1,240,000

b. \$780,600 SEG annually.

<b>ALT 1b</b>	<b>Change to Base</b>
SEG	\$1,561,200

c. \$380,600 SEG annually.

<b>ALT A3</b>	<b>Change to Base</b>
SEG	\$761,200

d. \$925,000 SEG annually.

<b>ALT A4</b>	<b>Change to Base</b>
SEG	\$1,850,000

2. In addition to one of the options in Alternative 1, increase the reimbursement rate for local boating safety patrols from 75% to 80%.

3. Take no action.

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June, 2021

Joint Committee on Finance

Paper #456

### **ATV and UTV Funding (Natural Resources -- Motorized Recreation)**

[LFB 2021-23 Budget Summary: Page 432, #2 & #3 and Page 434, #8 (part)]

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#### **CURRENT LAW**

The Department of Natural Resources (DNR) administers motorized recreational vehicle funding in part through the all-terrain vehicle (ATV) account of the segregated (SEG) conservation fund. The largest source of funding to the ATV account is ATV and utility terrain vehicle (UTV) registration fees. All ATVs and UTVs operated in the state must be registered with DNR, with certain exceptions. ATV and UTV registrations for public use are valid for a two-year period beginning on either the date of purchase or renewal, or April 1 in the year the registration is purchased, and ending on March 31 in the second year after the registration or renewal is purchased. Additional account revenues are provided by: (a) an annual transfer from the transportation fund that is intended to approximate the amount of motor fuel tax paid by recreational vehicle users; and (b) revenue from the nonresident ATV and UTV trail pass. The ATV account funds state ATV and UTV trail maintenance and development, aids to local governments for ATV and UTV projects, state and local ATV and UTV enforcement, and motorized recreation education and safety training.

#### **DISCUSSION POINTS**

##### **ATV/UTV Account Condition**

1. The attachment shows the estimated condition for the ATV account of the SEG conservation fund under the adjusted base and standard budget adjustments. As shown in the table, estimated account revenues are expected to exceed budgeted expenditures by an average of approximately \$579,000 each year.

## Local ATV and UTV Trail and Project Aids

2. The state supports 2,070 miles of summer-use ATV and UTV trails and 4,500 miles of winter-use ATV and UTV trails operated by local units of government. Revenues from the ATV fuel tax transfer and a portion of ATV registration revenues are used to provide grants to towns, villages, cities, counties, and federal agencies for any of the following types of ATV projects: (a) land or easement acquisition; (b) ATV facilities, such as parking areas, riding areas, and shelters; (c) development and maintenance of ATV trails; (d) purchase of liability insurance; and (e) signs briefly explaining the law related to intoxicated operation of ATVs and UTVs.

3. ATV and UTV project aids are administered under section NR 61.14 of the administrative code. Requests for aids are prioritized in the following order: (1) maintenance of existing trails and ATV areas, including on-road trail sections; (2) purchasing insurance; (3) acquisition easements and leases for ATV and UTV areas; (4) major bridge or trail rehabilitation; and (5) land acquisition for ATV and UTV trails and areas.

4. The amount that communities are eligible to receive varies based on the type of projects conducted. DNR reimburses municipalities up to \$600 per mile for summer trail maintenance and \$100 per mile for winter trail maintenance. DNR pays up to 100% of the cost of required signs on approved routes. Most development projects are eligible to be reimbursed for up to 50% of project costs. DNR pays 10¢ per rod (\$32 per survey mile) for the purchase of trail easements.

5. ATV and UTV project aids are administered as one program, with revenues from the motor fuel tax transfers and ATV and UTV registrations pooled. The amount available for these aids varies from year to year based on the value of the recreational vehicle motor fuel tax transfer. However, registration fee-funded aids are funded by sum-certain appropriations under s. 20.370(5)(cu) and 20.370(5)(eu) of the statutes. DNR is authorized \$1,670,000 each year for ATV project aids and \$95,600 each year for UTV project aids, and these amounts have been in effect since 2010-11 (ATV aids) and 2013-14 (UTV aids).

6. Table 1 shows the amount of local ATV and UTV aids requested and awarded by fiscal year, as well as the number of grants awarded since 2014-15. As ATV and UTV aids are administered through continuing appropriations, the amount expended in a given year may exceed the budgeted authority. As shown in the table, requested aids have averaged approximately \$5,914,300 each year. On average, the Department has awarded 84% of requests each year.

