

Natural Resources

Forestry and Parks

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6	Forestry Mill Rate Reestimate



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June, 2021

Joint Committee on Finance

Paper #440

Forestry Account Condition (Natural Resources -- Forestry and Parks)

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). The conservation fund is divided into nine accounts, including the forestry account. The largest source of revenue to the account is a sum-sufficient transfer from the general fund equal to 0.1697 mill (16.97¢ per \$1,000) of equalized property value in the state.

OVERVIEW OF THE FORESTRY ACCOUNT

1. Article VIII, Section 10, of the Wisconsin Constitution allows the state to appropriate moneys for the purpose of acquiring, preserving and developing the forests of the state through a tax on property not to exceed 0.2 mill (20¢ per \$1,000 of property value). Prior to 2017, the tax rate was set at 0.1697 mill (16.97¢ per \$1,000 of property value). 2017 Wisconsin Act 59 reduced the rate to 0, replacing it with a sum-sufficient GPR transfer to the forestry account of the segregated conservation fund. In fiscal year 2021-22, the transfer is estimated to be \$109,691,500. The attachment shows the estimated condition of the forestry account through Committee action to date.

2. The forestry mill rate transfer represents approximately 86% of all budgeted revenues to the forestry account in fiscal year 2020-21. The remaining amounts include: (a) the sale of timber on state forest lands; (b) the sale of stock from the state's tree nurseries; (c) camping and entrance fees at state forests; (d) severance and certain withdrawal payments from timber harvests on cooperatively managed county forests; and (e) withdrawal payments on privately owned land entered under the forest crop land and managed forest land (MFL) programs; and (f) a portion of the revenue from the sale of conservation patron licenses to reflect the fact that license holders are granted admission to state forests at no additional charge as part of the license. Revenues are expected to exceed budgeted expenditures by an average of \$16.2 million in each year of the 2021-23 biennium.

3. Forestry revenues are authorized to support 568.6 positions in DNR. These staff include approximately 449 positions authorized for forest and southern forest operations. The forestry account also supports: (a) tree nursery operations; (b) prevention, detection and suppression of forest fires; (c) forest health and productivity, including administration of the MFL program and assistance to county forest administrators; (d) grants, loans and payments to certain towns, counties and private forest owners; and (e) a portion of DNR administrative costs. Furthermore, the forestry account is used to repay \$13.5 million in stewardship debt service and aids in lieu of taxes on property the department owns. 2015 Wisconsin Act 55 requires DNR to pay 50% of aids in lieu of taxes payments for lands acquired after 1991 from the forestry account. The remaining 50% is paid from the general fund (GPR).

4. In addition, the forestry account supports approximately 15 positions and certain costs of various other state agencies, including the Department of Agriculture, Trade and Consumer Protection, the Kickapoo Reserve Management Board, the UW System, and the Lower Wisconsin State Riverway Board.

Prepared by: Eric Hepler
Attachment

ATTACHMENT

Forestry Account Condition

	2019-20 <u>Actual</u>	2020-21 <u>Budgeted</u>	2021-22 Base <u>Plus JFC</u>	2022-23 Base <u>Plus JFC</u>	2022-23 <u>Base Staff</u>
Opening Balance	\$43,762,200	\$50,290,000	\$63,408,900	\$77,175,300	
Revenue					
Transfer from the General Fund	\$98,574,100	\$104,049,300	\$109,691,500	\$114,052,900	
Timber Sales	8,673,000	9,200,000	9,300,000	9,500,000	
Campsite Fees	3,220,200	3,400,000	3,400,000	3,500,000	
State Forest Admissions	3,551,100	3,100,000	3,300,000	3,400,000	
Other	<u>2,888,400</u>	<u>1,250,700</u>	<u>2,000,000</u>	<u>2,000,000</u>	
Total Revenue	\$116,906,800	\$121,000,000	\$127,691,500	\$132,452,900	
Available Balance	\$160,669,000	\$171,290,000	\$191,100,400	\$209,628,200	
Expenditures					
State Forestry Operations	\$49,004,100	\$50,885,800	\$53,257,700	\$53,257,700	413.90
Southern Forest Operations	4,983,600	5,123,600	5,313,600	5,313,600	35.45
Stewardship Debt service	13,500,000	13,500,000	13,500,000	13,500,000	
Forest Law	4,060,900	4,116,100	4,116,100	4,116,100	-
Forestry Aids	7,614,400	4,712,600	4,712,900	4,712,900	-
Property Development	<u>1,844,900</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	-
Subtotal	\$81,007,900	\$80,338,100	\$82,900,300	\$82,900,300	
Split-Funded Appropriations					
Internal Services	\$6,804,400	\$6,833,700	\$7,098,800	\$7,098,800	44.72
External Services	1,410,100	1,444,400	1,507,700	1,507,700	11.51
Division Management	5,432,300	6,038,600	6,476,600	6,311,600	54.57
Law Enforcement and Safety	1,262,700	1,109,700	1,131,700	1,131,700	8.44
Aids in Lieu of Taxes	6,412,800	6,619,500	6,619,500	6,619,500	-
Debt Service, Maintenance, Development, and Assessments	4,957,400	2,493,700	5,057,400	5,082,500	-
Reservation Fees	<u>371,400</u>	<u>291,300</u>	<u>291,300</u>	<u>291,300</u>	-
Subtotal	\$26,651,100	\$24,830,900	\$28,183,000	\$28,043,100	568.59
Other Agency Appropriations					
Agriculture, Trade and Consumer Protection	\$1,688,200	\$1,688,200	\$1,762,600	\$1,762,600	9.75
State Historical Society - Northern Great Lakes Museum	66,100	66,100	71,300	71,300	1.00
University of Wisconsin System	136,700	136,700	139,100	139,100	1.00
Kickapoo Reserve Management Board	745,900	732,300	785,300	785,300	2.75
Lower Wisconsin State Riverway Board	56,100	61,800	64,200	64,200	0.50
Wild Rivers Interpretive Center	<u>27,000</u>	<u>27,000</u>	<u>19,300</u>	<u>19,300</u>	-
Subtotal	\$2,720,000	\$2,712,100	\$2,841,800	\$2,841,800	15.00
Total Expenditures	\$110,379,000	\$107,881,100	\$113,925,100	\$113,785,200	583.59
Closing Cash Balance	\$50,290,000	\$63,408,900	\$77,175,300	\$95,843,000	
Encumbrances and Continuing Balances	\$21,103,100	\$21,103,100	\$21,103,100	\$21,103,100	
Available Balance	\$29,186,900	\$42,305,800	\$56,072,200	\$74,739,900	



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June, 2021

Joint Committee on Finance

Paper #441

County Forest Acreage Share Payments (Natural Resources -- Forestry and Parks)

[LFB 2021-23 Budget Summary: Page 425, #1]

CURRENT LAW

Under s. 28.11 of the statutes, counties may enroll county-owned lands in the county forest program. Under the program, counties are required to manage forestland for the production of merchantable timber. Counties are required to follow a DNR-approved forest management plan and to open the lands to public recreation. In general, lands held by the public are not taxable. To compensate municipalities for forgone tax revenue, DNR makes annual payments to municipalities of 30¢ for each acre of county forestland within their bounds. In 2019-20, DNR paid \$720,300 from the forestry account of the segregated (SEG) conservation fund for county forest acreage share payments.

DISCUSSION POINTS

1. Publicly held lands and conservation-related tax incentives remove properties from local tax rolls, reducing the revenues that a local government can collect. To compensate local governments for forgone revenues, DNR pays aids that differ based on the form of ownership, date of public acquisition or tax-exempt enrollment, and the tax status of the property prior to acquisition. These aids are described in further detail below.

2. County forests are the largest form of public land ownership in the state. As of July 1, 2020, approximately 2.4 million acres across 30 counties were enrolled in the county forest program. While these lands produce merchantable timber and raise revenues for the counties, they are not included in the property tax rolls for municipalities and school districts. Chapter 345 of the Laws of 1963 required DNR to make acreage share payments to municipalities equal to 15¢ per acre of county forest land within their boundaries. Chapter 215 of the Laws of 1971 increased acreage share

payments from 15¢ to 20¢ per acre. 1989 Wisconsin Act 31 increased these aids to 30¢ per acre, where they stand today. Table 1 shows the total acreage enrolled as county forest and amount of acreage share payments made to each county in fiscal year 2019-20.

