



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #568

Boat Registration Fee Increase (DNR -- Fish, Wildlife, and Recreation)

Bill Agency

[LFB 2007-09 Budget Summary: Page 413, #14]

CURRENT LAW

The Department of Natural Resources collects statutory registration fees for all motorized boats and sailboats over twelve feet in length operated on state waters. These fees are deposited in the boat registration account of the conservation fund. Motorized boat registration fees vary according to boat length. These fees, which were last increased in 1996, are shown in the table below. Beginning in 2000, all boat registrations are valid for a period of up to three years, beginning on April 1 of the year in which the registration is issued and ending on March 31 of the third year after issuance.

GOVERNOR

Increase the fees paid for a three-year boat registration as follows:

<u>Registration Type</u>		<u>Current Fee</u>	<u>Bill</u>	<u>Increase</u>	<u>% Increase</u>
Non-Motorized	Voluntary	\$9.75	\$13.00	\$3.25	33%
	Sailboat over 12'	15.00	20.00	5.00	33
Motorized	Under 16'	16.50	22.00	5.50	33
	16' to 26'	24.00	31.00	7.00	29
	26' to 40'	45.00	59.00	14.00	31
	Over 40'	75.00	98.00	23.00	31

DISCUSSION POINTS

1. Article IX of the Wisconsin Constitution specifies that the state's navigable waters "shall be common highways and forever free" to Wisconsin and U.S. citizens "without any tax, impost or duty therefore". As a result, the use of revenue from boat registration fees has been limited to boating safety and law enforcement purposes by court interpretation of this constitutional provision. Therefore, boat registration account revenues are used to fund: (a) state costs of boating law enforcement by DNR conservation wardens; (b) aids to municipalities for up to 75% of the costs of local boating law enforcement and safety programs; and (c) a portion of DNR's recreational vehicle titling and registration program and administrative costs related to boating safety and enforcement.

2. Prior to 2000, boat registrations were valid for two years. Going from a two-year to a three-year registration cycle in 2000 resulted in markedly lower than average revenues to the boat registration account every third year. For example, 2004-05 revenues to the boat registration account (\$2.4 million) were significantly lower than the revenues in 2005-06 (\$5.8 million) and the projected revenues for 2006-07 (\$6.9 million). Further, boat registrations are not even between the two remaining years. The 2007-09 biennium falls during the two lower revenue years. Therefore, although a 2006-07 ending balance of over \$2.5 million is expected (due to the high-revenue year), authorized expenditures would be expected to exceed current law revenues by over \$800,000 by June 30, 2009, as shown in Table 1. This would require expenditure reductions averaging approximately 7% annually to state and local boating law enforcement and safety training programs.

TABLE 1

Boat Registration Account Condition Under Current Law

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Opening Balance	\$1,356,200	\$2,574,400	-\$553,900
Revenue	<u>6,879,400</u>	<u>2,947,200</u>	<u>5,915,100</u>
Total Available	\$8,235,600	\$5,521,600	\$5,361,200
Budgeted Expenditures	\$5,561,200	\$5,983,800	\$6,017,700
Compensation Reserves	<u>100,000</u>	<u>91,700</u>	<u>184,000</u>
Total Expenditures	\$5,661,200	\$6,075,500	\$6,201,700
June 30 Balance	\$2,574,400	-\$553,900	-\$840,500

3. Boat registration fees have not been increased since 1996, and DNR argues an increase of approximately one-third over a period of more than 11 years is not unreasonable. Further, Department officials indicate they prefer not to have to seek another increase for several years (at least not before the 2011-13 biennium). Therefore, the Department argues that a fee increase of approximately 33% is necessary to support annual expenditure levels and prevent the account from carrying a negative balance over at least the next two biennia. Fee changes under SB

40 would increase revenue to the boat registration account of the conservation fund by approximately \$2.36 million over the 2007-09 biennium (\$90,000 higher than originally estimated by the administration). Under the bill, the account would have an estimated balance of approximately \$1.5 million on June 30, 2009, as shown in Table 2. Further, while long-term projections are difficult, the account might be expected to have a balance of perhaps \$1 million on June 30, 2011.

TABLE 2

Estimated Boat Registration Account Condition Under SB 40

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Opening Balance	1,356,200	\$2,574,400	\$141,900
Revenue	<u>6,879,400</u>	<u>3,643,000</u>	<u>7,583,200</u>
Total Available	\$8,235,600	\$6,217,400	\$7,725,200
Budgeted Expenditures	\$5,561,200	\$5,983,800	\$6,017,700
Compensation Reserves	<u>100,000</u>	<u>91,700</u>	<u>184,000</u>
Total Expenditures	\$5,661,200	\$6,075,500	\$6,201,700
June 30 Balance	\$2,574,400	\$141,900	\$1,523,500

4. However, concerns have been raised over the level of the fee increase. Another option could be to balance the account to the end of the 2007-09 biennium. Under this alternative, fees would be increased by approximately 15% as shown in the following table. Although commitments could exceed revenues in 2007-08, the account would have an estimated balance of approximately \$400,000 on June 30, 2009.

TABLE 3

**Boat Registration Fees
(Current Fee, SB 40 Fee, and Alternative Fee)**

<u>Registration Type</u>		<u>Current Fee</u>	<u>SB 40 Fee</u>	<u>Alternative Fee</u>	<u>Increase to Current Fee</u>	<u>% Increase</u>
Non-Motorized	Volunteer	\$9.75	\$13.00	\$11.00	\$1.25	13%
	Sailboat	15.00	20.00	17.00	2.00	13
Motorized	Under 16'	16.50	22.00	19.00	2.50	15
	16' to 26'	24.00	31.00	28.00	4.00	17
	26' to 40'	45.00	59.00	52.00	7.00	16
	Over 40'	75.00	98.00	86.00	11.00	15

5. This option (Alternative 2) would be expected to increase revenues by \$365,000 in 2007-08 and \$870,000 in 2008-09 (for a total of \$1,235,000, rather than \$2.36 million under the bill). However, unless boat registrations increased substantially over the next several years, revenues would likely be insufficient to support expenditure levels in the 2009-11 biennium.

ALTERNATIVES TO BILL

1. Adopt the Governor's recommendation to increase the boat registration fees by approximately 33%. Estimate that boat registration account revenues would increase by \$2.36 million.

ALT 1	Change to Bill Funding	Change to Base Funding
SEG	\$90,000	\$2,360,000

2. Modify the Governor's recommendation by increasing boat registration fees as shown below (by approximately 15%, rather than 33%).

		<u>Current Fee</u>	<u>Alternative 2 Fee</u>
Non-Motorized	Volunteer	\$9.75	\$11
	Sailboat	15.00	17
Motorized	Under 16'	16.50	19
	16' to 26'	24.00	28
	26' to 40'	45.00	52
	Over 40'	75.00	86

ALT 2	Change to Bill Funding	Change to Base Funding
SEG	-\$1,035,000	\$1,235,000

3. Delete provision.

ALT 3	Change to Bill Funding	Change to Base Funding
SEG	-\$2,270,000	\$0

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