**TABLE 1****Local ATV and UTV Project Aids Demand**

<u>Fiscal Year</u>	<u>Aids Requests</u>	<u>Value of Aids Awarded</u>	<u>Percent of Requests Awarded</u>	<u>Number of Aids Awarded</u>
2015	\$6,945,400	\$4,600,400	66.2%	122
2016	6,489,700	5,437,000	83.8	135
2017	5,247,200	4,551,900	86.7	139
2018	5,017,300	4,952,700	98.7	167
2019	6,363,400	5,503,400	86.5	129
2020	5,036,700	3,623,100	71.9	125
2021	6,300,100	6,059,900	96.2	127

7. Assembly Bill 68/Senate Bill 111 would increase the amount available for local ATV and UTV trail aids by \$617,500 each year. These amounts are summarized in Table 2. If expenditure authority for local ATV and UTV project aids were \$617,500 higher in each year since 2014-15, DNR would have been able to fund 94% of aids requests, up from 84%.

**TABLE 2****Local ATV and UTV Aids under AB 68/SB 111**

<u>Aids Category</u>	<u>Base</u>	<u>2021-22</u>		<u>2022-23</u>	
		<u>AB 68/SB 111 (Change to Base)</u>	<u>Total</u>	<u>AB 68/SB 111 (Change to Base)</u>	<u>Total</u>
ATV - Registrations	\$1,670,000	\$375,000	\$2,045,000	\$375,000	\$2,045,000
UTV - Registrations	<u>95,600</u>	<u>242,500</u>	<u>338,100</u>	<u>242,500</u>	<u>338,100</u>
Subtotal - Registrations (Sum-Certain)	\$1,765,600	\$617,500	\$2,383,100	\$617,500	\$2,383,100
ATV - Fuel Tax	\$1,874,200	\$19,100	\$1,893,300	\$35,500	\$1,909,700
UTV - Fuel Tax	<u>534,400</u>	<u>242,800</u>	<u>777,200</u>	<u>398,300</u>	<u>932,700</u>
Subtotal - Fuel Tax	\$2,408,600	\$261,900	\$2,670,500	\$433,800	\$2,842,400
Total	\$4,174,200	\$879,400	\$5,053,600	\$1,051,300	\$5,225,500

8. As shown in the account condition, under the adjusted base and standard budget adjustments, revenues to the ATV account are expected to exceed budgeted expenditures by \$406,200 in 2021-22 and \$500,900 in 2022-23. It should be noted that estimated revenues assume registration fee revenue increases by 2% annually between 2019-20 and 2022-23. In actuality, registration fee revenues are highly variable, changing year to year by as low as -9.1% (between 2014-15 and 2015-16) and as high as 9.6% (between 2017-18 and 2018-19). Since 2014-15, the year-to-year growth in registration fee revenue has averaged 3.9% as the number of vehicles registered in the state have increased by an average of 5% annually. If registration fee revenues were to increase 3.9% each year, total account revenues may be as high as \$670,000 above the amount shown in the table in 2022-23.

DNR also notes that the Department has not expended its full budget authority every year. Under this perspective, the Committee could consider increasing ATV and UTV project aids by a combined \$617,500, including \$375,000 for ATV aids and \$242,500 for UTV aids each year [Alternative A1].

9. Much of the growth in registration fee revenues is attributable to UTV registration fees, which have increased by a minimum of \$200,000 each year, growing from approximately \$925,300 in 2016-17 to \$1,766,100 in 2019-20. ATV registrations, however, have been more variable, changing from -3% to 3% from year to year. As ATV registration fees have accounted for between 66% and 80% of all registration fee revenues in any given year, this variability makes estimating revenues to the account unpredictable. As described above, under conservative projections, revenues to the ATV account are expected to exceed budgeted expenditures by an average of \$453,600 in each year of the 2021-23 biennium. The Committee could increase the budget authority for ATV aids by \$125,000 over current law to \$1,795,000 and increasing UTV aids to \$300,000, \$204,400 over current law [Alternative A2]. This would provide more money for local ATV and UTV projects, while keeping estimated revenues and budgeted expenditures balanced. With this funding level, DNR would be able to reimburse approximately 89% of requests.

10. Alternatively, the Committee could take no action [Alternative A3]. As the amounts available for ATV and UTV aids vary from year to year with motor fuel tax transfers, increased ATV and UTV registrations will bring additional funding to the ATV account that can fund local trail aids.