TABLE 1

County Forest Acreage

<u>County</u>	<u>Acreage</u>	<u>Current Law Payment</u>	<u>AB 68/SB 111 Payment</u>
Adams	140	\$42	\$88
Ashland	40,305	12,092	25,392
Barron	16,305	4,891	10,272
Bayfield	175,749	52,725	110,722
Burnett	111,516	33,455	70,255
Chippewa	34,654	10,396	21,832
Clark	134,742	40,423	84,888
Douglas	280,091	84,027	176,457
Eau Claire	52,712	15,814	33,209
Florence	36,395	10,918	22,929
Forest	14,823	4,447	9,338
Iron	175,303	52,591	110,441
Jackson	122,663	36,799	77,277
Juneau	17,799	5,340	11,213
Langlade	130,877	39,263	82,453
Lincoln	100,843	30,253	63,531
Marathon	30,474	9,142	19,199
Marinette	229,939	68,982	144,861
Monroe	7,441	2,232	4,688
Oconto	43,766	13,130	27,573
Oneida	82,930	24,879	52,246
Polk	17,183	5,155	10,825
Price	92,302	27,691	58,151
Rusk	89,324	26,797	56,274
Sawyer	115,197	34,559	72,574
Taylor	17,688	5,306	11,143
Vernon	1,942	583	1,223
Vilas	41,151	12,345	25,925
Washburn	150,196	45,059	94,623
Wood	<u>37,826</u>	<u>11,348</u>	<u>23,831</u>
Total	2,402,274	\$720,682	\$1,513,432
Difference			\$792,750

3. Assembly Bill 68/Senate Bill 111 would reestimate funding in the Chapter 20 appropriations schedule for county forest aids but would not amend statutory references to increase the county forest acreage share payment. The administration intends to increase acreage share

payments from 30¢ under current law to 63¢. This would increase the amount paid for county forest acreage share payments from approximately \$712,600 under current law, to \$1,496,500, an increase of \$783,900. Table 1 shows the projected payments to each county under the proposal. (The amounts in Table 1 are based on certified county forest acreage for fiscal year 2019-20 and differ from the estimates in AB 68/SB 111. County forests regularly add, subtract, and swap forestland parcels, so it is difficult to precisely estimate the number of acres in future years. Aids payments are made from a sum-sufficient forestry account SEG appropriation, meaning the budgeted amounts are estimates of payments provided by law.)

4. In addition to county forest aids, the statutes provide aids to municipalities to compensate for forgone property tax revenue. These aids vary by the form of enrollment, date of entry, and tax status of the property prior to removal from the tax roll. These aids may be fixed per-acre payments or may vary based on the relative change in statewide property values. Aids include (a) aids in lieu of property taxes; (b) Forest Cropland (FCL) and Managed Forestland (MFL) acreage share payments; (c) FCL and MFL aids to towns; and (d) FCL and MFL aids to counties.

5. *Aids in Lieu of Property Taxes.* Since 1956, the DNR has paid aids in lieu of property taxes on Department-held lands. Chapter 400 of the Laws of 1963 expanded aids in lieu of taxes, requiring DNR to pay aids to municipalities of 30¢ per acre of most Department lands within their boundaries. Subsequent legislation would change the basis on which aids in lieu of taxes are paid. The statutes provide for fixed-rate per-acre payments only for lands acquired prior to 1969. The per-acre value was increased three times, first by Chapter 90 of the Laws of 1973, which increased aids to 50¢ per acre, then by 1987 Wisconsin Act 27, which set aids at 80¢ per acre, and finally by 1997 Wisconsin Act 27, which raised aids to 88¢ per acre.

6. For lands purchased after June 30, 1969, and prior to December 31, 1991, DNR pays municipalities aids in lieu of taxes based on a 10-year declining payment schedule as provided in s. 70.113(2) of the statutes. In the first year after the acquisition of a property, DNR paid municipalities the assessed value of the property, multiplied by the county, local, and school tax rate. Each year thereafter, this amount was reduced by 10 percentage points until the 10th year after acquisition, or until the value became 50¢ per acre. For instance, in the second year after a property was purchased, DNR was to pay 90% of the first year's payment; in the third year after a property was purchased, DNR was to pay 80% of the first year's payment, and so on, until, in the 10th year after a property was purchased, and each year thereafter, DNR pays 10% of the first year's payment. DNR pays a minimum of 50¢ per acre on these properties.

7. Since 1992, when DNR acquires land, the Department pays aids to approximate the tax that would be due on the estimated value of the property at the time it was purchased, adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district. The municipality then pays each taxing jurisdiction, including the county and school district, a proportionate share of the payment, based on its levy. Prior to July 1, 2011, aids in lieu of taxes were based on the purchase price. For lands acquired since 2011, DNR pays aids based on the lower of the equalized value of the property in the year prior to purchase by DNR or the purchase price paid by DNR. If DNR purchases a property for less than the property's estimated fair market value, including properties given to DNR as a gift, the purchase price is considered to be the estimated

fair market value of the property as shown on the property tax bill prepared for the prior year.

8. *FCL and MFL Acreage Share Payments.* Under the FCL and MFL programs, private forest owners pay a reduced property tax rate in exchange for managing forests using sustainable practices and to produce merchantable timber. The tax rates, called acreage shares payments, vary based on the programs properties are enrolled in, the date of enrollment, and whether a property is open to public recreation. Acreage share payments are made to the local treasurer of the municipality that contains the FCL or MFL properties. The town treasurer retains 80% of each acreage share payment and remits 20% to the county treasurer.

9. Properties that were enrolled in FCL as of December 31, 1971 pay 10¢ per acre. This rate is fixed and has been in place since the FCL program was established in 1927. Properties enrolled in the program on or after January 1, 1972, pay \$2.52 per acre. This rate is re-assessed every 10 years based on the growth in equalized value of residential, commercial, manufacturing, agricultural, undeveloped, agricultural forest, and productive forest land property classes. The FCL program was closed to new entries on January 1, 1986; however, current entries continue to pay acreage share payments based on date of enrollment.

10. 1985 Wisconsin Act 29 created the MFL program to replace the FCL program. Under the program, property owners who enrolled forestland before April 28, 2004, were required to pay an acreage share of 74¢ for each acre enrolled in the program and an additional \$1.00 for each acre closed to the public. These rates are re-assessed every five years based on the growth in the average tax per acre of certain property classes relative to 1986. For forestland enrolled in MFL on or after April 28, 2004, property owners pay an acreage share equal to 5% of the average property tax per acre of productive forestland on each acre that is open to the public. Property owners pay an acreage share equal to 20% of the average property tax per acre of productive forestland for each closed acre. These rates are re-assessed every five years. Current rates are in effect through tax year 2022 and require payment of \$2.04 for each open acre and \$10.20 for each closed acre.

11. *FCL and MFL Aids to Towns.* Since 1927, the state pays aids to towns for lands enrolled in FCL and MFL. These payments were originally equal to 10¢ per acre of land enrolled in FCL. Chapter 215 of the Laws of 1971 increased these payments to their current rate of 20¢ per acre. Under 1985 Act 29, DNR also pays 20¢ per acre aids to towns for MFL lands within their boundaries. Similar to acreage shares paid by property owners, municipalities retain 80% of FCL and MFL aids and remit 20% to the county.

12. *FCL and MFL Aids to Counties.* DNR pays aids to counties with greater than 40,000 acres in FCL and MFL. Aids are paid in proportion to the number of FCL and MFL acres they contain. Since fiscal year 2009-10, \$1,237,500 is budgeted annually for these aids. Table 2 compares each forestry-related aid, including the type of payment and method of assessment. As shown in the table, most acreage aids fall into three categories: fixed per-acre payments, fixed per-acre payments that are periodically re-assessed, and variable payments based on property tax assessments.

