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Joint Committee on Finance

Paper #591

Inland Waters Trout Habitat (Natural Resources -- Fish, Wildlife, and Natural Heritage Conservation)

[LFB 2023-25 Budget Summary: Page 446, #1]

CURRENT LAW

In addition to a fishing license, persons who fish for trout in inland waters must purchase the \$10 inland waters trout stamp. Revenues raised by the inland trout stamp are deposited in a continuing appropriation that is used to improve and maintain trout habitat and conduct trout surveys in inland trout waters. In 2021-22, sales of the inland trout stamp raised \$1,872,800 in revenue.

DISCUSSION POINTS

1. Chapter 29 of the Laws of 1977 created the inland waters trout stamp, which is required of all anglers who fish for trout in Wisconsin streams and lakes outside the Great Lakes. 2005 Wisconsin Act 25 set the price of the stamp at \$10, including the 25¢ issuing fee, where it stands today.
2. Revenues from the inland waters trout stamp are deposited in a continuing, all moneys received appropriation used to improve and maintain trout habitat and conduct trout surveys in inland trout waters. Table 1 shows the number of trout stamps sold in each year since 2017-18.

TABLE 1

Inland Waters Trout Stamp Sales

<u>Fiscal Year</u>	<u>Sales</u>
2017-18	143,311
2018-19	143,075
2019-20	170,317
2020-21	180,348
2021-22	164,883

3. Table 2 shows the condition of the trout stamp appropriation under Committee action to date. As shown in the table, the appropriation had a continuing balance of \$3,061,500 as of June 30, 2022. DNR notes that the balance of the appropriation has largely been committed to projects. Therefore, the continuing balance is not necessarily available for other expenditures.

TABLE 2

Inland Water Trout Stamp Appropriation Condition

	<u>2020-21</u> <u>Actual</u>	<u>2021-22</u> <u>Actual</u>	<u>2022-23</u> <u>Budgeted</u>	<u>2023-24</u> <u>JFC To Date</u>
Opening Balance	\$1,041,200	\$1,308,100	\$3,061,500	\$3,438,700
Revenue	1,957,100	1,872,800	1,800,000	1,800,000
Expenditures	<u>-1,690,200</u>	<u>-119,400</u>	<u>-1,422,800</u>	<u>-1,522,000</u>
Closing Balance	\$1,308,100	\$3,061,500	\$3,438,700	\$3,716,700

4. DNR reports that trout stamp revenues have lost purchasing power in recent years amid high inflation. Much of the work funded through the trout stamp is labor and material-intensive. Trout habitat improvement and maintenance typically falls into one of two categories: streambank easement acquisition, and streambank restoration. Trout rely on cold running water for habitat and DNR's trout management plan emphasizes stream restoration as a means to foster sustainable populations of naturally breeding trout. DNR efforts often include the acquisition of streambank easements, tree and vegetation planting, and the installation of riparian habitat and erosion control structures.

5. Assembly Bill 43/Senate Bill 70 would increase the price of the inland waters trout stamp by \$5, to \$15, effective April 1, 2024. Combined with the base fishing license, the total cost of trout fishing for Wisconsin residents would increase to either \$23, for residents who purchase one-day fishing licenses, or \$35 for residents who purchase annual fishing licenses. Table 3 compares the combined price of trout fishing in neighboring states.

