



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #654

### **Snowmobile Registration Fees and Trail Aids (DNR -- Fish, Wildlife and Recreation)**

[LFB 2001-03 Budget Summary: Page 475, #19 & #20]

#### **CURRENT LAW**

The Department of Natural Resources distributes aids to participating counties for the maintenance, development and acquisition of land to support 16,300 miles of interconnecting snowmobile trails throughout the state. Generally, these aids are provided to counties at 100% of eligible costs. The counties either develop and maintain local trails, or, more typically, redistribute aid to local snowmobile clubs that do the maintenance and development projects. DNR also funds maintenance and development of snowmobile trails in state parks and forests.

County expenditures eligible for state aid (listed in priority order) are as follows: (a) maintenance of existing approved trails, up to a maximum of \$250 per mile per year; (b) club signing programs; (c) bridge rehabilitation; (d) municipal route signing; (e) trail rehabilitation; and (f) development of new trails.

In addition, a county or DNR is eligible for supplemental trail aid payments if actual eligible costs exceed the maximum of \$250 and, of the costs incurred, actual trail grooming costs exceed \$130 per mile per year. Since fiscal year 1991-92, supplemental trail aids have been funded from the 40% multiplier to the snowmobile fuel tax transfer formula (almost \$1.2 million for 2000-01). If the supplemental aid payable to counties exceeds funding available from the multiplier, the Department may either prorate payments or request that the Joint Committee on Finance take action to provide additional funding from the snowmobile account for supplemental payments.

The major source of funding for the snowmobile account is the snowmobile fuel tax revenue transferred to the account. An appropriation is made annually, which equals the amount of motor fuel tax assessed on 50 gallons of gasoline as of the last day of February of the previous

fiscal year multiplied by the number of registered snowmobiles as of the same date, with this result multiplied by 1.4. For 2000-01, \$4,039,400 is available for trail aids under the formula.

The next largest revenue source for the account is registration fees. A fee of \$20 is assessed for each snowmobile registered for public use in the state. Local governments pay \$5 and commercial users pay \$60 for up to three snowmobiles and \$20 for each machine over three. The registration is valid for two years. Snowmobiles registered in other states or countries need not be registered in Wisconsin if they are in the state for a period of less than 15 consecutive days. These registration fees brought in almost \$2.3 million to the snowmobile account in 1999-00.

A nonresident snowmobile trail use sticker requirement was created in 1997 Act 27 as a new source of revenue to the snowmobile account. Snowmobiles not registered in Wisconsin are required to display an annual trail use sticker to use public snowmobile corridors. The fee for the annual sticker, originally set at \$10, was increased to \$13 in 1997 Act 237. Approximately 47,500 stickers were sold in 1999-00, generating almost \$600,000.

## GOVERNOR

Increase the cost of a two-year snowmobile registration by the amount shown in the following table. In addition, increase the annual nonresident trail sticker by \$5 and require that \$15 of each fee collected be credited to an appropriation to provide supplemental funding for the maintenance of snowmobile trails (estimated at \$459,000 annually).

	<u>Current Fee</u>	<u>Bill</u>
Snowmobile Registration (valid for 2 years)	\$20	\$30
Annual Non-resident Trail Use Sticker	13	18
Commercial Snowmobile Registration	60	90
Additional Reflector Plate for Commercially Registered Snowmobiles	20	30

Further, provide \$1,740,600 SEG in 2001-02 and \$2,049,100 SEG in 2002-03 from the snowmobile account for increased local snowmobile trail aids.

## DISCUSSION POINTS

1. The \$20 two-year registration fee for snowmobiles was last increased in 1986. It is unlikely that a 50% registration fee increase would reduce snowmobile users' participation, given their investment in snowmobile equipment. In addition, some have expressed support for an increase in registration fees of up to double the current amount in order to increase funding for trail aids. Snowmobile registrations are valid for two years beginning on July 1 prior to the date of the application if the registration is made prior to April 1, and beginning the July 1 after the registration

if done between April 1 and June 30. The bill would implement the registration fee increase on the effective date of the budget. However, as snowmobile registration renewal notices are not mailed until September, DNR has stated that implementing the fee increase on the effective date of the budget would be manageable (based on the Governor signing the budget Act before the end of August). If the passage of the budget were delayed until September, DNR may be required to undertake a second mailing for some renewals to collect the increased fee.