TABLE 2

Aids Paid on Tax-Exempt and Tax-Preferred Forests

Program	<u>Date of Entry</u>	<u>Payment Type</u>	<u>Payment</u>	<u>Payer</u>	<u>Assessment Basis</u>
County Forest Acreage Share		Fixed per acre	\$0.30	DNR	Fixed payment, set by 1989 Act 31.
Aids in Lieu of Taxes					
	Before July 1, 1969	Fixed per acre	\$0.88	DNR	Fixed payment, set by 1997 Act 27.
	July 1, 1969 thru December 31, 1991	Assessment, based on a declining payment schedule	Variable, based on property value	DNR	The property tax assessment in the year of acquisition, reduced by 10% in each year following acquisition until the tenth year; fixed thereafter with a minimum payment of \$0.50 per acre.
	January 1, 1992 to present	Assessment, adjusted annually	Variable, based on property value	DNR	The property tax assessment in the year of acquisition, adjusted annually based on the change in equalized value of all land, excluding improvements, in the taxing jurisdiction.
FCL Acreage Share Payments					
	Before January 1, 1972	Fixed per acre	\$0.10	Property Owner	Fixed payment, set by Chapter 454 Laws of 1927.
	January 1, 1972 thru December 31, 1985	Fixed per acre, re-assessed every 10 years	\$2.52 thru 2022	Property Owner	Fixed payment, adjusted every ten years based on the change in equalized value of residential, commercial, manufacturing, agricultural, undeveloped, agricultural forest, and productive forest property classes.
MFL Acreage Share Payments					
	Open acreage, January 1, 1986 thru April 27, 2004	Fixed per acre, re-assessed every 5 years	\$0.74 thru 2022	Property Owner	Fixed payment, adjusted every five years based on the change in equalized value of agricultural, swamp or wasteland, and productive forestland property classes.
	Closed acreage, January 1, 1986 thru April 27, 2004	Fixed per acre, re-assessed every 5 years	\$1.75 thru 2022	Property Owner	Fixed payment, adjusted every five years based on the change in equalized value of agricultural, swamp or wasteland, and productive forestland property classes.
	Open acreage, April 28, 2004 to present	Fixed per acre, re-assessed every 5 years	\$2.04 thru 2022	Property Owner	5% of the average statewide property tax per acre of property classified as productive forest land.
	Closed acreage, April 28, 2004 to present	Fixed per acre, re-assessed every 5 years	\$10.20 thru 2022	Property Owner	20% of the average statewide property tax per acre of property classified as productive forest land.
FCL and MFL Aids to Towns		Fixed per acre	\$0.20	DNR	Fixed Payment, FCL rate set by Chapter 215 Laws of 1971; MFL rate set by 1985 Act 29.
FCL and MFL Aids to Counties		Variable acreage payments	Varies between counties	DNR	\$1,237,500 is divided annually between all counties with more than 40,000 acres of FCL and MFL land in proportion to the number of FCL and MFL acres they contain.

13. As shown in the table, county forest acreage share payments can be categorized as fixed per-acre payments. Periodically the Legislature has increased the per-acre payment. However, over time, the real value of these aids is eroded by inflation. The administration intends that the increase in county forest acreage shares would adjust for inflation, which has eroded the real value of the per-acre payments. As noted above, county forest acreage shares were raised from 20¢ per acre to 30¢ per acre by 1989 Act 31. Since 1989, the consumer price index (CPI) has increased by approximately 110%. The Committee could consider increasing county forest acreage share payments from 30¢ per

acre to 63¢ per acre and reestimating aids payments by \$783,900 [Alternative 1].

14. The CPI is intended to reflect changes in the price that consumers pay for a broad selection of common household goods. However, property taxes are based on a measure of the market value of a property. Since 1989, the total equalized value of all land in the state excluding improvements has increased by approximately 329%. The Committee could consider increasing county forest acreage share payments by 329%, from 30¢ to 99¢ and reestimating aids payments by \$1,632,200, to \$2,344,800 [Alternative 2].

15. While revenues to the forestry account have been strong in recent years, a \$2 million increase in aids may be difficult to maintain if timber sales revenues, camping fees, or other forestry revenues were to decline in future biennia. To limit forestry expenditures, the Committee could consider increasing county forest acreage shares to 50¢ per acre [Alternative 3]. This is the minimum per acre aids in lieu of property tax payment DNR pays on lands acquired between 1969 and 1991. DNR would be estimated to pay \$1,187,700 SEG in 2021-22, an increase of \$475,100 over current estimates.

16. Alternatively, the Committee could consider increasing county forest acreage share payments to 88¢ per acre [Alternative 4]. This is the per acre aids in lieu of property tax payment DNR pays on all lands acquired prior to 1969. DNR would be estimated to pay \$2,090,300 SEG in 2021-22, an increase of \$1,377,700 over current law estimates.

17. As described above, several aids paid to municipalities to compensate for lost tax revenue related to public lands are adjusted periodically as the real value of the aids declines. DNR aids in lieu of taxes on lands acquired since 1992 are adjusted annually based on changes in equalized values. FCL acreage shares are re-assessed every 10th year and MFL acreage share payments are re-assessed every fifth year. County forest acreage shares, however, have not been adjusted since 1989.

18. In addition to increasing the per-acre payment, the Committee could consider requiring that county forest acreage shares be adjusted every fifth year based on either: (a) the change in equalized value of all land in the state, less improvements, relative to 2022 [Alternative 5a]; or (b) the change in equalized value of productive forestland, relative to 2022 [Alternative 5b], akin to MFL acreage shares. For perspective, between 2015 and 2020, the equalized value of all unimproved land in the state increased by 15.3% while the equalized value of productive forestland increased by 2.3%.

19. The Committee could take no action [Alternative 6]. Acreage share payments would remain fixed at 30¢ per acre, and total payments would vary as counties acquire and sell land.

ALTERNATIVES

1. Increase county forest acreage shares from 30¢ to 63¢. Reestimate aids by \$783,900 SEG, to \$1,496,500 in each year of the biennium.

ALT 1	Change to Base
SEG	\$1,567,800

2. Increase county forest acreage shares from 30¢ to 99¢. Reestimate aids by \$1,632,200 SEG, to \$2,344,800 in each year of the biennium.

ALT 2	Change to Base
SEG	\$3,264,400

3. Increase county forest acreage shares from 30¢ to 50¢. Reestimate aids by \$475,100 SEG, to \$1,187,700 in each year of the biennium.

ALT 3	Change to Base
SEG	\$950,200

4. Increase county forest acreage shares from 30¢ to 88¢. Reestimate aids by \$1,377,700 SEG, to \$2,090,300 in each year of the biennium.

ALT 4	Change to Base
SEG	\$2,755,400

In addition to any of the above,

5. Require that the county forest acreage shares be reassessed every five years based on:
 - a. The change in equalized value of all property in the state, less improvements, relative to 2022.
 - b. The change in equalized value of all productive forestland in the state, relative to 2022.
6. Take no action.

Prepared by: Eric R. Hepler



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June, 2021

Joint Committee on Finance

Paper #442

Urban Forestry Grants (Natural Resources -- Forestry and Parks)

[LFB 2021-23 Budget Summary: Page 425, #2]

CURRENT LAW

The urban forestry grant program provides matching grants to local governments for forestry-related projects, including tree inventories and management plans, disease evaluations, public education and storm damage response. The Department of Natural Resources (DNR) may award up to \$524,600 for urban forestry grants in each year of the 2019-21 biennium. Under administrative code Chapter NR 47, grants for urban forest management must be at least \$1,000 and not more than \$25,000. Additionally, DNR may award up to 20% of the amount appropriated for urban forestry grants for removing, repairing, and replacing trees that have been damaged by heavy winds, tornadoes, ice, hail, or snow. Communities are eligible in areas where the Governor has declared a state of emergency. Grant awards for storm damage may be as little as \$4,000 and as large as \$50,000.

DISCUSSION POINTS

Urban Forestry Grants

1. The urban forestry grant program was created in 1991 Wisconsin Act 39 to provide matching grants to local governments for forestry-related projects, including tree inventories and management plans, disease evaluations, public education and storm damage response. 2009 Wisconsin Act 28 created a biennial appropriation for the grants and set funding for them at \$524,600 each year.

2. The program provides grants for a variety of purposes including tree management plans, tree inventories, brush residue projects, development of tree management ordinances, tree disease evaluation, and public education relating to trees in urban areas. Additionally, the program provides

small grants (not exceeding \$5,000) for projects to start a community tree care program.

3. Despite the name, urban forestry grants are not limited to providing funding to metropolitan cities. Administrative code s. NR 47.52(8) defines urban forestry as tree management, operations and education within cities, villages and other concentrated development. Wisconsin towns, villages, cities, tribes, counties and nonprofit conservation organizations (NCOs) are eligible grant applicants.

4. The grant program operates on an annual funding cycle with applications accepted between July 1 and October 1. In mid-November, award notifications are made to grant recipients. DNR notes that it reserves 20% of the amount appropriated for the grants for catastrophic storm damage grants. In each year of the 2019-21 biennium, DNR reserved approximately \$104,900 of the \$524,600 authorization for catastrophic storm grants. If these funds are not needed through mid-March, DNR releases them to fund a second round of urban forestry grants.