TABLE 3**Trout Fishing Fees in Neighboring States**

	<u>Resident</u>			<u>Nonresident</u>		
	<u>Base License</u>	<u>Stamp</u>	<u>Total</u>	<u>Base License</u>	<u>Stamp</u>	<u>Total</u>
Wisconsin - Annual	\$20.00	\$10.00	\$30.00	\$50.00	\$10.00	\$60.00
Wisconsin - One-Day	\$8.00	\$10.00	\$18.00	\$10.00	\$10.00	\$20.00
Illinois - Annual	\$15.00	\$6.50	\$21.50	\$31.50	\$6.50	\$38.00
Illinois - One-Day	\$5.50	\$6.50	\$12.00	\$10.50	\$6.50	\$17.00
Iowa - Annual	\$22.00	\$14.50	\$36.50	\$48.00	\$17.50	\$65.50
Iowa - One-Day	\$10.50	\$14.50	\$25.00	\$12.00	\$17.50	\$29.50
Michigan - Annual*	\$26.00		\$26.00	\$76.00		\$76.00
Michigan - One-Day*	\$10.00		\$10.00	\$10.00		\$10.00
Minnesota - Annual	\$25.00	\$10.00	\$35.00	\$51.00	\$10.00	\$61.00
Minnesota - One-Day	\$12.00	\$10.00	\$22.00	\$14.00	\$10.00	\$24.00

*Michigan fishing licenses are all-species licenses; no additional authorization is required for trout fishing.

6. Based on recent years' sales of trout stamps, the Department of Administration (DOA) estimates that this increase would provide an additional \$795,000 annually, once in effect. DNR reports that this increase would allow the Department to expand streambank restoration efforts, landowner outreach, and trout population surveys. The Committee could consider raising the price of the trout stamp by \$5, effective with the 2024 license year [Alternative A1].

7. Wisconsin currently ranks in the middle of neighboring states with regard to the combined price of trout fishing for both residents and nonresidents. Raising the price of the trout stamp by \$5 would set the combined price of trout fishing for nonresidents at a price similar to that of Iowa.

8. Anglers fishing for trout typically fly fish, which is more active and uses more specialized equipment than hook and line fishing. Additionally, trout anglers often pursue trout in specific locations based on habitat conditions. Therefore, nonresident trout anglers are less likely to be sensitive to increases in price. It is unlikely that an Illinois angler would opt to fish in Iowa instead of Wisconsin because of an increase in the price of fly fishing, particularly if the Illinois angler had developed a familiarity with southwestern Wisconsin trout streams.

9. While anglers may not, in most cases, change the state in which they fish due to an increase in price, they may decide against pursuing trout at all due to a fee increase. A DNR research review on fishing and hunting license fee increases concluded that the relative change in the price of a license or stamp fee may affect the number of authorizations sold. The greater a fee increase is

relative to the original price of the stamp, the more likely the reduction will be to reduce the number of sales. However, even in situations where a fee increase reduces the number sold, DNR's review concluded that most fee increases still yield higher revenues.

10. Given the possibility that raising the price of the trout stamp by \$5 could lead to sales reductions, the Committee could consider alternative price changes. A \$3 price increase [Alternative A2] would likely increase trout stamp revenues by \$477,000.

11. While revenues from the trout stamp are deposited in a continuing appropriation and are unavailable for general fisheries operations expenses, raising the price of the trout stamp could improve the condition of the SEG fish and wildlife account. One strategy that DNR has used in recent years to reduce operations expenditures is to shift eligible expenses and activities to alternate fund sources. For instance, DNR has shifted some chronic wasting disease and wildlife health expenditures to federal Pittman-Robertson funds. Raising the price of the trout stamp could increase revenues sufficient to allow DNR to shift trout survey expenditures that are currently paid by DNR's fisheries program operations expenditures.

12. Assembly Bill 43/Senate Bill 70, would provide funding for one position to the trout stamp appropriation. DOA notes that the position would be responsible for trout stream conservation planning. While funding for the position is provided, the bill did not create or reallocate a position for the inland trout stamp appropriation. DNR indicates that the Department would likely fill a vacancy in a different appropriation and make salary and fringe benefits expenditures from the trout stamp appropriation. To provide DNR with trout-stamp generated funding for a vacant position, the Committee could consider reestimating the appropriation by \$58,300 SEG in 2023-24 and \$77,700 SEG in 2024-25 in accordance with likely salaries and fringe benefits [Alternative B1].

