

Natural Resources

Parks

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11	Eminent Domain for State Trails



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 18, 2023

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.

Prepared by: Eric R. Hepler



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 18, 2023

Joint Committee on Finance

Paper #576

Campsite Electrification (Natural Resources -- Parks)

[LFB 2023-25 Budget Summary: Page 439, #2]

CURRENT LAW

Under current law, no more than 35% of campsites in state parks may be electrified. No more than 50% of campsites in any one park may be electrified. Furthermore, at least 25% of all campsites in state parks must be rustic campsites, which are those located in campgrounds that do not provide modern facilities such as electrical outlets, flush toilets and showers.

DISCUSSION POINTS

1. The table shows the number of electrified campsites by DNR property type. As shown in the table, DNR has electrified nearly all campsites that may be under the 35% cap. The Department reports that an additional seven state park campsites may be electrified before the cap is reached.

Electrified Campsites

<u>Facility Type</u>	<u>Total Sites</u>	<u>Number Electrified</u>	<u>Percent Electrified</u>
State Parks	3,956	1,378	34.8%
Southern Forests	870	269	30.9
Northern Forests	1,196	41	3.4
Recreational Areas and Flowages	<u>406</u>	<u>54</u>	<u>13.3</u>
Total	6,428	1,742	27.1%

2. Assembly Bill 43/Senate Bill 70 would raise the cap on electrified state park campsites

from 35% to 40%. This would allow DNR to electrify an additional 198 beyond the current cap, for a total of 1,582 electrified sites.

3. Under 2017 Wisconsin Act 59, overnight camping fees cost between \$15 and \$30 per night for residents and between \$19 and \$35 for nonresidents. The act provides the DNR Secretary discretion to set fees within these limits based on market conditions and demand. In addition to the base camping fee, DNR may charge additional fees for electrified campsites. DNR currently charges an additional \$10 fee for most electrified campsites and a \$15 fee for electrified campsites in five high-demand parks: Devil's Lake, High Cliff, Kohler-Andrae, Peninsula, and Willow River.

4. While DNR may charge higher overnight camping fees for electrified sites, the Department reports that electrified sites increase utility costs in state parks. In a 2013 study of electrical use in state campgrounds, DNR found that campers incurred approximately \$5 in electric fees per night. A large driver of this high electric fee is the relative inefficiency of air conditioners, lighting systems, water pumps, and other items in RVs and campers. As utility costs have grown in the past decade, this \$5 per night cost estimate has likely grown. However, the Department is still likely to produce more net revenue from overnight camping fees in electrified state parks. Therefore the Committee could consider increasing the cap from 35% to 40% [Alternative A1].

5. If the Committee removed the total cap entirely [Alternative A2], the statutes would continue to place limits on the number of campsites that could be electrified. As noted above, at least 25% of all campsites in state parks must be "rustic." DNR maintains a number of campgrounds without any electrified sites, such as Amnicon Falls State Park and Rock Island State Park. Additionally, the statutes require that no more than 50% of the campsites in any single park be electrified. Therefore, the Department would continue to offer a variety of site types to cater to the differing interests of campers.

6. If the Committee were to eliminate the 35% cap, DNR could likely electrify a minimum of 600 additional sites before DNR has electrified 50% of all sites within each state park. However, due to the costs and labor involved with running electrical service to individual sites, it would likely take several years to electrify these additional parks. DNR has previously estimated that the Department can electrify 200 sites in a biennium.

7. In addition to raising the cap, AB 43/SB 70 would provide \$2,925,000 SEG as one-time financing in 2024-25 to fund campsite electrification. DNR estimated the cost of providing electrical service to campsites to be approximately \$6,500 per site. At this rate, DNR would have been able to fund the electrification of approximately 450 sites, including approximately 200 sites that would be newly authorized for electrification under the bill. DNR has revised the per-site cost of electrification to \$14,400 based on inflationary factors, and building program design and construction fees. At this cost, DNR could electrify approximately 200 sites. The Committee could consider providing \$2,925,000 SEG as one-time financing to electrify 200 campsites [Alternative B1].

8. AB 43/SB 70, as originally introduced, would have provided \$1,316,300 from the parks account and \$1,608,700 from the forestry account. This funding would have been used to electrify campsites in each respective program area. However, because the estimated cost of providing electrical service to campsites has increased, the Committee could consider providing all \$2,925,000

from the parks account for the 200 sites that could be electrified by raising the cap from 35% to 40% [Alternative B2].

9. As noted above, DNR initially estimated that the funding provided by AB 43/SB 70 would electrify 450 campsites. These would include the approximately 200 sites in state parks that could be electrified by raising the cap from 35% to 40%, as well as 250 site in southern forests, which are not limited by the cap. To fund the electrification of 450 campsites, the Committee could provide \$6,480,000 SEG, including \$2,880,000 from the parks account and \$3,600,000 from the forestry account in one-time funding for campsite electrification [Alternative B3].