5. Table 1 shows the amount requested and awarded for these grants since fiscal year 2015-16. It should be noted that the amount awarded in 2019-20 was supplemented by a transfer from the forestry emergency reserve to fund a high volume of requests related to storm damage in summer 2019.

Urban Forestry Grant Program Awards

<u>Fiscal Year</u>	<u>Amount Requested</u>	<u>Amount Awarded</u>	<u>Percent Awarded</u>
2015-16	\$1,246,376	\$547,728	44%
2016-17	938,857	578,063	62
2017-18	731,272	560,303	77
2018-19	677,293	532,805	79
2019-20*	1,327,173	1,013,655	76
2020-21**	879,385	699,180	80

* Includes one-time funding from the forestry emergency reserve to fund a high volume of catastrophic storm grants.

** Preliminary

6. Assembly Bill 68/Senate Bill 111 would increase the amount available for urban forestry grants by \$345,000 SEG each year, from \$524,600 to \$869,600. DNR notes that the Department has been unable to award \$345,000, on average, each year. While the table shows awards under the program, the bill proposal is based on actual disbursements. Disbursements may deviate from awards based on actual project costs. Since DNR is unable to fund all eligible expenses each year, the Committee could increase funding for urban forestry grants by \$345,000 SEG annually [Alternative A1].

7. As noted in the table, DNR was provided funding under a one-time transfer from the forestry emergency reserve to fund catastrophic storm damage grants in 2019-20. Without the \$489,100 transfer, DNR would have been able to fund \$524,600 in requests, including \$104,900 in storm damage grants. Excluding the one-time transfer, DNR has been unable to fund approximately

\$393,000 in urban forestry grant requests, on average, each year. The Committee could consider providing \$393,000 SEG each year for urban forestry grants, increasing the amount available from \$524,600 to \$917,600 [Alternative A2].

8. Alternatively, the Committee could provide a different amount for these grants. Increasing the amount available by \$200,400 SEG, from \$524,600 to \$725,000 [Alternative A3] would enable DNR to fund approximately 75% of requests, on average, each year. The Committee could take no action [Alternative A4]. DNR continue to be able to award \$524,600 each year.

Tree Planting

9. In addition to increasing urban funding for forestry grants, AB 68/SB 111 would create a new category of aids under the urban forestry grant appropriation. The bill would provide \$150,000 in 2021-22 and \$500,000 beginning in 2022-23 to address emerging threats to urban forests. Additionally, the bill would authorize DNR to use emergency rules, without a finding of emergency, to create new categories and priorities of urban forestry grants that would fund tree planting and increase the minimum grant amount that may be awarded.

10. As the state's weather patterns continue to change, a community's tree canopy can present risks and opportunities. Invasive species pose a threat to certain native trees. The emerald ash borer, for instance, has decimated ash forests across much of the eastern U.S. Since they were first discovered in Wisconsin (Ozaukee County) in 2008, the beetle has expanded through much of southern Wisconsin. Communities can take steps to protect their ash trees, including treating susceptible ash trees with insecticides that can kill the emerald ash borer's larvae. Communities can also plant certain species of ash and other trees that are less hospitable to the emerald ash borer.

11. As summers get warmer, a community's tree canopy can offer respite from the heat. Trees can absorb and sequester carbon dioxide, reducing the ambient atmospheric amount that can contribute to the greenhouse effect. Furthermore, according to the U.S. Environmental Protection Agency, shaded surfaces may be as much as 45° cooler than surrounding unshaded areas during peak temperatures. Planting shade trees can improve air quality, reduce energy costs in adjacent buildings, and provide comfort on hot days. However, urban forests can require considerable maintenance costs, such as pruning and sidewalk regrading.

12. DNR reports that the new category of aids would provide local units of government and nonprofit conservation organizations (NCOs) up to 50% of the costs of tree planting and maintenance, with a maximum grant award of \$25,000. DNR notes that the Department would likely need to develop administrative rules that outline eligible expenses, applications and other administrative details for these grants.

13. The bill would provide \$150,000 in 2021-22 and \$500,000 in 2022-23. This would set base funding at \$500,000 each year. DNR would need to write administrative rules, and the Department would be unlikely to provide \$500,000 in the first year from the biennial grant appropriation. Given the benefits of tree planting, as well as the costs to local governments of urban forest management, the Committee could consider providing \$150,000 in 2021-22 and \$500,000 2022-23 and authorizing DNR use emergency rulemaking authority to create a category of grants for

tree planting [Alternative B1].

14. DNR estimates that the \$650,000 would fund between 26 and 130 additional grants each year. However, demand for these grants is uncertain. The Committee could consider providing \$650,000 in one-time funding in 2021-22 and authorizing emergency rulemaking for DNR to create a category of grants for tree planting [Alternative B2].

15. Since the urban forestry grant is a biennial appropriation, the one-time funding would remain available until expended or June 30, 2023. One-time funding would enable DNR to identify the level of demand for these grants. The Legislature could then appropriate a more precise amount in the 2023-25 biennium. Alternatively, the Committee could take no action [Alternative B3].

Forestry Operations

16. DNR indicates that additional staffing would be required to develop and implement these new aids. AB 68/SB 111 would increase forestry operations funding by \$150,000 annually, including \$50,000 for limited-term employee (LTE) salaries and \$100,000 for supplies and services. DNR reports that the Department would hire one LTE to review grant priorities and procedures. DNR states that this cannot be done with existing staffing levels. The Committee could consider providing an additional \$50,000 SEG annually for forestry LTE salaries [Alternative C1].

17. Alternatively, since the LTE funding would support the development and implementation of the new urban forestry grant category, the Committee could consider providing \$50,000 annually as one-time funding [Alternative C2]. This would allow DNR to hire a LTE to develop rules and priorities for the new tree planting grant program, while minimizing strain on Department personnel.

18. Additionally, AB 68/SB 111 would increase the DNR forestry operations appropriation by \$100,000 SEG annually. DNR indicates that this would be used to plant trees on private land in urban areas. Projects would aim to reforest vacant properties, former agricultural lands, and brownfields.

19. On April 22, 2021, the Governor issued Executive Order 112, which directed DNR to coordinate with public and private entities to conserve 125,000 acres of forestland and to plant 75 million trees by 2031. As noted above, tree planting can help to offset carbon emissions and can cool surrounding environments. The Committee could consider providing \$100,000 SEG annually for tree planting on private lands [Alternative C3].

20. Under current law, DNR is budgeted \$100,500 SEG annually for reforestation on public land. DNR may use this appropriation to grow saplings in state nurseries and plant them on Department land. Additionally, members of the public may purchase saplings from DNR nurseries. It could be argued that DNR has sufficient funding for reforestation efforts. Therefore, the Committee could take no action [Alternative C4].

ALTERNATIVES

A. Urban Forestry Grants

1. Provide \$345,000 forestry account SEG each year for urban forestry grants. DNR would be authorized to award up to \$869,600.

ALT A1	Change to Base
SEG	\$690,000

2. Provide \$393,000 forestry account SEG each year for urban forestry grants. DNR would be authorized to award up to \$917,600.

ALT A2	Change to Base
SEG	\$786,000

3. Provide \$200,400 forestry account SEG each year for urban forestry grants. DNR would be authorized to award up to \$725,000.

ALT A3	Change to Base
SEG	\$400,800

4. Take no action.

B. Tree Planting Grants

1. Provide \$150,000 in 2021-22 and \$500,000 in 2022-23 and authorize DNR to promulgate emergency rules to create a category of grants for tree planting.

ALT B1	Change to Base
SEG	\$650,000

2. Provide \$650,000 as one-time funding in 2021-22 and authorize DNR to promulgate emergency rules to create a category of grants for tree planting.

ALT B2	Change to Base
SEG	\$650,000

3. Take no action.

C. Forestry Operations

1. Provide \$50,000 forestry account SEG annually for LTE staffing.

ALT C1	Change to Base
SEG	\$100,000

2. Provide \$50,000 forestry account SEG annually as one-time funding for LTE staffing.

ALT C2	Change to Base
SEG	\$100,000

3. In addition to either C1 or C2, provide \$100,000 forestry account SEG annually for tree planting on private land in urban areas.

