



Legislative Fiscal Bureau

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May 7, 2009

Joint Committee on Finance

Paper #564

Wildlife Damage Claim Payments and Revenue Transfer (DNR -- Fish, Wildlife, and Recreation)

[LFB 2009-11 Budget Summary: Page 464, #6]

CURRENT LAW

The wildlife damage claims and abatement program provides landowners in participating counties with financial assistance to implement projects to reduce crop damage (abatement) and partially reimburse losses incurred from crop damage. The programs are funded by two dedicated revenue sources within the fish and wildlife account of the conservation fund: (a) revenue from a \$2 surcharge on most resident and nonresident hunting licenses and a \$4 surcharge on resident and nonresident conservation patron licenses; and (b) revenue from the \$12 resident (\$20 nonresident) bonus deer permit. Together, these revenue sources generated approximately \$2.8 million in 2007-08.

In addition, wildlife damage surcharge and bonus deer permit revenue is also used for the Department's costs of control and removal of wild animals, urban wildlife abatement and control grants, and prior to 2007 Act 20 for chronic wasting disease (CWD) management (no fish and wildlife SEG will be specifically appropriated for CWD beginning in 2009-10). DNR incurs costs for removing wild animals that cause damage, and responding to complaints about wild animals, or their structures, which are causing a nuisance. DNR is provided approximately \$246,000 annually for this purpose and 2.0 positions that oversee the wildlife damage programs. Further, urban control grants are provided to communities for up to \$5,000 for planning wildlife abatement projects and for wildlife control efforts. The program provides up to 50% of project costs and is funded at \$25,000 annually. Finally, venison processing costs of up to \$615,000 annually are available for the deer donation program (food pantries).

GOVERNOR

Increase the wildlife damage claim deductible from \$250 to \$500. In addition, specify that if the amount of the claim is more than \$500 but not more than \$5,250, the claimant will be paid 100% of the amount of the claim up to the statutory maximum. In addition, reduce the maximum amount paid to a claimant from \$15,000 to \$10,000 for each claim. Further, transfer \$350,000 in 2010-11 only from the recycling and renewable energy fund to the wildlife damage appropriation account.

DISCUSSION POINTS

1. The state fully funds DNR approved county administrative costs of wildlife management, and approved abatement projects are eligible for state funding of up to 75% of costs (landowner pays 25%). Landowners in counties that administer both the abatement and damage claims programs are eligible to file claims for damage to agricultural crops, harvested crops, orchard trees, nursery stock, beehives, or livestock if the damage is caused by deer, bear, geese, or turkey. Landowners receiving state wildlife damage payments are required to permit hunting of the species doing damage (generally allowing at least two hunters per 40 acres). However, a landowner who receives a shooting permit for deer causing damage on their land is not required to open their land to hunting if that permit is the only abatement measure the landowner receives, and, the landowner waives any eligibility to receive a wildlife damage claim payment for damage caused by deer.

2. Under current law, each wildlife damage claim is subject to a \$250 deductible. If the amount of the claim is more than \$250 but not more than \$5,250, the claimant is paid 100% of the claim. If the claim is greater than \$5,250, a claimant can receive 80% of the amount of the claim, with the total amount paid not to exceed \$15,000 per claim. The bill would raise the deductible to \$500. In addition, under the bill, a claim that is more than \$500 but less than \$5,250 would be paid in full. As under current law, if a claim is greater than \$5,250, a claimant could receive 80% of the amount of the claim. However, the bill would reduce the maximum amount paid per claim from \$15,000 to \$10,000. The changes would first apply to wildlife damage claims filed on the effective date of the bill.

3. DNR estimates that increasing the wildlife damage claim deductible and reducing the maximum wildlife damage claim payment could result in a reduction of approximately \$230,000 annually in claim payments. For damage that occurred in calendar year 2007 (paid in fiscal year 2007-08), 500 wildlife damage claims were submitted to the Department. Therefore, increasing the deductible from \$250 to \$500 could result in decreased claim payments of approximately \$125,000 annually. Of these claims, there were 14 program participants who received the maximum \$15,000 payment and another 17 claim payments that were between \$10,001 and \$14,999. Based on the 2007 claims, if the maximum claim payment were reduced from \$15,000 to \$10,000, wildlife damage claim payments could be reduced by approximately \$105,000 annually.

4. Current law specifies that if the total amount of damage claimed is greater than

available revenues, after paying for administration and urban abatement, venison processing, and wildlife control activities, the Department is first required to prorate agricultural damage claim payments. In 2007-08, DNR spent \$418,000 for venison processing costs and \$245,100 for the control of wild animals from wildlife management operations (general fish and wildlife account), rather than from the wildlife damage program appropriations, in order to avoid prorating wildlife damage claim payments. The Department indicates that, were wildlife damage program costs to exceed available revenues during the 2009-11 biennium, DNR would again use wildlife management operations funding to cover wildlife damage program costs, in order to fully fund landowner's wildlife damage claim payments.