10. Because campers pay more for electrified sites, they tend to increase parks revenue, relative to non-electrified sites. DNR estimates that each electrical site collects an additional \$2,100 in revenue annually, net utility expenses. Increasing the electrical campsite cap from 35% to 40% would therefore likely increase revenue by \$420,000, beginning in 2024-25 to reflect the timing when construction would occur. Rather than providing one-time funding, the Committee could increase parks general program operations by \$420,000 SEG [Alternative B4]. This would enable DNR to pay increased utility fees related to electrical campsites, in addition to other supplies and services expenditures.

11. If the Committee takes no action [Alternative B5], DNR could continue to increase the number of electrified campsites in southern forests, northern forests, and recreation areas using base level funding and development appropriations.

ALTERNATIVES

A. Electrified Campsite Cap

1. Increase the cap on the amount of state park campgrounds that may be electrified from 35% to 40%.

ALT A1	Change to Base
SEG-REV	\$210,000

2. Eliminate the cap on the amount of state park campgrounds that may be electrified.

ALT A2	Change to Base
SEG-REV	\$210,000

3. Take no action to alter the cap on state park campgrounds.

B. Electrified Campsite Funding

1. Provide \$2,925,000 SEG, including \$1,316,300 from the parks account and \$1,608,700 from the forestry account, as one-time financing in 2024-25 to fund campsite electrification at approximately 200 site.

ALT B1	Change to Base
SEG	\$2,925,000

2. Provide \$2,925,000 SEG from the parks account in one-time financing in 2024-25 to fund campsite electrification at approximately 200 sites.

ALT B2	Change to Base
SEG	\$2,925,000

3. Provide \$6,480,000 SEG, including \$2,880,000 from the parks account and \$3,600,000 from the forestry account as one-time financing in 2024-25 to fund campsite electrification.

ALT B3	Change to Base
SEG	\$6,480,000

4. Increase general operations funding for state parks by \$420,000 annually, beginning in 2024-25 to fund cost increases attributable to newly electrified campsites.

ALT B4	Change to Base
SEG	\$420,000

5. Take no action.

Prepared by: Eric Hepler



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 18, 2023

Joint Committee on Finance

Paper #577

Parks and Recreation Operations (Natural Resources -- Parks)

[LFB 2023-25 Budget Summary: Page 439-440, #3 to 5 & 7]

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 78 recreational properties open to the public, including: (a) 46 state parks (another four 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 (LTE) and seasonal employees are utilized extensively in the state park system.

DISCUSSION POINTS

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%. While increased admissions and fees have increased the parks account revenues, 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>Year</u>	<u>Resident Stickers</u>	<u>Non-Resident Stickers</u>	<u>Reduced Rate Stickers*</u>	<u>Total Stickers</u>	<u>Total Visits</u>
2013	154,428	33,394	77,338	265,160	15,110,701
2014	158,070	33,671	80,905	272,646	15,133,691
2015	170,650	35,998	88,184	294,832	16,304,067
2016	183,082	35,734	91,242	310,058	17,460,007
2017	188,531	36,672	95,651	320,854	17,957,983
2018	192,290	40,280	97,964	330,534	17,062,623
2019	199,670	43,458	103,363	346,491	17,480,971
2020	286,970	105,290	100,946	493,206	20,698,941
2021	297,070	77,226	152,932	527,228	22,240,300
2022	264,145	63,166	150,379	477,690	19,637,549

* Includes senior citizen stickers.

3. Table 2 shows the estimated condition of the parks account through Committee action to date. The account is expected to have an available balance of \$21.4 million on June 30, 2023. Revenues to the parks account are expected to exceed adjusted base expenditures by over \$4 million in each year of the 2023-25 biennium.

TABLE 2

Parks Account Condition

<u>Parks Account Condition</u>	<u>2021-22 Actual</u>	<u>2022-23 Budgeted</u>	<u>2023-24 Base Plus JFC</u>	<u>2024-25 Base Plus JFC</u>	<u>2024-25 Staff</u>
Opening Balance	\$15,218,600	\$19,957,700	\$23,712,800	\$27,612,100	
Revenue					
Parks Stickers	\$13,417,400	\$13,600,000	\$13,700,000	\$13,800,000	
Campsite Fees	11,868,500	12,000,000	12,100,000	12,200,000	
All Other Revenue	<u>5,077,200</u>	<u>5,100,000</u>	<u>5,100,000</u>	<u>5,100,000</u>	
Subtotal	\$30,363,100	\$30,700,000	\$30,900,000	\$31,100,000	
Available Balance	\$45,581,700	\$50,657,700	\$54,612,800	\$58,712,100	
Expenditures					
Parks, Recreation, and Interpretive					
Operations	\$16,642,600	\$17,160,800	\$18,243,400	\$18,243,400	111.30
Parks Development	205,700	750,000			
Department of Tourism	6,100	6,100	6,100	6,100	
Other	<u>2,900</u>	<u>-</u>			
Subtotal	\$16,857,300	\$17,916,900	\$18,249,500	\$18,249,500	
Split-Funded Appropriations					
Internal Services	\$1,883,600	\$1,944,100	\$2,018,300	\$2,018,300	11.83
External Services	307,900	278,900	296,200	296,200	2.00
Division Management	1,801,300	1,820,900	1,867,500	1,867,500	14.91
Law Enforcement and Safety	2,328,000	2,488,200	2,669,500	2,669,500	18.44
Aids in Lieu of Taxes	9,900	9,900	9,900	9,900	
Debt Service, Maintenance, Development and Assessments	798,800	1,236,000	1,822,300	1,914,700	
Reservation Fees	<u>1,637,200</u>	<u>1,250,000</u>	<u>67,500</u>	<u>67,500</u>	
Subtotal	\$8,766,700	\$9,028,000	\$8,751,200	\$8,843,600	
Total Expenditures	\$25,624,000	\$26,944,900	\$27,000,700	\$27,093,100	158.48
Closing Cash Balance	\$19,957,700	\$23,712,800	\$27,612,100	\$31,619,000	
Encumbrances and Continuing Balances	\$2,291,300	\$2,291,300	\$2,291,300	\$2,291,300	
Available Balance	\$17,666,400	\$21,421,500	\$25,320,800	\$29,327,700	