ALT C3	Change to Base
SEG	\$200,000

4. Take no action.

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June, 2021

Joint Committee on Finance

Paper #443

Private Forest Landowner Grant (Natural Resources -- Forestry and Parks)

[LFB 2021-23 Budget Summary: Page 426, #3]

CURRENT LAW

The Wisconsin private forest landowner grant program provides grants for the costs of developing and implementing forest stewardship management plans by owners of 500 acres or less of nonindustrial private forest land in the state. Management plans are required to contain practices that protect and enhance: (a) soil and water quality; (b) endangered, threatened or rare forest communities; (c) sustainable forestry; (d) habitat for fish and wildlife; and (e) the recreational, aesthetic and environmental benefits that the forest land provides. DNR administers the program with grants up to 50% of project costs; by administrative rule, the state share of costs may be up to 75% and not to exceed \$10,000. Base funding of \$1,147,900 from the SEG forestry account is available for these grants each year.

DISCUSSION POINTS

1. Of the approximately 17.0 million acres of forestland in Wisconsin, 11.9 million (70%) are privately owned. Nearly half of privately owned forestland in Wisconsin is in properties less than 100 acres. Cooperation with small private forestland owners is important to the health of the state's forests. The private forest landowner grant program was created in 1997 Wisconsin Act 27, the 1997-99 biennial budget. The program was created to provide support to private forest landowners for projects and plans to protect and enhance the state's forests.

2. DNR gives priority for the grants to forest management plan development. Tree planting, and projects related to forest health improvement and soil and water protection receive second priority. All other eligible projects, including wetland protection and conservation, wildlife habitat enhancement, and endangered resource protection are lower priority, receiving whatever funding remaining after the top priority grants are funded. The grants provide a source of funding that

DNR can use to encourage private landowners to conduct activities that improve forest health.

3. The private forest landowner grant has received between \$1,016,900 and \$1,567,100 in requests each year since 2015-16. Assembly Bill 68 / Senate Bill 111 would increase funding for these grants by \$325,000 SEG each year. DNR awards projects based on estimated costs and typically reimburses up to half of approved costs at the close of a project. DNR reimburses 60% of approved costs for grants related to forestry emergencies declared by the state forester. DNR reports that the Department has been unable to fund, on average, \$324,000, each year when actual grant reimbursements are made. The Committee could consider providing \$325,000 SEG to fully fund the private forest landowner grant [Alternative 1].

4. The Committee could consider providing other amounts. 2009 Wisconsin Act 28 reduced funding for these grants by \$569,100, from \$1,717,000 to \$1,147,900. The Committee could consider restoring this amount [Alternative 2]. As noted above, grant requests have not exceeded \$1,570,000 since 2014-15. Restoring funding to pre-2009 levels would allow DNR to fund all grant requests based on recent demand.

5. Since 2014-15, DNR has received an average of \$1,283,100 in grant applications annually. The Committee could provide an additional \$135,200, increasing funding for the program to \$1,283,100 each year [Alternative 3].

6. Under Chapter NR 47 of the administrative code, DNR may award grants for as much as 75%. However, the Department typically only awards grants for up to 50% of the project cost. The average grant request of \$1,283,100 noted above represents applications for 50% of the cost of eligible projects. Based on this amount, it would cost DNR an estimated \$1,924,700 to fund 75% of eligible projects. The Committee could consider providing \$776,800 to allow DNR to provide grants for up to 75% of project costs, as authorized in NR 47 [Alternative 4].

7. The Committee could take no action [Alternative 5]. DNR notes that in recent years, it has been able to supplement the private forest landowner grant appropriation with additional funding. In 2013-14 and 2014-15, DNR was able to supplement lower priority forest habitat enhancement grants with funds from the wild turkey stamp, required of state turkey hunters. Additionally, DNR notes that the Department has received grants from the U.S. Forest Service to provide additional funding for forest health improvement projects.

ALTERNATIVES

1. Provide \$325,000 forestry SEG annually to increase private forest landowner grant funding to \$1,472,900 each year.

ALT 1	Change to Base
SEG	\$650,000

2. Provide \$569,100 forestry SEG to increase private forest landowner grant funding to

\$1,717,000 each year.

ALT 2	Change to Base
SEG	\$1,138,200

3. Provide \$135,200 forestry SEG to increase private forest landowner grant funding to \$1,283,100 each year.

ALT 3	Change to Base
SEG	\$270,400

4. Provide \$776,800 forestry SEG to increase private forest landowner grant funding to \$1,924,700 each year, allowing DNR to fund 75% of eligible project costs.

ALT 4	Change to Base
SEG	\$1,553,600

5. Take no action.

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Joint Committee on Finance

Paper #444

Free Fourth-Grade Admission to State Parks (Natural Resources -- Forestry and Parks)

[LFB 2021-23 Budget Summary: Page 427, #8]

CURRENT LAW

The Department of Natural Resources (DNR) Secretary is authorized to set state park admission and camping fees within statutorily defined limits. Parks daily admissions fees are a minimum of \$8 for residents and \$11 for non-residents. The DNR Secretary may raise daily admissions fees by as much as \$5. Annual admissions stickers cost \$28 for residents and \$38 for non-residents. Nightly camping fees must be no less than \$15 for residents and \$19 for non-residents and up to \$30 for residents and \$35 for non-residents. An admission fee exemption is available for motor vehicles transporting students from public or private schools and home-based private educational programs to an outdoor academic class, including those from a Wisconsin accredited college or university course.

DISCUSSION POINTS

1. In 2015, the National Park Service (NPS) created the Every Kid in a Park program, which provided fourth-grade students a free one-year voucher for admission to all national parks. In 2019, Congress expanded the program and renamed it the Every Kid Outdoors program. In addition to the approximately 420 national parks, monuments and other properties, fourth-grade students can use their voucher for admission to over 2,000 federal recreation areas. The program is intended to ensure that all children can visit federal lands and to encourage lifetime interest in outdoor hobbies. An estimated 200,000 students obtain an Every Kid Outdoors voucher each year.

2. Fourth-grade students may request a voucher online at everykidoutdoors.gov. The website produces a paper pass that can be used for admission at federal recreation sites. Students can swap their paper pass for a plastic version at certain NPS properties. The pass is valid for one year,

from September 1 to August 31 in the following year. Additionally, the Department of Interior produces activity guides for educators to teach about public lands, conservation, and environmental stewardship. In addition to providing resources for educators, the Every Kid Outdoors program provides vouchers for teachers to distribute to the fourth-grade pupils.

3. Assembly Bill 68/Senate Bill 111 would create a Wisconsin companion to the Every Kid Outdoors program. The bill would authorize DNR to provide a free annual admission sticker to Wisconsin fourth-grade students. Under the bill, a parent or guardian of a fourth-grade student in a Wisconsin public, private, or home school could apply to DNR's central office in Madison for a waiver of the annual resident parks vehicle admission fee for a single vehicle, except a motor bus.

4. The bill would require that an application include: (a) the child's name and date of birth; (b) the name of the school the child is or will be attending, or a certification that the child is in a home-based private education program; (c) a certification that the child is, was, or will be a fourth-grade pupil on the January 1 of the calendar year for which the fee waiver is issued. Evidence of fourth-grade enrollment could include report cards, verified enrollment forms, a dated letter from the school on official letterhead, or other proof DNR may accept. The bill would authorize one fourth-grade fee waiver per household, regardless of how many children are in the family.

Parks Admission Fee Waiver

5. Since the parks sticker waivers would reduce parks SEG revenue, the bill would create a sum-sufficient GPR appropriation equal to the value of the waivers issued in a given fiscal year to be used for parks operations. DNR estimates that approximately 3% of all Wisconsin households have a fourth-grade child. DNR assumes that 3% of the 286,970 purchasers of annual admissions stickers in 2020 had a fourth-grade child and would take advantage of the program, for a total of 8,700 waivers at a cost of \$243,600. In 2019-20, the parks account received \$23.2 million in revenue. The lost revenue from the waivers would account for 1% of parks revenues.

6. 2019 AB 252/SB 212 would have created a similar program, with the lost parks account revenue from fourth-grade admissions fee waivers reimbursed by a sum-sufficient GPR appropriation. The bills failed to pass subsequent to Senate Joint Resolution 1. The Committee could consider creating a fourth-grade parks admission fee waiver and creating a sum-sufficient GPR appropriation to replace lost revenue [Alternative A1].

