



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #575

Parks and Forest Development and Maintenance (Natural Resources -- Parks)

[LFB 2023-25 Budget Summary: Page 438, #1]

CURRENT LAW

The Department of Natural Resources (DNR) finances property development through cash appropriations, bond revenues authorized by the state Building Commission, and the Warren Knowles-Gaylord Nelson Stewardship program. The size and cost of a project, as well as the group responsible for the project, may affect the funding sources that DNR can use.

For a given project, DNR may have multiple different qualifying funding sources. For instance, DNR has appropriations from the segregated (SEG) conservation fund for maintenance and development. Additionally, DNR may use bonding authority, including the Warren Knowles-Gaylord Nelson Stewardship program for long-term capital projects. DNR also receives federal grants that may be used in certain circumstances. DNR also may utilize general purpose revenue (GPR) appropriations available to the agency.

DISCUSSION POINTS

1. In recent years, state parks, forests and other recreational areas have seen large increases in annual visitors. In 2021, DNR reported record state park attendance of 22,240,300. In 2022, state park attendance declined slightly to 19,637,500, the third highest year on record. The growth in visits has corresponded with increases in conservation SEG revenue from parks admissions and campsite reservations. Table 1 shows total admission sticker, camping fee, and state trail pass revenue since 2017-18.

TABLE 1

Parks, Trails, and Forests Admissions and Camping Revenues

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23 thru May 9, 2023</u>
Admission Stickers	\$12,444,200	\$12,923,600	\$14,469,300	\$19,586,500	\$18,404,900	\$11,022,400
Campsite Fees	11,861,100	12,195,700	11,285,700	17,236,500	16,079,400	12,286,700
Trail Passes	<u>865,800</u>	<u>824,800</u>	<u>733,300</u>	<u>1,061,200</u>	<u>876,200</u>	<u>525,300</u>
Total	\$25,171,100	\$25,944,100	\$26,488,300	\$37,884,200	\$35,360,500	\$23,834,400

2. These revenues are among those received by the parks and forestry accounts of the conservation fund. On June 30, 2023, the parks account is estimated to have an available balance of \$21.4 million. In the 2023-25 biennium, revenues to the account are expected to exceed base budgeted expenditures by approximately \$4 million annually. On June 30, 2023, the forestry account is estimated to have an available balance of \$92.2 million. Revenues are expected to exceed base budgeted expenditures by an average of \$31.7 million annually in the 2023-25 biennium.

A. Property Development Funding

3. Admissions stickers and camping reservation fees are credited to each account based on the property where the sale was generated. These revenues fund both general program operations and certain property development projects. DNR may finance property development and maintenance through general program operations budgets as well as through dedicated development appropriations. In general, DNR reports that it uses operations funds for maintenance projects costing less than \$1,000 per occurrence. Typically, these projects are used to make superficial repairs that may extend a property's usable life for about one year. In recent fiscal years, DNR used operational funds for air conditioner repair, trail grooming, and repairing damage to fleet vehicles, among other minor projects.

4. For larger projects, DNR is appropriated funding from both the general fund (GPR) and the segregated conservation fund SEG for recreational property development and maintenance. Cash funding is typically used for projects with expected useable lives of under 20 years. In recent years, cash appropriations have funded repairs on small dams, repaving parking lots, security improvements, and sign installation. Table 2 shows actual expenditures from each maintenance and development appropriation in 2021-22. Also shown is base level funding in 2023-24 and the funding that would be provided under Assembly Bill 43/Senate Bill 70, as originally introduced.