Parks Utility Funding

4. Since the enactment of the 2021-23 biennial budget, consumer prices have grown by 9.6%. Much of this inflation is driven by increases in the cost of housing, food, and utilities. Between July, 2021, and March, 2023, energy prices including electricity and piped gas have increased by 24.2%. DNR reports that electricity costs at state parks, for instance, have increased by more than \$160,000 since 2019-20, a 24% increase. Over the same time period, the cost of piped gas in state recreational properties has grown by 39%, from \$32,300, to \$45,000.

5. DNR parks and recreation operations, including the costs of utilities like gas and electric, are funded with sum-certain appropriations. Therefore, increased costs of utilities require the agency to reduce expenses on discretionary operations. 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.

6. Since 2015, the Legislature has periodically increased parks operations funding. 2015 Act 55 provided \$180,400 annually for utilities costs at state parks, forests, and other recreational properties. 2019 Act 9 appropriated an additional \$125,000 to fund electricity costs related to newly electrified campgrounds. 2021 Act 58 provided \$60,900 for utility cost increases above base funding set by the prior biennial budget. Cumulatively, between 2015-16 and 2022-23, the Legislature has increased funding for utilities at state recreational properties by \$366,300.

7. DNR estimates that since 2015-16, utility costs have doubled, increasing from a total of \$739,000 in 2015-16 to \$1,512,500 in 2021-22. Table 3 shows utility costs by utility for each fiscal year between 2015-16 and 2021-22. DOA estimates that utility prices will continue to increase as much as \$33,300 annually in the 2023-25 biennium. Therefore, DOA and DNR estimate that state park utility costs will exceed recent utility funding appropriations by \$440,600 by 2022-23, representing the different between 2022-23 estimated costs and combined total of 2015-16 expenses plus funding increases approved since that time.

TABLE 3

Parks and Recreational Facility Utilities Expenses

<u>Fiscal Year</u>	<u>Gas</u>	<u>Electric</u>	<u>Utility Sewer and Water</u>	<u>Cellular</u>	<u>Telephone and Internet</u>	<u>Total</u>
2015-16	\$19,900	\$616,800	\$56,000	\$46,300	\$0	\$739,000
2016-17	34,300	637,700	70,000	64,000	153,500	959,500
2017-18	32,500	651,500	74,600	74,100	165,500	998,200
2018-19	47,500	705,600	101,300	94,700	135,500	1,084,600
2019-20	32,300	650,200	193,200	114,800	133,900	1,124,400
2020-21	37,700	722,000	366,800	143,600	150,500	1,420,600
2021-22	45,000	811,700	395,900	110,600	149,300	1,512,500
2022-23 (Estimated)						1,545,900

8. Assembly Bill 43/Senate Bill 70 would provide DNR with \$431,900 SEG in 2023-24 and \$440,600 SEG in 2024-25 to fund increased parks utility expenses. Given the increased cost of these expenses, the Committee could consider increasing parks base operations funding by these amounts to fund projected increases in utility costs [Alternative A1].

9. As noted above, the Legislature provided \$60,900 for utility cost increases in 2021 Act

58. This included \$22,900 for electrical costs and \$38,000 for water and sewer costs. However, no funding was provided for telephone charges, cellular service for credit card readers, or gas costs. The Committee could consider increasing the parks and recreation operations base funding by \$238,700 annually to fund telephone, cellular, and gas cost increases experienced at DNR recreational properties since 2015-16 [Alternative A2a].

10. In addition to funding the increased costs of telephone, cellular service and gas relative to 2015-16, the Committee could consider increasing increased water and electrical costs relative to 2021. As shown in Table 3, the cost of these utilities has increased by \$118,900 over that time. Assuming costs would rise by as much as \$33,300 by the end of the 2021-23 biennium, the Committee could consider providing an additional \$152,200 to fund estimated base water and electrical costs [Alternative A2b].