### **State ATV and UTV Trails**

11. While the majority of ATV and UTV trails are maintained by municipal governments, 646 miles of state trails are open to ATVs and UTVs. Of these, 258 are maintained by DNR and 388 are maintained by local governments under cooperative agreements. Since 2016, the number of ATV trail miles on state land has increased over 20%. In 2016, there were 532 miles of state ATV trails, including 141 maintained by DNR and 391 maintained by local governments under cooperative agreements.

12. The growth in state trails corresponds with an overall growth in motorized recreation in the state. The number of ATVs registered in the state has grown by an average of 1.2% in each fiscal year since 2015-16. Over the same time, the number of UTVs registered in the state has grown by an average of 25.2% each year.

13. DNR is authorized to expend up to \$310,500 for ATV projects and \$16,900 for UTV projects annually from the ATV account. Since most state trails authorize use by both ATVs and UTVs, these amounts are pooled and fund general motorized recreation projects. In recent years, DNR has expended or encumbered nearly all funding available from these sources. DNR has used these funds to replace bridges on ATV and UTV trails, re-gravel trails, build trail head amenities and parking areas, restore trails that were washed out after flood events, and other state trail capital developments.

14. AB 68/SB 111 would increase the amount available for state ATV and UTV projects by \$250,000, including \$187,500 for ATV projects and \$62,500 for UTV projects. DNR indicates that there are at least \$600,000 motorized recreation projects in the planning process that would be delayed

beyond the 2021-23 biennium if increased funding were not made available. These projects include statewide sign replacement, re-graveling and restoring trail surfaces, and trailhead parking, seating, restrooms and other amenities at high-traffic ATV and UTV properties. Given the demonstrated need for these projects, the Committee could consider increasing state ATV and UTV funding by \$250,000 annually [Alternative B1].

15. As discussed above, revenues to the ATV account are expected to exceed expenditures by an average \$453,600 in each year of the 2021-23 biennium. Given finite resources of the account, the expenditure authority for local ATV and UTV projects could compete for account resources with state ATV and UTV projects. The Committee could consider increasing expenditure authority for state ATV and UTV projects by \$125,000 annually [Alternative B2].

16. Alternatively, the Committee could consider taking no action [Alternative B3]. Most ATV and UTV trails in the state are maintained and operated by local governments. It could be argued that public resources would be better deployed to provide funding for local trails and projects since they could benefit a greater number of recreational motorists.

**Motor Fuel Tax Transfer Reestimates**

17. Transfers are made annually from the transportation fund to the conservation fund to reflect the motor fuel tax used by recreational vehicles, including motorboats, snowmobiles, ATVs and UTVs. By statute, transfers are based on the fuel tax rate and the number of registered recreational vehicles as of certain dates in the preceding fiscal year. Table 3 shows the estimated value of the transfers for the 2021-23 biennium for ATVs and UTVs. These calculations are described in the paragraphs below.

**TABLE 3**

**Motor Fuel Tax Transfer Reestimates**

	Base	2021-22		2022-23	
		Change	Total	Change	Total
ATVs	\$1,874,200	\$19,100	\$1,893,300	\$35,500	\$1,909,700
UTVs	\$534,400	\$242,800	\$777,200	\$398,300	\$932,700

18. The annual transfer to the ATV account is based on: (a) the motor fuel tax of 30.9¢ per gallon; and (b) the actual 245,231 ATVs registered on February 28, 2021, and an estimated 247,210 ATVs registered on February 28, 2022, each multiplied by 25 gallons. Local ATV trail aids would total approximately \$3.9 million each year.

19. The annual transfer to the ATV account for utility-terrain vehicles is based on: (a) the motor fuel tax of 30.9¢ per gallon; and (b) the actual 100,608 UTVs registered on February 28, 2021, and an estimated 120,738 UTVs registered on February 28, 2022, each multiplied by 25 gallons. UTV trail aids would be approximately \$1.2 million in each year of the 2021-23 biennium.

20. Committee action to date (Paper #102) has reestimated the sum-sufficient transfers from

the transportation fund to the conversation fund under Miscellaneous Appropriations. The Committee could reestimate the corresponding conservation SEG continuing appropriations budgeted under DNR from which aids payments are ultimately made, as shown in Table 3. [Alternative C1] Alternatively, the Committee could take no action [Alternative C2].