7. Under the bill, the GPR appropriation would be equal to the value of the vehicle admission fees waived under the provision. However, the price of \$28 price of annual parks admission stickers includes a 50¢ issuing fee. DNR contends that the bill could be clarified to specify whether the GPR transfer includes the issuing fee or just the \$27.50 base price for the parks admission sticker. In addition to creating the parks fee waiver, the Committee could consider specifying that the sum-sufficient appropriation include both the value of the annual admissions fees and the issuing fees [Alternative A2].

8. There may be administrative concerns about funding certain parks operations from a sum-sufficient appropriation. Typically, sum-sufficient appropriations are used for formula-based aids rather than for operations. Under the bill, admission fee waivers would be valid from January 1

to December 31. DNR notes that parks stickers are most commonly purchased between April and June. If families apply for waivers during these months, DNR may be unable to encumber funds from the appropriation.

9. Additionally, the bill would delete expenditure authority by a total of \$243,600 SEG annually, including \$175,400 from the parks account for parks operations and \$68,200 annually from the forestry account for southern forest operations. If the actual value of parks admission sticker fees waived under the provision is less than the amount estimated by the bill, the value of GPR provided for parks operations would not replace the reduced expenditure authority from the conservation fund. Without a way to reestimate parks SEG-funded operations, this would effectuate a cut to the parks budget.

10. Given this, the Committee could consider creating a sum-sufficient GPR transfer to the parks account of the conservation fund equal to the number of waivers issued in the following year multiplied by \$28 [Alternative A3]. The GPR deposited into the SEG conservation fund would replace the lost SEG revenue from parks admission fee waivers and would not require the Committee to delete authorized parks and southern forest expenditures. This would have the effect of providing DNR with flexibility on when it expends funds. Additionally, since the waivers would not be issued until January 1, 2022 in fiscal year 2021-22, this alternative would reduce the fiscal effect in the 2021-23 biennium since the transfer would only occur in 2022-23. Furthermore, specifying the formula for the transfer would clarify the lost revenues for which DNR would be reimbursed.

11. The Committee could take no action [Alternative A4]. Under the current law, DNR may waive parks admission fees for students participating in educational courses. It could be argued that this is an appropriate and low-cost way of furnishing access to outdoor education and recreation for Wisconsin students.

Application Procedures

12. Under AB 68/SB 111 families could apply for the parks admissions waivers by submitting an application that: (a) lists the name of the fourth-grade child; (b) lists the child's date of birth; (c) lists the school attended by the child or provides certification that the child was enrolled in a home-based educational program, and (d) provides certification that the child was enrolled in fourth-grade in the year for which the family applied for the waiver, to DNR's central office in Madison. DNR notes that applications would need to be submitted to the central office to ensure that school certifications are handled uniformly.

13. Compared to the proposal in AB 68/SB 111, the federal parks fee waiver program is less onerous. Children and parents can receive a waiver after submitting a short internet-based form. The form asks students to provide their ZIP code and whether they are in fourth-grade. Additionally, teachers can fill out a short internet-based form that allows them to print out up to 300 fourth-grade waivers at a time that may be distributed to students. Both forms rely on the attestation of the applicant. However, the Department of Interior notes that the waiver may only be used to enter national parks and other federal recreational lands if the fourth-grade child is present.

14. DNR indicates that families that submit the fourth-grade admission fee waiver will

receive the same annual parks admission sticker as paying customers, unlike the federal program, which provides a special certificate that fourth-grade students may use to enter national parks. Since DNR would provide a parks admission sticker, there will be no way for parks employees to discern the difference between a parks pass that was purchased at face value and one that was issued to a family using a fourth-grade admission fee waiver.

15. To ensure that fourth-grade parks admission fee waivers are provided only to fourth-grade students, the bill requires that families provide certification of fourth-grade enrollment or of equivalent home-school attendance. The bill lists dated and signed enrollment forms, dated report cards, a dated and signed letter from the school on official letterhead as possible certifications.

16. The bill gives DNR discretion with regard to what certifications may satisfy the proof of enrollment requirement. However, the Department indicates that "certifications" may limit what forms of evidence are acceptable to official documentation. Private schools and home-school programs may not have formal certifications that could be provided by families applying for these waivers. To ensure that DNR is able to provide waivers to all eligible families, the Committee could consider allowing DNR to accept "evidence" of fourth-grade enrollment, rather than "certification," under the bill [Alternative B1].

17. Additionally, the bill is silent on acceptable certifications of enrollment in home-school programs. If the bill does not formally define what certifications are acceptable, DNR may be unable to determine what evidence will be sufficient to meet the requirement. Under s. 115.30(3), a parent, guardian, or the administrator of a home-school program must submit a form documenting the number of students, by grade level, who attend the home-school program. The Department of Public Instruction (DPI) currently requires the parents of home-schooled children to submit form DP-1206, which lists the parent's name and the number of students in each grade level. While the form does not list the name or date of birth of home-schooled children, it does list the name of the parent. The Committee could consider defining proof of home-school enrollment as copy of any form submitted to DPI under s. 115.30(3) of the statutes [Alternative B2].

18. Alternatively, the Committee could take no action with regard to evidence of fourth-grade enrollment [Alternative B3]. The bill gives DNR discretion to adjudicate proof of enrollment for fee waiver applicants. The Department would be able to develop a list of acceptable materials or to judge applications on a case-by-case basis.

Waiver Eligibility

19. Under AB 68/SB 111, families could receive the fourth-grade parks admission fee waiver once per household, regardless of the number of children in the household. The federal Every Kid Outdoors waiver is available to any fourth-grade student, regardless of whether their siblings or other members of their household have received a waiver. If the purpose of the program is to encourage children and families to get outdoors and explore Wisconsin's natural resources, it could be argued that limiting the waiver to be used only one per household contradicts this. To ensure that the program serves all fourth-grade students, the Committee could consider allowing families to receive the waiver once per fourth-grade child per year, rather than per lifetime [Alternative C1a].

20. Allowing families to use the waiver once each year that they have a child enrolled in fourth grade would likely increase the fiscal effect of the bill in future years. However, given the uncertain demand for the program, it is not possible to estimate the relative cost increase in future years. It is likely the fiscal effect in the 2021-23 biennium would be negligible.

21. However, to reduce the program's cost in future years, the Committee could consider limiting families to receiving one waiver per household per lifetime [Alternative C1b]. DNR notes that the Department has experience administering one-time waivers. Under s. 27.01(9)(bn) of the statutes, active duty service members who are Wisconsin residents may receive a one free annual parks admissions sticker in his or her lifetime. DNR is required to make a list of all service members who have received the exemption.

22. DNR indicates that administration of the one-time fee waiver would be easier to administer if the Department were authorized to collect driver's license numbers for all parents and guardians in a household. With this information, the Department could maintain a database of individuals who have received the waiver. The database would allow DNR to ensure that a family only receives one waiver per lifetime, regardless of whether the family's status changes. To allow DNR to ensure that no household receives more than one waiver per lifetime, the Committee could require that applicants provide driver's license numbers for all household members [Alternative C2a].

23. While the Department has experience providing one-time waivers to individuals, DNR does not have experience providing one-time waivers to households. The bill would require DNR to define what constitutes a household in order to ensure that the waiver is only given once to a household. To ensure the Department complies with the intent of the Legislature, the Committee could consider defining "household" for the purpose of the fourth-grade parks admission waiver.

24. The statutes and federal law provide different definitions of a household depending on statutory purposes. For instance, for the provision of low-income energy assistance, s. 16.27(1)(c) of the statutes defines a household as individuals or a group of individuals who live together as one economic unit. State tax provisions of the statutes typically define a household as an individual and his or her spouse any dependents. 7 USC 2012 (supplemental nutrition assistance) defines a household as a group of individuals residing together who purchase food as a unit. For the purpose of the fourth-grade parks admission fee waiver, The Committee could consider defining a household as individuals who reside together, regardless of marital status [Alternative C2b].

ALTERNATIVES

A. Parks Admission Fee Waiver

1. Create a fourth-grade parks admission fee waiver that would provide a free annual parks admission sticker to a parent or guardian of a Wisconsin fourth-grade student. Create a sum-sufficient GPR appropriation to replace revenue from vehicle admission fees. Estimate the GPR appropriation at \$243,600 annually. Delete \$243,600 SEG annually, including \$175,400 annually for parks operations from the parks account of the conservation fund and \$68,200 annually from the forestry account for forestry operations.