11. The Committee could consider increasing parks operations funding to cover only utility cost increases since 2021. Since that time, DNR reports that utility costs increased by \$91,900 in 2021-22 and would increase to \$125,200 by as of the end of the 2021-23 biennium. Therefore, the Committee could consider providing \$125,200 for parks utility costs [Alternative A3].

12. Alternatively, the Committee could take no action [Alternative A4]. DNR would continue to absorb the increased utility costs within allotted budget authority.

B. Parks Limited-Term Employees and Contract Services

13. 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 budget by \$620,800 for LTE salaries and fringe benefits. In the 2023-25 biennium, DNR has an adjusted base budget of approximately \$3,636,700 for parks, recreation and property management LTE salaries and fringe benefits.

14. In addition to LTEs, DNR contracts for services at parks and recreation facilities. Contractors are commonly used for maintenance and development projects, such as paving, ditch-digging, dam repair, and tree removal. Additionally, DNR employs contractors for routine cleaning tasks when parks staff are unavailable. In 2021-22, DNR contracted for \$4.6 million in maintenance and cleaning services in state parks and recreation facilities.

15. DNR reports that in summer, 2022, the average hourly wage of parks and recreation management LTEs was \$14.73. LTE wages vary between parks based on local labor market conditions. DNR anticipates that in summer, 2023, parks LTE wages could average up to \$20 per hour, based on labor supply and local market conditions.

16. Assembly Bill 43/Senate Bill 70 would provide \$1,095,500 annually for LTE salaries and fringe benefits in state parks and recreation areas. Of this, \$1,000,700, including \$746,800 for salaries and \$253,900 for fringe benefits would be used to increase the parks systemwide LTE budget. DNR notes that expanded funding would allow the Department to increase LTE wages to be competitive with market conditions. DNR anticipates that paying competitive wages will enable the Department to hire more parks LTEs, reducing LTE vacancies and minimizing the contract expenses.

The Committee could consider increasing the parks LTE wage allotment by \$746,800 and the fringe benefit allotment by \$253,900 annually [Alternative B1].

17. 2019 Act 9 increased the general program operations allotment for LTE wages in state parks and recreation areas by \$500,000 to \$2,815,000. Since that time, data from DNR shows that LTE wages for seasonal parks and recreation employees have increased by 11%, on average. The Committee could consider increasing the parks LTE salary allotment by 11% to reflect increased LTE wages [Alternative B2]. This would provide \$309,700 for LTE salary and \$105,300 for LTE fringe benefits, a total cost of \$415,000 SEG.

18. In addition to providing funding for LTEs across DNR parks and recreation properties, Assembly Bill 43/Senate Bill 70 would provide \$94,800 to hire additional park interpretive staff, including \$70,800 for LTE salaries and \$24,000 for LTE fringe benefits. DOA reports that the funding would be used to hire additional staff to work on parks and recreation educational programs.

19. Parks educational programming includes guided hikes, nature talks, and outdoor skills programs such as archery classes or outdoor cooking lessons. Parks interpretive programming is often led by volunteers or parks LTEs. DOA reports that there are currently two parks educator positions in the Bureau of Parks and Recreation Management. These positions lead interpretive programming, including outdoor skills and environmental education. They are located at Havenwoods State Forest, in Milwaukee and Peninsula State Park, in Door County.

20. DOA reports that the additional LTE funding would enable DNR to hire additional staff to coordinate and plan parks interpretive programming. In addition to adjusting the LTE allotment for parks and recreation operations, the Committee could consider providing \$94,800 to hire LTE parks interpretive staff [Alternative B3a].

21. Under current law, DNR may charge additional fees for special programs in state parks. These fees are deposited in a continuing appropriation from which DNR may expend all moneys received for educational and interpretive programs in state parks. In 2021-22, DNR collected \$21,700 in revenue to this appropriation and expended \$33,900. The appropriation had a continuing balance of \$81,900 on June 30, 2022. Assembly Bill 43/Senate Bill 70 would fund parks interpretive LTEs from this continuing appropriation.

22. It could be argued that hiring additional interpretive staff will allow DNR to expand interpretive programming, which will raise additional interpretive programming revenue. Between 2015-16 and 2021-22, DNR has raised between \$4,900 and \$25,600 in parks interpretive fees. Excluding 2020-21, when most parks interpretive programs were cancelled due to the COVID-19 pandemic, DNR has raised an average of \$21,400 in interpretive program revenue. Through April, 2023, DNR had raised \$42,300 in 2022-23. However, it is unclear if this level of revenue will continue in future years. It is likely that the appropriation is unable to support an additional \$94,800 in LTE wage and benefit expenditures. The Committee could consider funding parks interpretive staff from the parks and recreation general operations appropriation, rather than the interpretive fee appropriation [Alternative B3b].

