



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #455

Boating Safety and Enforcement Aids (Natural Resources -- Motorized Recreation)

[LFB 2021-23 Budget Summary: Page 431, #1]

CURRENT LAW

The Department of Natural Resources (DNR) distributes aids to municipalities for the costs of local boating law enforcement, search and rescue, and safety activities. Municipalities are eligible for up to 75% of their approved costs, but aid payments are prorated if claims exceed the appropriation level. No municipality may receive aid amounting to more than 20% of the funds available.

Communities with lakes of at least 100 acres or one mile of riverfront are eligible to receive local boating law enforcement aids. Aids may be up to 75% of the total costs of the operation and maintenance of local water safety patrols, minus any fines and forfeitures for water safety violations. Eligible costs include patrol hours, search and rescue missions, and training boating safety enforcement officers. To receive enforcement aids, a local boating safety patrol must log at least 80 hours of boating enforcement in a year.

DISCUSSION POINTS

1. Since fiscal year 2009-10, DNR has been authorized to expend \$1,386,000 from the boat registration account of the segregated (SEG) conservation fund for boating enforcement aids. Eligible reimbursement requests have exceeded state funding for boating enforcement aids each year since current funding levels were set. While the statutes authorize DNR to prorate payments if eligible reimbursement requests exceed available funding, DNR has opted against this in recent years. Instead, the Department has supplemented funding with the federal Recreational Boating Safety (RBS) Grant received from the U.S. Coast Guard.

2. The primary source of revenue to the boat registration account is registration fees for boats over 12 feet operated on state waters. In 2019-20, \$4,867,500 of the total \$5,329,800 account revenue was from boat registration fees, or approximately 91.3%. Under constitutional provisions, the categories of expenditures that may be authorized from boat registration fees are limited to boating safety and law enforcement. Table 1 shows the estimated account condition through June 30, 2023. As shown in the table, account revenues are expected to exceed budgeted expenditures by over \$1 million each year.

TABLE 1

Boat Registration Account Condition

	2019-20 <u>Actual</u>	2020-21 <u>Budgeted</u>	2021-22 <u>Base Plus</u>	2022-23 <u>Base Plus</u>	2022-23 <u>Staff</u>
Opening Balance	\$9,998,600	\$9,900,600	\$11,109,200	\$12,195,200	
Revenue					
Boat Registrations	\$4,867,500	\$6,600,000	\$6,600,000	\$5,600,000	
Other	<u>464,300</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	
Total	\$5,331,800	\$7,000,000	\$7,000,000	\$6,000,000	
Available	\$15,330,400	\$16,900,600	\$18,109,200	\$18,195,200	
Expenditures					
State Boating Enforcement and Safety	\$2,392,000	\$3,046,300	\$3,017,800	\$3,017,800	21.00
Boating Enforcement Aids	<u>1,386,000</u>	<u>1,386,000</u>	<u>1,386,000</u>	<u>1,386,000</u>	
Subtotal	\$3,778,000	\$4,432,300	\$4,403,800	\$4,403,800	
<i>Split-Funded Appropriations</i>					
Internal Services	\$307,900	\$309,200	\$321,200	\$321,200	2.02
External Services	752,100	827,200	854,100	854,100	7.84
Division Management	131,200	136,600	146,000	146,000	1.36
Law Enforcement and Safety	348,300	2,000	2,000	2,000	
Debt Service, Maintenance, Development and Assessments	<u>112,300</u>	<u>84,100</u>	<u>186,900</u>	<u>199,100</u>	
Subtotal	\$1,651,800	\$1,359,100	\$1,510,200	\$1,522,400	
Total Expenditures	\$5,429,800	\$5,791,400	\$5,914,000	\$5,926,200	32.22
Closing Cash Balance	\$9,900,600	\$11,109,200	\$12,195,200	\$12,269,000	
Encumbrances and Continuing Balances	\$264,800	\$264,800	\$264,800	\$264,800	
Available Balance	\$9,635,800	\$10,844,400	\$11,930,400	\$12,004,200	

3. In fiscal year 2019-20, DNR reimbursed 101 agencies a total of \$2,062,500 using \$1,386,000 from the boat registration account and \$676,500 FED. Table 2 shows the number and value of reimbursements paid since fiscal year 2010-11. As shown in the table, DNR has increased the amount of federal funds available for boating enforcement aids in recent years in order to

reimburse 75% of eligible expenses.