2. Due to an error that double-counted certain registration revenue during the development of the executive budget, spending for basic trail aids was appropriated at a higher level than the current balance of the snowmobile account is capable of supporting. Therefore, DNR would have to reduce expenditures by approximately \$750,000 to maintain a positive balance in the account. Alternatively, decreasing the appropriation for county snowmobile trail aids from snowmobile registrations by \$250,000 in 2001-02 and \$500,000 in 2002-03 from the amount allocated in the Governor's budget would still provide a net increase in snowmobile trail aids, as shown in the table below, and would allow the snowmobile account to remain in balance. The administration had provided a 29% increase over the biennium for local snowmobile trail aids, while the alternative based on the reestimate would provide another \$650,000 for snowmobile trail aids, representing a 34% increase (primarily due to increased snowmobile gas tax revenues under the reestimate). Revenue from the gas tax transfer to the snowmobile account is estimated to be \$4,497,700 in 2001-02 and \$4,881,700 in 2002-03, an increase to the bill of \$714,100 over the biennium.

	<u>Actual</u> <u>2000-01</u>	<u>Governor</u> <u>2001-02</u>	<u>Alternative</u> <u>2001-02</u>	<u>Governor</u> <u>2002-03</u>	<u>Alternative</u> <u>2002-03</u>
Basic Trail Aids	\$5,319,100	\$6,546,700	\$6,489,000	\$6,795,600	\$6,613,300
Supplemental Aids	<u>1,154,100</u>	<u>1,667,100</u>	<u>2,072,700</u>	<u>1,726,700</u>	<u>2,213,900</u>
Total Trail Aids	\$6,473,200	\$8,213,800	\$8,561,700	\$8,522,300	\$8,827,200

3. The following table provides information on the total amount requested for supplemental snowmobile aids, the amount paid by the Department and the proration level of payments. Supplemental aids for a given snowmobile season are paid in the following fiscal year. Currently supplemental aids are primarily funded through a 40% multiplier factor in the snowmobile gas tax revenue formula. The 40% multiplier is expected to generate \$1,285,100 in 2001-02 and \$1,394,800 in 2002-03 for supplemental trail aids.

### Supplemental Snowmobile Trail Maintenance Payments

Snowmobile Season	Total Request	Total Payment	Percent of Request Paid
1990-91	\$351,800	\$351,800	100.0%
1991-92	923,000	701,500	76.0
1992-93	983,900	724,600	73.6
1993-94	889,800	838,400	94.2
1994-95	477,700	477,700	100.0
1995-96	1,925,500	1,116,200	58.0*
1996-97	2,130,000	1,642,300	77.1*
1997-98	731,000	731,000	100.0
1998-99	1,202,800	1,202,800	100.0*
1999-00	1,514,100	1,514,100	100.0*

\* Payments for these years were supplemented by the Joint Committee on Finance.

4. DNR has requested, and the Joint Committee on Finance has granted, an increase to supplemental trail aid payments in four of the last five years. Supplemental aid requests for 1999-00 averaged \$175 per mile (in addition to the \$250 per mile basic maintenance payment), and varied between \$17 per mile in Eau Claire County to \$373 per mile in Vilas County. The total request for supplemental funding from counties and state properties was \$1,514,100 for the 1999-00 snowmobile season (state fiscal year 2000-01). The 40% multiplier from the snowmobile gas tax transfer allocated for supplemental trail aids generated \$1,154,100, which would have resulted in a 78% proration. However, the Joint Committee on Finance approved DNR's request to transfer \$360,000 from basic trail aids to fund supplemental trail aids requests in full.

5. Under the bill, \$15 of each nonresident trail sticker would be designated for supplemental trail aids (estimated by the administration at \$459,000 annually). If the designated funds were not required for supplemental aid, DNR could use the balance for additional basic trail aids payments. Based on a reestimate of revenue from non-resident trail passes \$787,600 in 2001-02 and \$819,100 in 2002-03 would be expected to be available for supplemental trail aids under the bill (in addition to the 40% multiplier revenues). In total, \$2,072,700 in 2001-02 and \$2,213,900 in 2002-03 would be provided for supplemental trail aids under the bill.