23. The Committee could take no action [Alternative B4]. DNR may reallocate LTE funding

within the parks account to hire interpretive staff under current law, and DNR would not be precluded from expending interpretive program fees if additional revenues were received in future years.

C. Parks Maintenance Equipment

24. Parks staff use a variety of tools and equipment to maintain properties. These tools include lawn mowers, ATVs and UTVs, tractors and skid-steer loaders. The Department currently replaces maintenance equipment as needed and as funding allows. However, DNR does not have a formal equipment replacement plan; machines are replaced after they become unusable due to age and wear.

25. The Department inventoried maintenance equipment, listing the make and year of each maintenance vehicle, and assessing its usability. Machines were given a rating between zero and four, with zero being nonfunctional and four being new or like-new. Table 4 shows the results of the inventory for lawn mowers and ATVs and UTVs.

TABLE 4

Maintenance Equipment Inventory, by Usability Rating

<u>Model Year</u>	<u>Lawn Mowers</u>					<u>Subtotal</u>	<u>ATVs and UTVs</u>					<u>Subtotal</u>	<u>Total</u>
	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>		<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>		
Uncertain	5	9	15	22	1	52	1	3	5	11	3	23	75
Before 1990	1					1						0	1
1990-1999	3	6	10	2		21	4	6	4	1		15	36
2000-2009	1	2	19	9	1	32	1	12	9	7		29	61
2010-2019		1	7	25	26	59	1	5	6	44	20	76	135
2020 to Present	—	—	—	—	<u>1</u>	<u>1</u>	—	—	—	<u>4</u>	<u>18</u>	<u>22</u>	<u>23</u>
Total	10	18	51	58	29	166	7	26	24	67	41	165	331

26. DNR notes that any item rated zero (nonfunctional) or one would likely need to be replaced. As shown in the table, 17 pieces of maintenance equipment are considered nonfunctional. An additional 44 are nearing obsolescence (a 1 rating). As described above, DNR does not have a formal replacement plan for maintenance equipment; obsolete and nonfunctioning items are replaced as funding allows.

27. Assembly Bill 43/Senate Bill 70 would increase base level operations funding by \$350,000 annually, including \$250,000 from the parks account and \$100,000 from the forestry account to implement a routine replacement schedule. Under current prices, DNR anticipates that this funding would replace 26 machines each year. After all items rated zero or one are replaced, DNR would routinely replace a portion of maintenance equipment inventory annually, as needed based on item usability. As shown in Table 4, 75 ATVs, UTVs, and lawn mowers have a usability rating of two. These items could deteriorate over the course of the 2023-25 biennium and may be in need of replacement within a few years.

28. As noted above, DNR does not currently have dedicated funding to replace maintenance equipment. Rather, the Department replaces items on an ad hoc basis, when funding is available. To allow the Department to replace obsolete equipment and to implement a routine maintenance equipment replacement schedule, the Committee could increase parks and forests general operations funding by \$350,000 annually [Alternative C1].

29. DNR has demonstrated that several pieces of maintenance equipment are beyond their usable lives. The Committee could provide DNR with sufficient funding to replace unusable and obsolete equipment in the 2023-25 biennium. Rather than funding the implementation of an equipment maintenance plan, the Committee could provide one-time funding in 2023-24 for one-time replacements of outdated maintenance equipment. DNR could request additional funds through a request under s. 13.10 of the statutes or in the 2025-27 biennial budget for funding to replace equipment that becomes unusable over the course of the 2023-25 biennium. Under this perspective, the Committee could provide \$700,000, including \$500,000 from the parks account and \$200,000 from the forestry account in one-time funding to replace outdated maintenance equipment [Alternative C2].

30. If the Committee takes no action [Alternative C3], DNR would likely have insufficient funding to implement a maintenance equipment replacement program. DNR would continue current practice of allocating funds from the operations base budget to replace equipment as it becomes unusable or dangerous.

D. Property-Specific Funding

31. Operational funding for parks and recreation areas is allotted to properties based on regional needs. Parks work planning, including staffing levels, LTE funding allocations, and maintenance needs, occurs on a regional basis whereby district supervisors and parks managers examine prior year expenditures, property needs, and other trends to set each property's budget and hiring strategies.

32. In recent years, the number of visitors to parks and recreational areas has grown rapidly. Although the Legislature has increasingly appropriated maintenance and development funding for parks, and has authorized a greater number of capital projects in parks and recreation areas, DNR considers a number of recreational properties that are underfunded relative to the amenities they offer and visitors they receive.

33. Assembly Bill 43/Senate Bill 70 would increase general program operations funding by \$144,500 annually for six parks properties. The bill would provide an additional \$3,800 in one-time funding to construct a welcome sign at Lizard Mound State Park, which was transferred from Washington County to DNR in April, 2022. Table 5 shows how funding is budgeted under the bill.