TABLE 2

DNR Conservation and Recreation Development Appropriations

<u>Appropriation</u>	<u>Purpose</u>	<u>2021-22</u> <u>Expenditures</u>	<u>Base</u> <u>Funding</u>	<u>AB 43/SB 70</u>			
				<u>2023-24</u>		<u>2024-25</u>	
				<u>Change</u> <u>to Base</u>	<u>Amount</u>	<u>Change</u> <u>to Base</u>	<u>Amount</u>
GPR							
20.370(7)(fa)	Resource maintenance and development, state parks, forests, recreational areas and lower Wisconsin state riverway	\$561,500	\$755,600	\$1,507,900	\$2,263,500	\$1,507,900	\$2,263,500
20.370(7)(ha)	Facilities acquisition, development and maintenance	<u>3,300</u>	<u>144,400</u>	<u>298,800</u>	<u>443,200</u>	<u>298,800</u>	<u>443,200</u>
GPR Subtotal		\$564,800	\$900,000	\$1,806,700	\$2,706,700	\$1,806,700	\$2,706,700
SEG							
<i>Split-Funded</i>							
20.370(7)(fs)	Resource acquisition and development, state fish and game refuges and land acquisition	\$934,100	\$889,100	\$180,400	\$1,069,500	\$180,400	\$1,069,500
20.370(7)(hq)	Facilities acquisition, development and maintenance	345,500	372,400	1,500,000	1,872,400	500,000	872,400
<i>Forestry Account</i>							
20.370(7)(mr)	State park, forest, and riverway road maintenance	1,239,200	2,000,000	5,266,800	7,266,800	5,266,800	7,266,800
20.370(7)(ht)	State forest property development	80,800	-	1,975,200	1,975,200	1,975,200	1,975,200
<i>Parks Account</i>							
20.370(7)(hu)	State parks and trails property development	<u>205,700</u>	-	<u>673,500</u>	<u>673,500</u>	<u>673,500</u>	<u>673,500</u>
SEG Subtotal		\$2,805,300	\$3,261,500	\$9,595,900	\$12,857,400	\$8,595,900	\$11,857,400
All Funds Total		\$3,370,100	\$4,161,500	\$11,402,600	\$15,564,100	\$10,402,600	\$14,564,100

5. Two of the Department's maintenance, development, and acquisition appropriations shown in the table, 20.370(7)(fs) and 20.370(7)(hq), are common to more than one account of the conservation fund. These are referred to as split-funded appropriations. DNR has latitude to expend these funds on different program areas, including forests, fishery and wildlife areas, and parks. In practice, the Department aims to debit these appropriations in proportion to project expenditures for each account, such that projects developed on state park land will be funded through the parks account and projects developed on fishing and wildlife areas will be funded through the fish and wildlife account, for instance.

6. 2017 Wisconsin Act 59 created a continuing appropriation under s. 20.370(7)(hu) of the statutes for parks development projects with \$1 million parks account SEG in one-time funding in each fiscal year of the 2017-19 biennium. DNR has used these funds for campsite electrification as well as various projects including signage, fire rings, picnic tables, parking lot expansion, and building repairs at state parks. The Legislature has periodically added additional one-time funding to this appropriation. As of June 30, 2022, the appropriation had a continuing balance of \$1.6 million.

7. Similarly, 2015 Wisconsin Act 55 created an appropriation for forestry property development and provided \$3 million SEG in one-time funding in each year of the 2015-17 biennium. Through June 30, 2022, \$1.7 million remains available from this appropriation.

8. DNR is provided a continuing appropriation of \$2 million forestry SEG each year for state park, forest, and riverway road maintenance. DNR is required to expend not less than one-third of the amounts from each appropriation in each fiscal year for the renovation, marking, and maintenance of a town or county highway located within the boundaries of a state park, state forest, or other property under the jurisdiction of DNR or for the renovation, marking, and maintenance of roads utilized by a substantial number of visitors to state parks, state forests, or other DNR properties.

9. Additional development funding has been provided in recent years from state debt. 2021 Wisconsin Act 58 enumerated \$36,062,300 for 16 building program projects for DNR. The act also increased the Warren Knowles-Gaylord Nelson stewardship program allotment for DNR property development from \$3 million to \$4 million annually. Furthermore, the Legislature has periodically authorized DNR to use unobligated bonding authority that had lapsed from the stewardship program for water infrastructure projects in state parks. As of June 30, 2022, \$6.3 million was available from this authorization.

10. DNR has used development financing extensively in recent years to repair, upgrade, and replace recreational, storage, and administrative facilities on DNR properties. However, DNR reports that the Department has a maintenance and development backlog as facilities age and face greater use in recent years. DNR has previously estimated that the Department has deferred approximately \$20 million in maintenance and property development annually.

