



Legislative Fiscal Bureau

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February 1, 2022

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Section 13.10 Request for One-Time Funds for Online State Parks Admissions Sales -- Agenda Item XI

REQUEST

On November 1, 2021, the Department of Natural Resources (DNR) requested \$128,400 in one-time funds in 2021-22 from the segregated (SEG) conservation fund to absorb costs incurred in online sales of state parks admission stickers. DNR requests \$92,400 from the parks account and \$36,000 from the forestry account to be released to the general operations appropriation under s. 20.370(1)(mu) of the statutes.

BACKGROUND

Parks Admission Stickers

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.

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.

On June 30, 2021, the parks account had an available balance of approximately \$13.5 million; the forestry account had a balance of approximately \$44.4 million.

Your Pass Now

In mid-March 2020, DNR closed state park offices, visitor centers, and other nonessential parks facilities to prevent the spread of COVID-19. On March 24, 2020, DNR waived parks admission fees, allowing the public to access lands while parks offices and registration stations remained closed. Free parks admission, coupled with a pandemic-induced surge in people seeking outdoor recreation, significantly increased visitation to state parks. On May 1, 2020, DNR announced that parks admission stickers would once again be required for entry. However, with registration stations and parks offices still closed, DNR sought ways to offer remote sales. On May 13, 2020, the Your Pass Now system opened to sell annual admission stickers online.

The Your Pass Now system sells 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.

While the system was developed at no upfront cost, 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.

ANALYSIS

The Your Pass Now system sold approximately 323,100 stickers in 2020-21, or approximately 68% of the total 472,600 annual passes sold. In 2020-21, DNR paid \$439,000 in transaction costs under the contract with NIC Wisconsin. Additionally, DNR paid DOA \$176,100 in fulfillment costs to print and mail stickers to Your Pass Now customers. (Some of these costs were incurred in 2019-20 but paid in 2020-21.)

DNR was able to pay these expenses with federal Coronavirus Relief Fund (CRF) proceeds for expenses incurred in response to the COVID-19 pandemic that were not accounted for in the state's 2019-21 biennial budget. To be eligible, expenses must have been incurred between March 1, 2020, and December 31, 2021. On December 10, 2021, DOA informed state agencies that CRF funds had been fully obligated and that no additional allocations would be made.

Approximately 30% of the 2020-21 transaction and fulfillment expenses were incurred in July and August 2020 (these expenses were billed in August and September 2020). The DNR request

assumes that that same proportion will apply in 2021-22. In July and August, 2021, DNR incurred a total of \$38,500 in Your Pass Now expenses, including \$27,200 in transaction fees and \$11,300 in DOA fulfillment costs. Based on the assumption that these fees will account for approximately 30% of the total 2021-22 expenses, DNR projects that the Your Pass Now system will incur \$128,400 in 2021-22. As described above, these are expenses that are not supported by additional transaction fees or surcharges. Since these unanticipated costs must be paid from DNR's existing budget authority, the Committee could approve the DNR request and provide \$128,800, including \$92,400 from the balance of the parks account and \$36,000 from the balance of the forestry account [Alternative 1].

Updated data provided by DNR in January, 2022, show that the Your Pass Now system incurred \$52,400 in expenses, including \$35,800 in transaction fees and \$16,600 in DOA fulfillment expenses through December, 2021. Your Pass Now expenses incurred over the same period in 2020 accounted for approximately 44% of the total in 2020-21. If the \$52,400 in 2021-22 fees incurred through December, 2021, account for a similar percent of the total 2021-22 fees, the Your Pass Now system will incur \$120,000 in expenses. Based on updated data and projections, the Committee could reduce the DNR request and provide \$120,000, including \$86,400 from the parks account and \$33,600 from the forestry account [Alternative 2].

As described above, DNR paid 2020-21 Your Pass Now expenses using money from the CRF. To be eligible for CRF reimbursement, an expense must have arisen from the state's pandemic response and been incurred between March 1, 2020, and December 31, 2021. However, as of December 10, 2021, the state had fully obligated all CRF funds. Therefore, all Your Pass Now expenses incurred between July 1, 2021, and December 10, 2021, were reimbursable with the CRF. Over that time period, the Your Pass Now system incurred \$43,000.

Your Pass Now expenses incurred since December 31, 2021, however, are ineligible for CRF reimbursement, and no additional funding was available after December 10, 2021. As described above, approximately 44% of 2020-21 Your Pass Now expenses were incurred between July and December, 2020. If a similar proportion of 2021-22 expenses fall in the first six months of the 2021-22 fiscal year, the Your Pass Now system would incur \$67,600 in transaction fees and fulfillment costs between January and June, 2022. Additionally, the system incurred \$9,400 in December, 2021, after the full allocation of available CRF proceeds. The Committee could consider modifying the DNR request to provide \$77,000, including \$55,400 from the parks account and \$21,600 from the forestry account to reimburse Your Pass Now expenses [Alternative 3]. This would provide supplemental funding based on updated expenditure data for the first six months of 2021-22, less amounts that could have been reimbursed with CRF monies.

The Committee could also deny the request [Alternative 4]. Since parks offices have reopened and in-person sales of parks sticker have resumed, demand for the Your Pass Now system has diminished and it is unknown what expenses will be incurred under the contract. DNR would continue to absorb costs associated with Your Pass Now from parks and southern forests general operations. In 2021-22, general operations are budgeted at \$17.2 million for parks and \$5.3 million for southern forests.

ALTERNATIVES

1. Approve the DNR request to provide \$128,400 SEG, including \$92,400 from the parks account and \$36,000 from the forestry account of the conservation fund, to reimburse Your Pass Now expenses anticipated in 2021-22.
2. Provide \$120,000 SEG, including \$86,400 from the parks account and \$33,600 from the forestry account of the conservation fund, to reimburse Your Pass Now expenses anticipated in 2021-22.
3. Provide \$77,000 SEG, including \$55,400 from the parks account and \$21,600 from the forestry account of the conservation fund. (This would reimburse Your Pass Now expenses expected after 2021-22 after Coronavirus Relief Fund proceeds were no longer available).
4. Deny the request.

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