5. The following table provides information on expenditures from the various components of the wildlife damage program since calendar year 2000. Program expenditures are shown on a calendar-year basis, since counties submit their costs by March 1 for the prior calendar year and DNR is required to make payments by June 1 (state payments are made in the following fiscal year; that is, calendar 2008 claims are to be submitted by March 1, 2008, and paid by June 2009). Expenditures listed for the "control of wild animals" include expenditures made for two administrative staff, the wild animal removal program, and the urban wildlife abatement grant program.

TABLE 1
Wildlife Damage Surcharge Programs
Calendar Years 2000-2010

<u>Year</u>	<u>No. of Counties</u>	<u>Admini- stration</u>	<u>Abatement</u>	<u>Claims</u>	<u>Subtotal Agricultural Damage Costs</u>	<u>Control of Wild Animals</u>	<u>Chronic Wasting Disease</u>	<u>Venison Processing</u>	<u>Total Costs</u>
2000	68	\$818,500	\$259,400	\$1,531,400	\$2,609,300	\$244,600	N.A.	\$434,100	\$3,288,000
2001	69	837,800	247,400	1,565,600	2,650,800	237,500	N.A.	244,500	3,132,800
2002	69	902,900	332,700	1,940,600	3,176,200	197,400	\$3,334,900	326,000	7,034,500
2003	70	957,300	312,700	1,838,600	3,108,600	257,000	1,213,200	461,000	5,051,000
2004	70	895,500	382,100	1,859,300	3,136,900	333,600	1,478,700	544,700	5,444,800
2005	70	955,300	504,100	1,312,900	2,772,300	133,400	1,016,100	347,400	4,269,200
2006	70	1,019,200	350,200	1,353,200	2,722,600	360,200	1,058,900	502,500	4,644,200
2007	70	958,800	432,900	1,540,400	2,932,100	266,900	77,100	460,700	3,736,800
2008*	70	1,030,600	213,700	1,783,000	3,027,300	283,000	0	325,000	3,635,300
2009*	70	1,060,000	400,000	1,670,000	3,130,000	309,500	0	500,000	3,939,500
2010*	70	1,100,000	450,000	1,750,000	3,300,000	309,500	0	500,000	4,109,500

*Estimated.

6. Under 2001 Act 16 (the 2001-03 biennial budget), an option was created to allow any applicant for a deer, bear, or small game hunting license to elect to make a voluntary contribution of at least \$1 to be used for the venison processing and donation program. Monies received are used to reimburse counties for the cost of processing donated venison (including administrative costs incurred). Voluntary donations for this purpose totaled \$17,000 in 2007-08. 2005 Act 25 created a dedicated appropriation for venison processing funded at \$600,000 annually

from wildlife damage revenues. Donation processing program costs totaled approximately \$325,000 for calendar year 2008 (compared to \$460,700 in 2007). DNR indicates that the number of deer donated to the program has declined, possibly due to difficult economic conditions. However, venison processing costs could reach \$500,000 in 2009-10.

7. Wildlife damage program expenditures for county administrative costs have remained at approximately \$1 million annually over the past several years. However, DNR indicates that the Department is taking steps to reduce county administrative expenditures. In summer 2009, the Department plans to send a letter to counties asking them to voluntarily reduce their expenditures. In addition, DNR plans to re-design the county reimbursement form to better detail county expenditures and begin conducting field reviews of the crop appraisals done by local wildlife damage technicians to ensure the appraisals are being done in a manner consistent with the wildlife damage program requirements. However, actual county administrative expenditures depend, in part, on the deer population and level of damage sustained within a county in a given year.

8. Revenues to the wildlife damage program fluctuate annually, primarily based on the number of bonus deer permits sold each season. Beginning with the provision of wildlife damage revenues for CWD expenditures in 2002-03, expenditures from the wildlife damage programs have exceeded revenues. This was due in part to an effort to use the available balance of the account rather than draw entirely from the general fish and wildlife account for CWD management. However, declining sales of bonus deer hunting permits also contributed to the imbalance. Bonus deer permits are sold only in deer management units that are designated as "regular" (those units not classified as herd control, earn-a-buck, or CWD). In regular units, hunters may purchase unit-specific bonus antlerless permits for \$12 (\$20 nonresident), with revenues going for wildlife damage. Due to declining deer populations, in 2009, the Department indicates that 59 units will be designated as "regular" units compared to 21 in 2008. Further, the Department indicates that the 2010 season structure is expected to be similar to the 2009 structure. DNR estimates that approximately 217,000 bonus deer permits will be available for the 2009 season (compared to approximately 60,000 in 2008). Therefore, bonus deer permit sales are expected to increase significantly in fiscal year 2009-10 and 2010-11. Under the bill, the wildlife damage account could have an available balance of over \$400,000 on June 30, 2011, as shown in Table 2. However, actual revenues will depend on the number of bonus deer permits sold during the 2009 and 2010 hunting seasons.