11. Assembly Bill 43/Senate Bill 70 would increase general resource, acquisition, development and maintenance appropriations by \$3,487,100 (\$1,806,700 GPR and \$1,680,400 SEG) in 2023-24 and \$2,487,100 (\$1,806,700 GPR and \$680,400 SEG) in 2024-25. Additionally, the bill would increase base funding for parks and trails development by \$673,500 SEG each year and would increase base funding for forestry development by \$1,975,200 SEG annually. DNR reports that the funding would be used to fund projects in the Department's maintenance backlog. The Committee could provide \$6,135,800 (\$1,806,700 GPR and \$4,329,100 SEG) in 2023-24 and set base-level funding at \$5,135,800 (\$1,806,700 GPR and \$3,329,100 SEG) beginning in 2024-25 [Alternative A1]. Table 3 summarizes funding under Alternative 1.

TABLE 3

Summary of Funding under Alternative 1

	2023-24			2024-25		Biennial Total
	One-Time Funding	Supplies and Services	Total	Supplies and Services	Total	
GPR		\$1,806,700	\$1,806,700	\$1,806,700	\$1,806,700	\$3,613,400
SEG -- Split-Funded	\$1,500,000	180,400	1,680,400	680,400	680,400	2,360,800
SEG -- Forestry Account		7,242,000	7,242,000	7,242,000	7,242,000	14,484,000
SEG -- Parks Account		<u>673,500</u>	<u>673,500</u>	<u>673,500</u>	<u>673,500</u>	<u>1,347,000</u>
SEG Subtotal	\$1,500,000	\$8,095,900	\$9,595,900	\$8,595,900	\$8,595,900	\$18,191,800
All Funds Total	\$1,500,000	\$9,902,600	\$11,402,600	\$10,402,600	\$10,402,600	\$21,805,200

12. It could be argued that property and infrastructure development should be funded on a one-time basis. While DNR can demonstrate a maintenance backlog in the 2023-25 biennium, it is uncertain what maintenance and development needs will arise in future years. The Committee could provide \$11,271,600 (\$3,613,400 GPR and \$7,658,200 SEG) as one-time funding in continuing appropriations for DNR property development [Alternative 2].

13. After Assembly Bill 43/Senate Bill 70 was introduced, the Building Commission submitted the Governor's recommendations for the 2023-25 state building program to the Legislature. The recommendations include \$48.3 for nine enumerated projects. The Governor recommended deferring \$27.6 million in projects. Of the deferred projects, an estimated \$15.9 million was requested for state parks, \$1.7 million was requested for northern forests, and \$10.0 million was requested for projects at Kettle Moraine Springs Fish Hatchery and the Lower Wisconsin State Riverway. The Committee could consider funding the deferred projects with one-time financing [Alternative A3]. The Committee could provide \$27.6 million (\$10.0 million GPR and \$17.6 million SEG) in one-time financing in continuing appropriations to fund projects deferred by the Building Commission.

14. Additionally, \$99.6 million in requested projects, including recreational trail infrastructure, bridge repairs, toilet and shower improvements, and water infrastructure projects in state recreational facilities, were assigned to the all-agency building program. While these projects may be funded through the building program in 2023-25, no funding is dedicated to them and agency requests will be prioritized by the Building Commission for funding appropriated by the Legislature. Table 4 summarizes DNR's all-agency program project requests by property type. The Committee could pursue other funding allocations to finance project types shown on the list.

TABLE 4

DNR All-Agency Requested Projects

<u>Project</u>	<u>Property Type</u>			<u>Total</u>
	<u>State Parks, Trails and Recreation Areas</u>	<u>Northern and Southern State Forests</u>	<u>Other</u>	
Recreational Trail Infrastructure	\$8,548,000	\$1,206,000	-	\$9,754,000
Statewide Boat Access and Pier Improvements	4,820,200	7,117,800	\$353,000	12,291,000
Statewide Bridge Repair and Replacements	21,861,400	2,377,600	-	24,239,000
Statewide Road and Parking Lot Improvements	13,722,700	2,961,500	1,805,800	18,490,000
Statewide Toilet and Shower Building Improvements	6,224,600	1,494,400	-	7,719,000
Water and Wastewater Infrastructure Improvements	9,774,800	4,154,400	111,800	14,041,000
Water Control Infrastructure Repairs	<u>2,096,000</u>	<u>-</u>	<u>11,003,000</u>	<u>13,099,000</u>
Total	\$67,047,700	\$19,311,700	\$13,273,600	\$99,633,000