6. It may be argued that it is reasonable for counties to potentially assume a portion of the cost of trail maintenance, in recognition of the increased commerce that hosting snowmobilers may bring to the local economy. Automatically increasing funding for supplemental trail aids decreases the likelihood of this occurring. Under the current system, DNR and the Joint Committee on Finance have some discretion over the rate of reimbursement for supplemental trail aids if total requests exceed funds available from the 40% multiplier. From this perspective, earmarking \$15 of every \$18 generated by the sale of non-resident trail pass stickers may not be desirable. If, instead,

the money were allocated to general trail aids, funds would be available for a variety of priorities, and could still be used for supplemental trail aids at the discretion of DNR and the Joint Committee on Finance. Therefore an alternative would be to maintain the current system, and instead of earmarking \$15 of each non-resident trail sticker for supplemental funding, allow DNR to continue to request that Joint Finance take action to provide additional funding from the trail aids appropriation for extraordinary supplemental payments as necessary.

7. However, one of the priorities of the Snowmobile Council has been to maximize funding available for supplemental trail aids. They cite the high costs of maintaining snowmobile trails in winters with heavy snowfall, the statewide benefits of increased snowmobile related tourism and the time donated by members of local snowmobile clubs to repair and maintain trails. Under the bill, the majority of the revenue from the non-resident trail pass would automatically be provided for supplemental aids, with provisions to allow that funding be used for other trail aid purposes if the funding is not needed for supplemental aids in any given year. Monies remaining in the supplemental snowmobile trail aids appropriation after supplemental trail aid payments were made to counties could be used for basic trail aids and related costs, including: (a) trail maintenance, rehabilitation, or development; (b) reconstruction or rehabilitation to improve bridges on existing approved trails; (c) signing of snowmobile routes; and (d) state snowmobile trails and areas.

**ALTERNATIVES TO BASE**

**A. Registration Fees and Trail Aids**

1. Approve the Governor’s recommendation to increase the cost of a two-year snowmobile registration to \$30 (or \$90 for a commercial registration, with additional plates also increasing to \$30). In addition, increase the annual nonresident trail sticker by \$5 (to \$18). Further, approve the Governor’s recommendation to increase trail aids by \$1,740,600 in 2001-02 and by \$2,049,100 in 2002-03 for local snowmobile trail aids.

<b>Alternative A1</b>	<b>SEG</b>
<b>2001-03 FUNDING</b> (Change to Base) <i>[Change to Bill]</i>	\$3,789,700 \$0
<b>2001-03 REVENUE</b> (Change to Base) <i>[Change to Bill]</i>	\$2,818,000 \$0

2. Approve the Governor’s recommendation, as reestimated, and provide \$2,088,500 in 2001-02 and \$2,354,000 in 2002-03 for local snowmobile trail aids.

<b>Alternative A2</b>	<b>SEG</b>
<b>2001-03 FUNDING</b> (Change to Base) <i>[Change to Bill]</i>	\$4,442,500 \$652,800
<b>2001-03 REVENUE</b> (Change to Base) <i>[Change to Bill]</i>	\$2,745,900 - \$72,100

3. Take no action. (Registration fees would remain at current law levels and DNR would be required to reduce snowmobile account expenditures accordingly.)

<b>Alternative A3</b>	<b>SEG</b>
<b>2001-03 FUNDING</b> (Change to Base)	\$1,685,800
<i>[Change to Bill]</i>	<i>- \$2,103,900]</i>
<b>2001-03 REVENUE</b> (Change to Base)	\$0
<i>[Change to Bill]</i>	<i>- \$2,818,000]</i>

**B. Supplemental Allocation**

1. Approve the Governor’s recommendation to require that \$15 of each fee collected for the sale of non-resident trail passes be credited to an appropriation to first provide supplemental funding for the maintenance of snowmobile trails that exceeds \$250 per mile (estimated at \$787,600 in 2001-02 and \$819,100 in 2002-03). If funding remained after supplemental payments were made it would be available for basic trail aids.

2. Specify that \$15 of each fee collected from sales of non-resident trail pass stickers be allocated first to general trail aids. (Additional funding of supplemental trail aids could continue to be addressed by DNR through requests to the Joint Committee on Finance, as necessary.)

3. Provide \$787,600 in 2001-02 and \$819,100 in 2002-03 from estimated non-resident snowmobile trail stickers to be used for one of the following purposes.

- (a) Basic trail aids.
- (b) Supplemental trail aids.

(This alternative would not earmark a specific portion of sticker revenue for trail aids, but rather would appropriate the amount estimated to be available from the \$15 earmark under the bill.)

4. Maintain current law. (Revenue from the non-resident trail sticker would be deposited to the snowmobile account and would be available for appropriation by the Legislature.)

<b>Alternative B4</b>	<b>SEG</b>
<b>2001-03 FUNDING</b> (Change to Base)	\$0
<i>[Change to Bill]</i>	<i>- \$918,000]</i>

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