TABLE 5

Property-Specific Funding

	<u>LTE Salary and Benefits</u>	<u>Maintenance Equipment</u>	<u>Maintenance and Development</u>	<u>Total</u>
Lizard Mound State Park	\$7,400	\$800	\$9,300	\$17,500
Menominee River State Recreation Area	5,600		6,400	12,000
Sauk Prairie State Recreation Area	16,600	2,500	20,000	39,100
Mazomanie Bottoms State Natural Area	13,000		15,000	28,000
Brule River State Forest	8,200	2,000	7,600	17,800
Ice Age Trail	<u>15,300</u>	<u>1,300</u>	<u>13,500</u>	<u>30,100</u>
Total	\$66,100	\$6,600	\$71,800	\$144,500

34. Currently, Lizard Mound State Park has no budgeted funding. Given that the property currently lacks funding, the Committee could consider increasing the parks general operations appropriation by \$17,500 SEG annually and providing \$3,800 as one-time funding to build a welcome sign [Alternative D1].

35. DNR reports that approximately 80 properties located across the state do not currently have budgeted funding, including areas along the Ice Age Trail. DNR notes that these properties are maintained by either volunteers, or DNR, as need and opportunity arise. The Committee could provide \$30,100 annually to the parks general operations appropriation for the Ice Age Trail [Alternative D2]. DNR reports that the funding support LTE staffing and land management on the trail.

36. The proposed funding for Mazomanie Bottoms State Natural Area and Brule River State Forests would support staffing and supplies for newly developed or redeveloped facilities in each property. The funding for Brule River would support LTE wages, fringe benefits, snow removal, utilities, and maintenance at a recently constructed cabin. DNR is currently planning to redevelop Mazomanie Bottoms. As currently planned, DNR would build a canoe access area, vault toilets, a picnic area, and other low-impact recreational facilities. The Committee could provide \$45,800 annually to fund newly developed and planned facilities in state recreational properties [Alternative D3].

37. DNR currently budgets \$2,500 for the Menominee River State Recreation Area, which spans 4,766 acres on the Marinette County - Michigan border. DNR reports that this funding is insufficient to adequately staff and maintain day-use areas, campgrounds, and other facilities on the property. The Sauk Prairie State Recreation Area, which is adjacent to Devil's Lake State Park, is currently budgeted \$7,400 each year. The property is expansive, spanning approximately 3,400 acres of the former Badger Army Ammunition Plant. DNR reports that the property contains 15 miles of public roads and 12 miles of trails. Funding included in the bill would support road and trail maintenance, land management, and building maintenance. To increase funding for the Menominee

River and Sauk Prairie State Recreation Areas, the Committee could provide \$51,100 annually [Alternative D4].

38. The majority of the funding would be used to hire LTEs or contractors to perform seasonal labor on the properties. Rather than identify individual properties that should be funded, the Committee could provide \$66,100 annually for LTE salaries and fringe benefits to the parks and recreation general operations appropriation, allowing DNR to allot staff time to properties [Alternative D5].

39. The Committee could take no action [Alternative D6]. While DNR reports that the Department cannot currently adequately fund the properties, any increase in funding provided for LTE allotments, maintenance equipment replacement, or utilities as described in earlier sections could be allocated to the six listed properties.

ALTERNATIVES

A. Utility Funding

1. Provide \$431,900 SEG in 2023-24 and \$440,600 SEG in 2024-25 to fund increases in parks utility costs since 2015-16.

ALT A1	Change to Base
SEG	\$872,500

2a. Provide \$238,700 annually for telephone, cellular, and gas costs that have increased since 2015-16.

ALT A2a	Change to Base
SEG	\$477,400

2b. In addition to A2a, provide \$152,200 annually for water and electric costs that have increased since 2020-21.

ALT A2b	Change to Base
SEG	\$304,400

3. Provide \$125,200 annually to fund increases in utility costs relative to 2022.

ALT A3	Change to Base
SEG	\$250,200

4. Take no action.

B. LTE Funding

1. Provide \$1,007,000 annually for LTE salaries and fringe benefits in parks and recreational areas.

ALT B1	Change to Base
SEG	\$2,001,400

2. Provide \$415,000 annually for LTE salaries and fringe benefits in parks and recreational areas.

ALT B2	Change to Base
SEG	\$830,000

3a. Provide \$94,800 annually in the parks interpretive programming appropriation for LTE salary and fringe benefits for parks interpretive staff.

ALT B3a	Change to Base
SEG	\$189,600

3b. Provide \$94,800 annually in the parks general program operations appropriation for LTE salary and fringe benefits for parks interpretive staff.

ALT B3b	Change to Base
SEG	\$189,600

4. Take no action.

C. Parks Maintenance Equipment

1. Provide \$350,000 annually to fund the implementation of a parks maintenance equipment replacement program.

ALT C1	Change to Base
SEG	\$700,000

2. Provide \$700,000 as one-time financing to replace parks maintenance equipment that has reached the end of its usable life.