15. As noted above, the parks account is estimated to have an available balance of \$21.4 million on June 30, 2023 and the forestry account is estimated to have an available balance of \$92.2 million on June 30, 2023. If the Committee were to provide cash funding for development projects, funding could be provided up to these amounts, without reducing other account expenditures.

B. State Park, Forest and Riverway Roads

16. The bill would also increase base-level funding for state park, forest and riverway road maintenance from \$2,000,000 forestry SEG to \$7,266,800 forestry SEG annually. As described above, DNR is required to provide at least one-third of the amount appropriated each year under this appropriation as aids to local governments for maintenance of roads within the boundaries of DNR properties or that carry a significant amount of traffic to state conservation lands or to the Horicon Marsh National Wildlife Area. The remaining funding may be used by DNR for maintenance on DNR-owned roads in state forests, parks, riverways, and other conservation properties. Under the bill, at least \$2,422,300 would be provided to local governments near DNR properties for road aids each year.

17. Rising use of state parks and forests have led to a rise in use on park, forest and riverway roads. Additionally, the size of recreational vehicles such as campers and motor homes has grown, leading to additional strain on state park and forest roads. The Committee could consider increasing base-level funding for state park, forest, and riverway roads by \$5,266,800 [Alternative B1].

18. 2021 Wisconsin Act 58 provided increases in road aids to local governments. The act increased general transportation aids by 2%. Additionally, Act 58 increased the adjustment in general transportation aids for towns with low equalized values, which benefits towns with less development and large amounts of tax-exempt lands such as state parks and forests. Additionally, Act 58 increased aids in lieu of taxes paid by DNR to communities with Department-owned properties.

19. Given the recent increase in funding for local government road aids, it could be argued that funding should only be provided for DNR-owned roads. Under this perspective, the Committee could provide \$2,844,500 as base-level funding to DNR's forestry property development appropriation for DNR roads. This would provide the same funding increase as AB 43/SB 70 without providing for an increase in local roads aids [Alternative B2]. The Committee could also take no action [Alternative B3].

ALTERNATIVES

A. Property Development

1. Provide \$6,135,800 (\$1,806,700 GPR and \$4,329,100 SEG) in 2023-24 and \$5,135,800 (\$1,806,700 GPR and \$3,329,100 SEG) in 2024-25 in continuing appropriations for DNR parks, forests, and recreational development. Base funding for future biennia would be set at \$5,135,800 (\$1,806,700 GPR and \$3,329,100 SEG) annually.

ALT A1	Change to Base
GPR	\$3,613,400
SEG	<u>7,658,200</u>
Total	\$11,271,600

2. Provide \$11,271,600 (\$3,613,400 GPR and \$7,658,200) in 2023-24 as one-time funding in continuing appropriations for DNR parks, forests, and recreational development.

ALT A2	Change to Base
GPR	\$3,613,400
SEG	<u>7,658,200</u>
Total	\$11,271,600

3. Provide \$27,600,000 (\$10,000,000 GPR and \$17,600,000 SEG) in 2023-24 as one-time financing to fund deferred projects in DNR's 2023-25 building program request.

ALT A3	Change to Base
GPR	\$10,000,000
SEG	<u>17,600,000</u>
Total	\$27,600,000

4. Take no action.

B. Park, Forest and Riverway Roads

1. Provide \$5,266,800 forestry SEG annually for state park, forest and riverway roads in the appropriation under s. 20.370(7)(mr).

ALT B1	Change to Base
SEG	\$10,533,600

2. Provide \$2,844,500 forestry SEG annually in the forestry property development appropriation under s. 20.370(7)(ht) for maintenance and repair of DNR-owned roads.

ALT B2	Change to Base
SEG	\$5,689,000

3. Take no action.

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