



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #507

Endangered Resources Funding (DNR -- Departmentwide)

CURRENT LAW

The Department of Natural Resources maintains a Bureau of Endangered Resources, which coordinates research, survey and habitat projects and manages state natural areas. Bureau projects include implementing a habitat conservation plan for the Karner Blue butterfly, devising a management plan for the timber wolf population in the state, and monitoring nesting boxes for peregrine falcons. Also, DNR has successfully reintroduced trumpeter swans to Wisconsin, and the bald eagle was removed from the state's endangered species list in 1997.

In addition, payments for damage caused by gray wolves are funded from the endangered resources program, regardless of whether wolves are listed as an endangered or threatened species. In 2003-04, DNR paid claims totaling \$57,500 for damages caused by gray wolves. DNR may use its GPR donations match appropriation or certain endangered resources SEG funds to make these payments.

GOVERNOR

No provision.

DISCUSSION POINTS

1. The endangered resources program within the DNR is primarily supported by three revenue streams. The first source of revenue to the program is the sale of the endangered resources license plate, created under 1993 Act 415. The license plate (which depicts a timber wolf and rising moon) became available starting January 1, 1995. The \$25 additional annual fee required to buy the plate is credited to the endangered resources account of the conservation fund. In 2003-04, 23,394 endangered resources license plates generated \$584,900, bringing the total revenue generated by

plate sales since their introduction to over \$4.8 million.

2. The second source of revenue to the account is generated by a voluntary income tax check-off program which was created in 1983 to support DNR's endangered resources protection program. Individual income taxpayers can donate a portion of their tax refund or, if taxes are due, include an additional amount with their tax payment for the endangered resources program. Beginning with tax year 2001, corporate income taxpayers are also be allowed to participate in the check-off program. After deducting the costs it incurs for collecting the donated amounts, the Department of Revenue forwards the check-off revenue to DNR for deposit in the conservation fund. For tax year 2003, state taxpayers submitted a total of approximately 2,702,700 tax returns to the Department of Revenue, of which approximately 39,000 (1.4%) included amounts designated for the endangered resources program. The tax check-off brought in a total of approximately \$626,100, with an average donation of \$16.05 per return. After deducting Department of Revenue administrative expenditures, DNR anticipates receiving approximately \$611,000 in 2004-05.

3. Third, beginning in 1993-94, donations made as part of the tax check-off donation program are matched dollar-for-dollar by a sum-sufficient GPR appropriation, up to a maximum amount of \$500,000. Under 2003 Act 33 (the 2003-05 biennial budget bill), this statutory provision was reduced to equal a maximum GPR match of \$312,200 in 2003-04 and a maximum of \$364,000 in 2004-05 only. Beginning in 2005-06, the maximum GPR match reverts to the previous level of \$500,000 annually.

4. Under the bill, the administration did not reestimate the payment from the sum-sufficient GPR appropriation. Therefore, under the bill, base 2004-05 funding of \$364,000 annually is estimated for this purpose. However, as statutes specify that up to \$500,000 will be made available for this purpose on an annual basis during the 2005-07 biennium, an adjustment is required. Either the statutory language must be changed to reduce the maximum funding provided as a GPR match to tax check-off revenues to equal \$364,000 annually, or expenditures must be reestimated to reflect the GPR commitment provided in the bill. If the second alternative is selected, GPR expenditures would increase by \$136,000 annually. If the Committee elected not to act on the provision, the matching funding of up to \$500,000 GPR annually would be provided from the sum-sufficient appropriation (as specified in statute).

ALTERNATIVES

1. Reduce the maximum amount appropriated from the GPR sum sufficient appropriation to \$364,000 in 2005-06 and 2006-07. This change would reflect expenditures estimated under the bill. Under this alternative, the maximum match would revert to \$500,000 annually beginning in 2007-08.

2. Reduce the maximum amount appropriated from the GPR sum sufficient appropriation to \$364,000 annually to reflect expenditures estimated under the bill. Further, specify that the reduction would be permanent (the maximum match would remain at \$364,000 in subsequent biennia).

3. Take no action. (Expenditures would increase by \$136,000 GPR annually to reflect the maximum appropriation level set in statute.)

<u>Alternative 3</u>	<u>GPR</u>
2005-07 FUNDING (Change to Bill)	\$272,000

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