TABLE 2**Wildlife Damage Account Condition Under AB 75
(\$ in Millions)**

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Opening Balance	\$1.52	\$1.66	\$0.86	\$0.67
Revenue				
Wildlife Damage Surcharge	\$2.35	\$2.34	\$2.34	\$2.34
Bonus Deer Permits	0.44	0.49	1.40	1.20
Other Revenue	<u>0.02</u>	<u>0.01</u>	<u>0.01</u>	<u>0.36</u>
Total Revenue	\$2.81	\$2.84	\$3.75	\$3.90
Total Available	\$4.33	\$4.50	\$4.61	\$4.57
Wildlife Damage	\$2.59	\$3.31	\$3.44	\$3.61
Venison Processing	0.00	0.33	0.50	0.50
CWD Management	<u>0.08</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Expenditures	\$2.67*	\$3.64	\$3.94	\$4.11
Closing Balance	\$1.66	\$0.86	\$0.67	\$0.46
Encumbrances	<u>0.03</u>	<u>0.03</u>	<u>0.03</u>	<u>0.03</u>
Available Balance	\$1.63	\$0.83	\$0.64	\$0.43

*In addition DNR spent approximately \$664,000 from general fish and wildlife management appropriations.

9. The bill would transfer \$350,000 in 2010-11 from the recycling and renewable energy fund to the wildlife damage appropriation account (shown under "other revenue" in Table 2). In 2002-03, \$1 million was provided in one-time funding from the recycling fund for wildlife damage. An additional \$2.9 million was transferred from recycling to the wildlife damage appropriation account in 2005-06 only.

10. In 2010-11, anticipated expenditures of \$4.1 million would exceed ongoing revenues of \$3.55 million by approximately \$550,000. The administration argues that increasing the wildlife damage claim deductible and decreasing the maximum wildlife damage claim payment would help address the structural imbalance in the wildlife damage account. While these measures would reduce wildlife damage program expenditures, it would also increase the proportion of wildlife damage costs borne by the landowner. If the Committee wished to maintain the current wildlife damage claims deductible and maximum claim payment but include the transfer of \$350,000 from the recycling fund to the wildlife damage account (Alternative 2), expenditures for wildlife damage claims would be expected to increase by approximately \$460,000 from levels under the bill. Under this alternative, the account would be expected to have a negative available balance on June 30, 2011, of perhaps \$30,000. Further, if bonus deer permit sales were lower than expected the imbalance could grow. The Department indicates that, if wildlife damage program costs exceed available revenues, DNR would utilize wildlife management operations funds to support the

wildlife damage program and would not prorate wildlife damage claims.

11. If the Committee wished to maintain the current wildlife damage claims deductible and maximum claim payment and delete the transfer of \$350,000 in 2010-11 from the recycling fund to the wildlife damage account (Alternative 3), wildlife damage account revenues would be expected to be perhaps \$380,000 short of expected expenditures over the 2009-11 biennium. Depending on actual bonus deer permit revenues and wildlife damage claims, DNR may have to reduce other wildlife management operations by approximately \$380,000 in order to pay all landowner damage claims.

12. In addition, while wildlife damage claims and abatement program expenditures would be estimated at \$3.13 million in 2009-10 and \$3.3 million in 2010-11, the budgeted level in the continuing appropriation under the bill reflects \$3,638,200 annually. As a technical matter, this appropriation should be adjusted to reflect current estimates.

ALTERNATIVES

1. Adopt the Governor's recommendation to increase the wildlife damage claim deductible from \$250 to \$500, reduce the maximum amount paid to a claimant from \$15,000 to \$10,000 for each claim and transfer \$350,000 from the recycling fund. Reestimate the wildlife damage claims and abatement appropriation to \$3,130,000 in 2009-10 and \$3,300,000 in 2010-11 (a reduction of \$508,200 in 2009-10 and \$338,200 in 2010-11).

ALT 1	Change to Bill
	Funding
SEG	- \$846,400

2. Delete the Governor's recommendation, except the transfer of \$350,000 from the recycling and renewable energy fund to the wildlife damage appropriation account in 2010-11. The wildlife damage claims deductible would remain at \$500 and the maximum wildlife damage claim payment would remain at \$15,000. Reestimate the wildlife damage claims and abatement appropriation at \$3,360,000 in 2009-10 and \$3,530,000 in 2010-11 (a reduction of \$278,200 in 2009-10 and \$108,200 in 2010-11).

ALT 2	Change to Bill
	Funding
SEG	- \$386,400

3. Delete the Governor's recommendation. In addition, reestimate the wildlife damage claims and abatement appropriation at \$3,360,000 in 2009-10 and \$3,530,000 in 2010-11 (a reduction of \$278,200 in 2009-10 and \$108,200 in 2010-11).

ALT 3	Change to Bill
	Funding
SEG	- \$386,400

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