ALT C2	Change to Base
SEG	\$700,000

3. Take no action.

D. Property Specific Funding

1. Provide \$17,500 annually and \$3,800 annually for Lizard Mound State Park.

ALT D1	Change to Base
SEG	\$38,800

2. Provide \$30,100 annually for Ice Age Trail properties.

ALT D2	Change to Base
SEG	\$60,200

3. Provide \$45,800 annually for staffing and maintenance of newly developed facilities Mazomanie Bottoms State Natural Area and Brule River State Forest.

ALT D3	Change to Base
SEG	\$91,600

4. Provide \$51,500 annually to increase the budget for the Menominee River and Sauk Prairie State Recreational Areas.

ALT D4	Change to Base
SEG	\$102,200

5. Provide \$66,100 annually for LTE wages and fringe benefits.

ALT D5	Change to Base
SEG	\$132,200

6. Take no action.

Prepared by: Eric R. Hepler



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 18, 2023

Joint Committee on Finance

Paper #578

Online Vehicle Admission Fees (Natural Resources -- Parks)

[LFB 2023-25 Budget Summary: Page 441, #10]

CURRENT LAW

Most state parks, forests, and recreational areas require a vehicle admission sticker for entry. Under current law, annual vehicle admission stickers cost \$28 for residents and \$38 for nonresidents, including a 50¢ issuing fee. Discounted annual admission stickers are available for resident senior citizens (\$13). Members of households that have purchased a full-priced annual admission sticker receive a discount on additional stickers (\$15.50 for residents and \$20.50 for nonresidents). DNR sells additional parks admissions stickers, including one-day passes, bus admission passes, and nursing home admission passes.

Beginning in May, 2020, DNR began offering annual state park admission stickers online at <https://yourpassnow.com/ParkPass/wi>. Your Pass Now offers resident annual admission stickers, nonresident annual admission stickers, senior citizen annual admission stickers, and reduced-rate admission stickers to persons who also purchase a full-priced admission sticker in the same transaction. DNR contracted with NIC Wisconsin, which developed the GoWild system used for fishing and hunting license approvals, to create the Your Pass Now system.

DISCUSSION POINTS

1. Vehicle admission sticker revenues are deposited into the parks and forestry accounts of the conservation fund in proportion to the estimated proportion that each property type is used by sticker owners. Admission sticker revenues are the largest source of general program operations funding for state parks and recreation areas. Revenues fund the daily operations and maintenance of state parks, including salaries and fringe benefits for state park personnel, cleaning and minor repairs in parks properties, and recreational programming. Admission sticker revenues also fund the costs related to their issuance, including printing, and staff time. DNR estimates that printing costs

approximately 9¢ per sticker.

2. Table 1 shows the number of stickers sold through Your Pass Now in each year since 2020. Stickers are shown by the year for which they are valid. It should be noted that DNR began offering reduced rate stickers through Your Pass Now in 2021. The reduced rate number shown in the table for 2020 includes only resident senior citizen sticker.

TABLE 1

DNR Parks Vehicle Admission Sticker Sales

Sticker Type	Total			Online			Online Percent		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Resident Annual	286,970	297,070	264,145	160,421	118,418	92,749	56%	40%	35%
Nonresident Annual	105,290	77,226	63,166	73,791	26,250	19,176	70	34	30
Reduced Rate*	100,946	152,932	150,379	24,928	62,101	55,963	25	41	37
Total	493,206	527,228	477,690	259,140	206,769	167,888	53%	39%	35%

* Includes senior citizen stickers.

3. The Your Pass Now system was developed at no upfront cost to the state. Instead, the developer, NIC Wisconsin, receives \$1.50 for each transaction processed by the Your Pass Now System. These fees must be paid by DNR through its general operations appropriations. The Department does not receive dedicated revenues, such as from statutory issuing fees, for this purpose. In addition to transaction costs, DNR must pay fulfillment fees to the Department of Administration (DOA) for printing and mailing stickers to purchasers. Table 2 shows the transaction and fulfillment costs paid by DNR for sticker sales through Your Pass Now.

TABLE 2

Your Pass Now Transaction Costs

Fiscal Year	NIC Wisconsin Developer Transaction Fees	DOA Mailing and Fulfillment Costs	Total
2020-21	\$614,300	\$176,100	\$790,400
2021-22	210,300	80,500	290,800
2022-23*	138,700	53,300	192,000

*Through April 6, 2023.

4. Assembly Bill 43/Senate Bill 70 would create a continuing appropriation for the payment of costs associated with online admission sticker sales. The bill would provide \$338,000 SEG annually, including \$94,600 from the forestry account and \$243,400 from the parks account.

5. As shown in Table 2, DNR expended \$290,800 in 2021-22 for Your Pass Now

transaction and fulfillment costs. Of the funding provided by the bill, \$300,000 is intended to fund transaction costs and fulfillment expenses for sales of parks admission stickers. This level of funding was based on the actual expenses paid in 2021-22, plus \$9,200 in case of higher-than-expected online sales. Additionally, the bill would provide \$38,000 to fund transaction costs associated with the sale of state trail passes to the Your Pass Now system, which the Department intends to offer in 2023-24 if funding for transaction costs is provided.