ALT A1	Change to Base	
	Revenue	Funding
GPR	\$0	\$487,200
SEG	<u>-487,200</u>	<u>-487,200</u>
Total	-\$487,200	\$0

2. In addition to Alternative A1, specify that the sum-sufficient GPR appropriation include both the value of admissions sticker fees waived under the provision as well as the issuing fees for those stickers.

3. Create a fourth-grade parks admission fee waiver that would provide a free annual parks admission sticker to a parent or guardian of a Wisconsin fourth-grade student. Create a sum-sufficient GPR transfer to the conservation fund equal to the number of waivers issued multiplied by \$28 to replace lost revenues from the admissions fee waivers. Estimate the transfer at \$243,600 GPR annually. (The first transfer would occur in 2022-23.)

ALT A3	Change to Base	
	Revenue	Funding
GPR	\$0	\$243,600
SEG	<u>0</u>	<u>0</u>
Total	\$0	\$243,600

4. Take no action.

B. Application Procedures

1. Authorize DNR to accept any evidence of fourth-grade enrollment deemed by the Department to be sufficient proof of enrollment. (The Committee may select this in addition to any of the Alternatives A1, A2 or A3.)

2. Define proof of home-school enrollment as copy of any form submitted to DPI under s. 115.30(3) of the statutes. (The Committee may select this in addition to any of the Alternatives A1, A2 or A3.)

3. Take no action.

C. Waiver Eligibility

1. In addition to one of the Alternative A1, A2 or A3, specify families may receive the waiver as one of the following:

- a. once per fourth-grade child per year, rather than per lifetime.
- b. once per household per lifetime.

2. In addition to C1, specify one or both of the following:
 - a. Require that applicants provide driver's license numbers for all household members when applying for the admission fee waiver.
 - b. Define a household as individuals who reside together, regardless of marital status.
 - c. Take no action.

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June, 2021

Joint Committee on Finance

Paper #445

Parks Account Funding (Natural Resources -- Forestry and Parks)

[LFB 2021-23 Budget Summary: Page 427, #9, 428 #10 & #11]

CURRENT LAW

State parks operations are funded primarily from the parks account of the segregated (SEG) conservation fund. Account revenues derive mostly from parks motor vehicle admission fees and camping fees. Parks revenue is also derived from other charges, including 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 patron licenses is deposited in the parks account to reflect the parks-related privileges granted to patron license holders, including an annual park vehicle admission, trail pass and Heritage Hill State Park admission.

These revenues fund the operations and maintenance of 77 recreational properties open to the public, including: (a) 45 state parks (another five state parks are state-owned but operated locally by municipalities or nonprofit groups); (b) 14 state trails (another 25 trails are state-owned, but locally operated and maintained); (c) two national scenic trails; (d) eight southern forests; and (e) seven recreation areas. The operating costs for the parks system include staff costs for: (a) park managers, who supervise the daily operation of state parks; (b) park rangers, who are primarily responsible for limited enforcement and skilled maintenance activities; (c) park naturalists, who develop and present the educational programs offered at the parks; (d) visitor services staff; and (e) maintenance personnel. Operations costs also include supplies for utilities, including electricity and fuel, sewer and water, cleaning, and maintenance. Limited-term and seasonal employees are utilized extensively in the state park system.

DISCUSSION POINTS

Parks Funding and Revenues

1. Prior to 1995, parks were funded equally from general purpose revenue (GPR) and parks account SEG. After several GPR reductions, 2015 Wisconsin Act 55 removed GPR support for parks operations. In 2014-15, GPR supported about 28% of parks operations. To offset this reduction, 2015 Act 55 raised parks admission fees, trail use fees, and camping fees.

2. Parks admissions fees are the largest source of revenue to the parks account. Parks visits have generally risen each year. As shown in Table 1, parks admissions have increased by 4.0%, on average, each year since 2011. Between 2019 and 2020, parks visits increased approximately 18.4%. It could be argued that this increase in admissions can have the deleterious effect of increasing strain on parks infrastructure. Without an increase in operations funding, DNR argues parks maintenance will decline and the quality of visitor experiences would decrease.

TABLE 1

State Park and Forest Admissions

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Reduced Rate	41,723	45,005	43,864	44,662	47,601
Resident Annual	149,102	161,555	154,428	158,070	170,650
Non-Resident Annual	<u>32,967</u>	<u>34,525</u>	<u>33,394</u>	<u>33,671</u>	<u>35,998</u>
Total Annual Stickers	223,792	241,085	231,686	236,403	254,249
Total Attendance	14,176,871	15,480,894	15,110,701	15,133,691	16,304,067
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Reduced Rate	47,969	49,133	49,087	103,363	100,946
Resident Annual	183,082	188,531	192,290	199,670	286,970
Non-Resident Annual	<u>35,734</u>	<u>36,672</u>	<u>40,280</u>	<u>43,458</u>	<u>105,290</u>
Total Annual Stickers	266,785	274,336	281,657	346,491	493,206
Total Attendance	17,460,007	17,957,983	17,062,623	17,480,971	20,698,941

3. Table 2 shows the estimated condition of the parks account through Committee action to date. The table includes actual revenues credited to the account through May 17, 2021. As shown in the table, revenues to the account thus far in the 2020-21 fiscal year are approximately \$1.9 million greater than all revenues collected in 2019-20. Revenues to the parks account are expected to exceed budgeted expenditures by an average of \$964,500 in each year of the 2021-23 biennium.

TABLE 2

Parks Account Condition

<u>Parks Account Condition</u>	<u>2019-20 Actual</u>	<u>2020-21 Budgeted</u>	<u>2021-22 Base Plus JFC</u>	<u>2022-23 Base Plus JFC</u>	<u>2022-23 Base Staff</u>
Opening Balance	\$8,818,700	\$7,901,000	\$9,901,700	\$10,740,400	
Revenue					
Parks Stickers	\$10,918,200	\$12,152,200	\$12,300,000	\$12,400,000	
Campsite Fees	8,397,600	10,104,700	10,200,000	10,300,000	
All Other Revenue	<u>3,850,700</u>	<u>2,902,500</u>	<u>2,900,000</u>	<u>2,900,000</u>	
Subtotal	\$23,166,500	\$25,159,400	\$25,400,000	\$25,600,000	
Available Balance	\$31,985,200	\$33,060,400	\$35,301,700	\$36,340,400	
Expenditures					
Parks, Recreation, and Interpretive					
Operations	\$15,148,400	\$16,678,700	\$17,106,900	\$17,106,900	111.45
Parks Development	946,900	-	-	-	
Department of Tourism	12,100	12,100	12,100	12,100	
Other	<u>1,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Subtotal	\$16,108,500	\$16,690,800	\$17,119,000	\$17,119,000	
Split-Funded Appropriations					
Internal Services	\$1,864,300	\$1,872,300	\$1,945,000	\$1,945,000	12.25
External Services	205,200	244,300	258,000	258,000	1.82
Division Management	1,624,500	1,704,400	1,837,200	1,711,500	15.19
Law Enforcement and Safety	2,026,200	1,957,600	2,156,200	2,156,200	14.90
Aids in Lieu of Taxes	135,900	135,900	135,900	135,900	
Debt Service, Maintenance, Development and Assessments	928,000	485,900	1,110,000	1,184,100	
Reservation Fees	<u>1,191,600</u>	<u>67,500</u>	<u>-</u>	<u>-</u>	
Subtotal	\$7,975,700	\$6,467,900	\$7,442,300	\$7,390,700	
Total Expenditures	\$24,084,200	\$23,158,700	\$24,561,300	\$24,509,700	155.61
Closing Cash Balance	\$7,901,000	\$9,901,700	\$10,740,400	\$11,830,700	
Encumbrances and Continuing Balances	\$2,358,700	\$2,358,700	\$2,358,700	\$2,358,700	
Closing Balance	\$5,542,300	\$7,543,000	\$8,381,700	\$9,472,000	

Parks Utility Funding

4. Increased parks visitations and campsite reservations have led to increased operations costs. 2019 Wisconsin Act 9 provided DNR with an additional \$1,095,800 in expenditure authority from the parks account to increase limited-term employee (LTE) wages, pay increased costs of supplies and services associated with new parks facilities, and pay increased costs associated with electrifying campsites.

5. DNR notes that the increased budget authority for electrical campsites and supplies provided funding for only newly-developed facilities and newly-electrified campsites. Funding available to pay for base electric and sewerage costs, however, has not been increased, even as the costs of these services has grown. Since 2015 Act 55 provided all funding for parks operations from the parks account, DNR reports that parks sewer costs have increased 76%, from \$50,100 to \$88,100. Parks electrical costs have increased by 11%, from \$445,400 to \$497,900. Additionally, DNR estimates that rising electrical costs have increased the cost of newly electrified campsites by \$4,500.