**ALTERNATIVES**

**A. Local ATV and UTV Trail and Project Aids**

1. Provide \$617,500 SEG for local ATV and UTV trail and project aids, including \$375,000 SEG for ATV aids and \$242,500 for UTV aids

ALT A1	Change to Base
SEG	\$1,235,000

2. Provide \$329,400 SEG annually for local ATV and UTV trail and project aids.

ALT A2	Change to Base
SEG	\$658,800

3. Take no action.

**B. State ATV and UTV Trails**

1. Provide \$250,000 SEG annually for state ATV and UTV projects, including \$187,500 for ATV projects and \$62,500 for UTV projects

ALT B1	Change to Base
SEG	\$500,000

2. Provide \$125,000 SEG annually for state ATV and UTV projects, including \$93,800 for state ATV projects and \$31,200 for state UTV projects

ALT B2	Change to Base
SEG	\$250,000

3. Take no action.

**C. Motor Fuel Tax Transfer Reestimates**

1. Reestimate motor fuel tax transfers to the ATV account of the conservation fund by \$261,900 in 2021-22 and \$433,800 in 2022-23.

ALT C1	Change to Base
SEG	\$695,700

2. Take no action.

Prepared by: Eric R. Hepler  
Attachment





## ATTACHMENT

### ATV Account Condition

	2019-20 <u>Actual</u>	2020-21 <u>Budgeted</u>	2021-22 <u>Base Plus JFC*</u>	2022-23 <u>Base Plus JFC*</u>	2022-23 <u>Staff</u>
Opening Balance	\$13,195,000	\$13,474,200	\$13,964,600	\$14,370,800	
<b>Revenues</b>					
ATV and UTV Registrations	\$5,593,800	\$5,700,000	\$5,800,000	\$5,900,000	
Fuel Tax Transfer	2,408,600	2,524,600	2,670,500	2,842,400	
Non-Resident Trail Pass	808,800	750,000	750,000	750,000	
Other Revenue	<u>148,200</u>	<u>165,000</u>	<u>165,000</u>	<u>165,000</u>	
Total Revenue	\$8,959,400	\$9,139,600	\$9,385,500	\$9,657,400	
Available Balance	\$22,154,400	\$22,613,800	\$23,350,100	\$24,028,200	
<b>Expenditures</b>					
ATV Project Aids	\$3,545,700	\$3,544,200	\$3,563,300	\$3,579,700	
UTV Project Aids	565,700	630,000	872,800	1,028,300	
State ATV and UTV Trails	327,400	327,400	327,400	327,400	
Off-Highway Motorcycle Program	-	60,100	60,100	60,100	
Trail Safety Grant	297,000	297,000	297,000	297,000	
Motorized Recreation Law Enforcement	1,295,600	1,295,600	1,273,100	1,273,100	9.00
County Enforcement Aids	750,000	750,000	750,000	750,000	
Miscellaneous	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Subtotal	\$6,781,700	\$6,904,300	\$7,143,700	\$7,315,600	
<b>Split-Funded Appropriations</b>					
Internal Services	\$132,400	\$133,000	\$138,100	\$138,100	0.87
External Services	962,400	914,600	940,400	940,400	8.37
Division Management	56,400	58,700	62,800	62,800	0.58
Law Enforcement and Safety	694,300	602,500	614,200	614,200	4.48
Debt Service, Maintenance, Development, and Assessments	<u>53,000</u>	<u>36,100</u>	<u>80,100</u>	<u>85,400</u>	
Subtotal	\$1,898,500	\$1,744,900	\$1,835,600	\$1,840,900	
Total Expenditures	\$8,680,200	\$8,649,200	\$8,979,300	\$9,156,500	23.3
Closing Cash Balance	\$13,474,200	\$13,964,600	\$14,370,800	\$14,871,700	
Encumbrances and Continuing Balances	\$7,009,300	\$7,009,300	\$7,009,300	\$7,009,300	
Available Balance	\$6,464,900	\$6,955,300	\$7,361,500	\$7,862,400	

\* JFC budget decisions through May 20, 2021.





## Legislative Fiscal Bureau

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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)]

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#### **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
<b>Revenue</b>					
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
<b>Expenditures</b>					
<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.

<b>ALT B1</b>	<b>Change to Base</b>
SEG	\$41,000

2. Take no action.

Prepared by: Eric R. Hepler



## Natural Resources -- Motorized Recreation

### LFB Summary Items for Which No Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
5	Off-Highway Motorcycle Nonresident Trail Pass Revenues
6	Recreational Vehicle Dealer Online Registration
7	Recreational Vehicle Registration Fee Retention