6. The Committee could provide DNR a source of funding for Your Pass Now transaction fees [Alternative 1]. The Committee could create a continuing appropriation for online admission fee sales and provide \$338,000 conservation SEG annually.

7. As described above, DNR estimates \$338,000 to be a higher estimate of transactions costs that will be incurred for online sticker sales in any given year. If expenses are lower than this amount, unexpended amounts will remain in the balance of the appropriation and will be unavailable for other parks, forests, and recreational expenditures.

8. DNR incurs costs related to online transactions, printing, handling, and other fulfillment expenses in other program areas, including for game licenses, recreational vehicle registrations, camping fees, and other Department sales.

- The GoWild system was developed by NIC Wisconsin and collects 65¢ for each hunting, fishing, or trapping transaction and 35¢ for each boat or vehicle registration. Under s. 20.370(9)(hv) of the statutes, DNR is authorized to deduct a portion of each license fee, issuing fee, and reprint fee and sold through the GoWild system to pay contractor expenses.

- Under s. 20.370(1)(er) of the statutes, in addition to the overnight campsite fee, DNR may charge a camping reservation fee of \$7.75. DNR retains \$1 of each camping reservation fee collected by a private vendor, Camis. The Department returns \$6.75 of every \$7.75 to Camis from an appropriation in the forestry and parks accounts.

- Under s. 20.370(9)(hu) of the statutes, DNR may assess handling fees and may deduct a portion of registration fees, issuing fees, reprint fees, and other fees charged on licenses and sales. These fees are used to pay for the costs of printing, handling, and to pay private sector vendors for their issuance expenses.

9. Rather than providing funding based on an estimate of online transaction costs, the Committee could authorize DNR to collect and remit transaction fees for online parks admission sticker and trail pass sales. The Committee could authorize the Department to assess a fee, in addition to the admission sticker fee, for online parks sticker and trail pass sale transaction costs. Additionally, the Committee could create an appropriation through which DNR may use all moneys received on online sale transaction fees for contracted expenses [Alternative 2].

10. Alternative 2 would provide DNR funding for online sales transaction costs. However, DNR would still be required to pay mailing and fulfillment expenses to DOA from parks general program operations expenses. In addition to authorizing DNR to assess an online transaction fee to pay the Your Pass Now contractor, the Committee could consider allowing DNR to deduct a portion

of parks admission sticker and trail pass fees to pay handling and fulfillment fees. For most handling and issuing fees, DNR is authorized to either assess an additional 75¢ handling fee, or to deduct 75¢ from the sales revenues.

11. Consideration could be given to authorizing DNR to assess an additional 75¢ fee on all admission stickers or trail passes purchased online to pay handling and fulfillment expenses [Alternative 3a]. Alternatively, the Committee could consider authorizing DNR to deduct 75¢ from the revenues from admission stickers or trail passes purchased online to pay handling and other fulfillment expenses [Alternative 3b]. The proceeds of these fees would be deposited in DNR's handling fee appropriation under s. 20.370 (9) (hu).

12. If the Committee takes no action [Alternative 4], DNR would continue to pay transaction fees through its general program operations budget. DNR indicates that the Department is unlikely to offer trail passes through the Your Pass Now system to reduce fulfillment and transaction costs. Because Your Pass Now expenses are contractual obligations, DNR would be required to absorb the costs within its budget by reducing other discretionary expenses.

ALTERNATIVES

1. Create a continuing appropriation for online parks admission sticker and trail pass transaction costs. Provide \$338,000 SEG, including \$94,600 from the forestry account and \$243,400 from the parks account annually.

ALT 1	Change to Base	
SEG	\$676,000	

2. Authorize DNR to assess a transaction fee on online sales of parks admission stickers and trail passes under contract. Create an all moneys received appropriation from which DNR may expend transaction fee revenues on contracted expenses. Estimate expenses at \$245,000 annually.

ALT 2	Change to Base	
	Revenue	Funding
SEG	\$490,000	\$490,000

3a. Authorize DNR to assess a 75¢ handling fee on online sales of parks stickers and trail passes and to pay mailing and fulfillment expenses from the revenues raised by the fee. Require DNR to deposit the revenues from the fee in the handling fees appropriation under s. 20.370(9)(hu). Reestimate handling fee revenue by \$93,000 annually.

ALT 3a	Change to Base	
	Revenue	Funding
SEG	\$186,000	\$186,000

3b. Authorize DNR to deduct 75¢ from the fee revenues received from online sales of parks stickers and trail passes and to pay mailing and fulfillment expenses from the deducted revenues. Require DNR to deposit the deductions from fees in the handling fees appropriation under s. 20.370(9)(hu).

ALT 3b	Change to Base
SEG	\$186,000

4. Take no action.

Prepared by: Eric R. Hepler

NATURAL RESOURCES

Parks

LFB Summary Item for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
6	Parks Technology Upgrades