13. Under Alternative B1, because the position authority would remain in a separate appropriation, the position would effectively appear to be funded twice in the Chapter 20 schedule. While this would not affect any employee's salary or benefits, DNR could reallocate salary and fringe benefit funding from the appropriation the position is housed in to other allotments within the appropriation. Under this perspective, the Committee could reallocate a vacant position to be housed in the trout stamp appropriation.

14. As of April 1, 2023, DNR had 3.0 vacant fisheries biologist positions. These positions, hired at the minimal level, would receive the same salary and fringe allotment as the funding provided in the bill. The Committee could consider reallocating 1.0 fisheries biologist position and transferring funding from DNR's fisheries general program operations appropriation to the trout stamp appropriation [Alternative B2]. While the bill increases funding associated with the streambank conservation position, the position reallocation would have no net fiscal effect as the existing funding would be transferred.

15. If the Committee takes no action [Alternative B3], DNR could hire a streambank conservation position within existing authority. If the Committee takes action to increase the trout stamp fee, DNR could request the streambank outreach position be reallocated to the trout stamp appropriation as a minor transfer in the 2025-27 biennial budget.

16. In addition to providing position funding, AB 43/SB 70 would increase the allotments for limited-term employee (LTE) salaries, LTE fringe benefits, and supplies and services by a total of \$119,400 SEG annually. DOA reports that this funding would be used to hire three LTEs who would support local streambank protection efforts. DNR's trout management plan stresses the importance of outreach to local governments, fishing groups, and private landowners to engage in streambank protection erosion control to protect trout habitat.

17. Additionally, the bill would provide \$50,000 in one-time funding in 2023-24 to improve the state's streambank outreach database. DNR currently uses the database to manage streambank protection efforts. The database provides DNR trout staff a method of tracking time and project progress on streambank lease and easement negotiations and outreach to private landowners. DNR reports that the one-time funding provided by the bill would allow the Department to hire private contractors to integrate the database with statewide parcel geodata as well as to improve the day-to-day functionality of the database. To improve the database and allow DNR to more efficiently conduct streambank protection efforts, the Committee could reestimate funding by \$50,000 in one-time funding in 2023-24 and \$119,300 for LTE salaries, fringe benefits, and supplies and services annually [Alternative C1].

18. The trout stamp appropriation authorizes DNR to expend all moneys received for streambank protection, trout surveys, and other work to protect trout habitat and population health. If the Committee takes action to raise the trout stamp fee, DNR would be authorized under current law to use additional revenues from the stamp for these purposes. Under this perspective, it could be argued that DNR already has authority to expend funds for the projects outlined by DNR and DOA. Therefore, the Committee could take no action [Alternative C2].

ALTERNATIVES

A. Trout Stamp Fee

1. Increase the fee for the inland waters trout stamp by \$5, from \$10 to \$15, effective April 1, 2024.

ALT A1	Change to Base
SEG-REV	\$765,000

2. Increase the fee for the inland waters trout stamp by \$3, from \$10 to \$13, effective April 1, 2024.

ALT A2	Change to Base
SEG-REV	\$477,000

3. Take no action to change the trout stamp fee.

B. Position Funding

1. Reestimate the inland water trout stamp appropriation by \$58,300 SEG in 2023-24, including \$39,500 for salary and \$18,800 for fringe benefits and \$77,700 SEG in 2024-25, including \$52,700 for salary and \$25,000 for fringe benefits to fund a trout stream conservation planning position.

ALT B1	Change to Base
SEG	\$136,100

2. Reallocate 1.0 fisheries biologist-senior position and \$77,700 SEG, including \$52,700 for salary and \$25,000 for fringe benefits annually from DNR's fisheries general program operations appropriation to the inland waters trout stamp appropriation for a trout stream conservation planning position.

3. Take no action to fund fisheries positions.

C. Streambank Conservation Funding

1. Reestimate the inland water trout stamp appropriation by \$119,400 SEG annually to support local streambank conservation efforts. Provide \$50,000 in one-time funding in 2023-24 to support the upgrades to DNR's streambank protection database.

ALT C1	Change to Base
SEG	\$288,800

2. Take no action to alter streambank conservation funding.

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