6. DNR notes that the Department has been able to absorb these increased costs by limiting the number of seasonal LTEs hired to work in parks. Additionally, the Department has reduced office hours at lower trafficked parks, closing park offices during certain weekday hours. While this reduces office hours, it limits the amount of revenues that may be collected, since parks staff are not available to sell admissions stickers to parks visitors.

7. Assembly Bill 68 / Senate Bill 111 would provide DNR with \$95,000 SEG annually to fund increased parks expenses. Given the increased cost of basic parks services, the Committee could consider increasing the parks operations budget by \$95,000 SEG annually [Alternative A1].

8. As noted above, 2019 Act 9 increased the parks operations budget by \$1,095,800 SEG. Of this, DNR indicated that \$125,000 would fund the cost of newly-electrified campsites. Given the recent increase in the parks operations budget, the Committee could consider providing funding for the increased electrical costs in the last biennium. Since fiscal year 2017-18, DNR reports that parks electrical costs have increased by \$22,900. Added to the increased sewer costs since 2014-15, the Committee could consider providing \$60,900 SEG annually for parks operations [Alternative A2]. Based on a standard LTE wage rate of \$12.98 per hour, this would allow DNR to pay increased electrical costs and sewer costs while hiring approximately nine LTEs.

9. Alternatively, the Committee could take no action [Alternative A3]. DNR would continue to absorb the increased utility costs within allotted budget authority.

Parks Staffing Agreement

10. DNR hires seasonal LTEs extensively in state parks. However, the Department has reported recruitment and retention issues in recent years. 2019 Act 9 increased the parks operations \$620,800 for LTE salaries and fringe benefits.

11. In the 1970s and 1980s, DNR hired inmates at state correctional institutions to work at nearby parks properties. Neither DNR nor the Department of Corrections (DOC) can provide additional detail on the program, such as the number of inmates who worked at the park properties or the reasons why the program ended. In recent years, DOC reports that inmates have provided volunteer community service work at park properties.

12. AB 68 / SB 111 would provide \$156,000 SEG annually to fund a program under which DOC inmates would work at state parks. DOC reports that the program would hire DOC inmates as parks LTEs. The inmate LTEs would earn the same wage that DNR pays other LTEs and the inmates would perform the same work, including parks maintenance, customer service, and other parks operations.

13. DOA reports that the program would fund two work crews, each with three inmates and a crew leader. In total, the program would fund an estimated 8,312 hours of LTE labor, as well as equipment and supply costs, as well as travel costs. DNR and DOC indicate that the program would likely be divided into a southern work crew, with laborers hired from the Thompson Correctional Center in Dane County, and a northern work crew, with laborers hired from the Gordon Correctional Center in Douglas County.

14. As noted above, DOC has worked with DNR in recent years to provide inmates to perform volunteer labor at DNR properties. Both agencies expect that the proposed program would be a more formal arrangement, allowing DOC laborers to work more regular hours. DNR notes that the program would help solve recruitment and retention issues while providing work experience and wages to non-violent inmates. Given DNR's need for parks workers and the potential benefits to DOC inmates, the Committee could consider providing \$156,000 SEG annually for the DOC-DNR staffing agreement [Alternative B1].

15. Given current practice of bringing inmate volunteers to perform labor in DNR properties, the Committee could take no action [Alternative B2]. DOC inmates could continue to volunteer in state parks as DNR needs arise.

Ice Age and North Country Trail Maintenance

16. The Ice Age Trail, which was established as a national scenic trail by Congress in 1980, is intended to preserve and protect glacially created features of the state. 1987 Wisconsin Act 98 made the acquisition, development, and operation of the Ice Age Trail a state priority, directing all state agencies to "consider the Ice Age Trail in the long-range plans for property owned by the state agency" [s. 23.17(5)(b)], and authorizing DNR to acquire land and easements and to coordinate with local governments, nonprofit conservation organizations (NCOs), and property owners to create a continuous trail across the state. The trail is maintained by the Ice Age Trail Alliance, a collection of several NCOs that coordinate trail maintenance.

17. The 1,225-mile Ice Age Trail runs a serpentine path through the state, running along the Niagara Escarpment and the Kettle Moraine from Potawatomi State Park in Door County to Rock County, where it turns north toward Devil's Lake State Park. From there, the trail continues north by northeast to Langlade County. The trail then turns west and crosses the Wisconsin, Eau Claire, and Chippewa Rivers before its western terminus at the Minnesota state line in Interstate State Park in Polk County. DNR has established a goal to acquire 9,673 acres within the Ice Age Trail project boundary, of which it has acquired 7,740.69 (approximately 80%) to date.

18. The 202-mile North Country Trail includes 132 off-road miles and 81 miles on roads. 67 miles of the trail run through the Chequamegon-Nicolet National Forest.

19. According to the UW-Whitewater Fiscal and Economic Research Center, the Ice Age Trail attracts and estimated 2.3 million visitors each year. While the trails are popular attractions that span the state, funds to develop and maintain the trails are limited. The state-owned sections of the national trails must compete against other state trails for maintenance and development funding available in the parks account for state trail projects.

20. DNR estimates that building a new trail section, including tree cutting, drainage development, grading and leveling, and finishing costs \$30,000 per mile. While the Ice Age Trail Alliance and North Country Trail Association can raise funds from other NCOs and can coordinate trail work with DNR, there is little state funding that can be provided to these private groups for trail projects. DNR is limited to awarding no more than \$20,000 from the friends group allotment of the Warren Knowles Gaylord Nelson Stewardship program for any single project. AB 68/SB 111 would provide \$135,000 SEG from the parks account annually for DNR to pay aids for national scenic trail maintenance and development. Additionally, the bill would allow DNR to obligate funding from the Department's \$1 million stewardship program Ice Age Trail acquisition allotment for maintenance and development projects.

21. DNR notes that is has been able to provide \$40,000 in grants for Ice Age Trail development since fiscal year 2017-18. The bill would increase parks operations funding to allow DNR to provide aids for trail maintenance. Given the limited funds available for trail maintenance as well as the popularity of the trail, the Committee could consider providing \$135,000 SEG annually from the parks account for trail maintenance [Alternative C1].

22. As noted above, to provide these trail aids, the bill would increase the parks operations appropriation. This appropriation has typically been used to pay salaries and fringe benefits for parks staff, as well as to fund utility costs and certain maintenance costs associated with parks and trails. It could be argued that it would be inappropriate to provide aids from this appropriation. Under this perspective, the Committee could consider creating a parks account-funded trail grant appropriation and funding it at \$135,000 SEG annually [Alternative C2].

23. Alternatively, the Committee could take no action [Alternative C3]. NCOs such as the Ice Age Trail Alliance and the North Country Trail Association are eligible to apply for funds under the local assistance grants stewardship subprogram. Additionally, DNR may fund trail maintenance from its parks and trails development appropriation.

ALTERNATIVES

A. Parks Utility Funding

1. Provide \$95,000 parks account SEG annually for increased utility costs in state parks.

ALT A1	Change to Base
SEG	\$190,000

2. Provide \$60,900 parks account SEG annually for increased utility costs in state parks.

ALT A2	Change to Base
SEG	\$121,800

3. Take no action.

B. Parks Staffing Agreement

1. Provide \$156,000 SEG from the parks account annually, including \$112,200 for limited-term employee salaries, \$25,200 for fringe benefits and \$18,600 for supplies and services to allow DNR to hire persons under the Department of Corrections' supervision as LTEs in state parks.

ALT B1	Change to Base
SEG	\$312,000

2. Take no action.

C. Ice Age and North Country Scenic Trail Maintenance

1. Provide \$135,000 SEG from the parks account annually for to provide aids to NCOs to maintain the Ice Age and North Country Trails.

ALT C1	Change to Base
SEG	\$270,000

2. Create an annual appropriation for aids to NCOs for trail development and maintenance. Provide \$135,000 SEG from the parks account annually.

ALT C2	Change to Base
SEG	\$270,000

3. Take no action.

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Natural Resources -- Forestry and Parks

LFB Summary Items for Which No Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
4	Good Neighbor Authority Staffing
5	Forestry Information Technology
12	Sauk Prairie State Recreation Area