TABLE 2

Boating Enforcement Aids, by Fiscal Year

<u>Fiscal Year</u>	<u>Eligible Costs</u>	<u>75% of Eligible Costs</u>	<u>State Funding</u>	<u>Federal Funding</u>	<u>Total Reimbursement</u>	<u>Percent Reimbursement</u>
2010-11	\$2,578,100	\$1,933,600	\$1,386,000	\$400,000	\$1,786,000	69.3%
2011-12	2,612,100	1,959,100	1,386,000	400,000	1,786,000	68.4
2012-13	2,626,600	1,970,000	1,386,000	400,000	1,786,000	68.0
2013-14	2,495,000	1,871,300	1,386,000	400,000	1,786,000	71.6
2014-15	2,599,300	1,949,500	1,386,000	400,000	1,786,000	68.7
2015-16	2,565,800	1,924,400	1,386,000	400,000	1,786,000	69.6
2016-17	2,888,800	2,166,600	1,386,000	400,000	1,786,000	61.8
2017-18	2,689,900	2,017,400	1,386,000	631,700	2,017,700	75.0
2018-19	2,828,700	2,121,500	1,386,000	736,000	2,122,000	75.0
2019-20	2,749,900	2,062,400	1,386,000	676,500	2,062,500	75.0
2020-21*	2,745,100	2,058,800	1,386,000	672,800	2,058,800	75.0

*Preliminary

4. AB 68/SB 111 would increase the reimbursement rate for boating enforcement aids to 80% of eligible patrol costs. Additionally, the bill would increase the amount of state funding for these aids by \$900,000 annually. This would set base-level funding for boating enforcement aids at \$2,286,000 annually. This would allow DNR to provide additional funding to local units of government for their boating enforcement activities and it would allow DNR to deploy the RBS grant elsewhere.

5. DNR reports that the RBS grant may be used for the following purposes: (a) acquisition, operation, maintenance, and repair of facilities, equipment, and supplies related to boating safety education and law enforcement; (b) training law enforcement personnel about enforcement of boating safety laws and regulations; (c) boating safety trainings for the public; (d) acquisition, construction, and repair of public boating access areas; (e) conducting boating safety inspections and marine casualty investigations; (f) providing search and rescue missions and equipping and maintaining search and rescue facilities; (g) acquisition and maintenance of navigational aids; and (h) registering and titling recreational boats.

6. If additional funding were provided from the boat registration account for boating safety and enforcement aids, DNR indicates that it would supplement activities currently funded by the RBS grant. The Department currently uses the RBS grant to conduct public boat safety training sessions, public outreach and marketing related to boating safety, provide boating safety law enforcement, construct public boating access sites, and register boats.

7. Since 2010-11, DNR has received local boating enforcement reimbursement requests for an average of \$2,670,800 each year. Under current law, DNR may reimburse up to 75% of eligible costs, or approximately \$2,003,100, on average, each year. This exceeds the amount of state funding

available for enforcement aids by, on average, \$617,100 per year. The Committee could consider increasing the amount available for enforcement aids by \$620,000 [Alternative 1a]. This would set base-level funding for enforcement aids at \$2,006,000 annually. Since 2016-17, the amount of requests eligible for reimbursement has exceeded \$2,006,000 each year.

8. As shown in Table 2, DNR received \$2,888,800 in reimbursement requests in 2016-17, the highest amount of reimbursement requests in the period shown. This amount could have been eligible for a \$2,166,600 reimbursement, based on the current 75% reimbursement rate. This exceeded authorized state funding by \$780,600. The Committee could consider increasing base-level expenditure authority for boating enforcement aids by \$780,600 [Alternative 1b]. This would set expenditure authority for enforcement aids at \$2,166,600 annually.

9. As described above, DNR has used U.S. Coast Guard funding to supplement state funds, rather than prorating claims. Prior to fiscal year 2017-18, DNR used \$400,000 FED annually to provide more funding for boating enforcement aids. To limit the amount of state funds for these aids, the Committee could increase SEG funding by \$380,600 and allow DNR to either prorate claims or to use funds received from the Coast Guard to supplement state support [Alternative 1c]. This would increase SEG funding available to boating enforcement aids to \$1,766,600. Combined with \$400,000, if DNR continued to allocate this amount of federal grants, this would equal \$2,166,600, or the highest level of eligible annual aids over the last 10 years.

10. As noted above, AB 68/SB 111 would increase the reimbursement rate for local enforcement aids from 75% under current law to 80%. Local boating safety patrols expand the reach of DNR boating enforcement. In 2020, DNR conservation wardens performed 54,100 hours of recreational boating law enforcement. In addition, DNR reports local water patrol officers conducted 45,800 hours of boating law enforcement. In fiscal year 2019-20, DNR wardens issued 1,189 citations while local boating patrols issued 4,660 citations and warnings.

11. As shown in Table 1, the boat registration account is estimated to have a closing balance of \$10.8 million on June 30, 2021. Given the condition of the account, the Committee could consider increasing DNR's cost share for boating enforcement aids from 75% to 80% [Alternative 2].

12. Since 2010-11, the amount of eligible reimbursements has exceeded \$2,286,000 only once, in 2016-17. During that year, local boating safety patrols submitted \$2,888,800 in eligible enforcement costs. If these costs were reimbursed at a rate of 80%, DNR would have needed \$2,311,000 expenditure authority, \$925,000 above the current budget. The Committee could consider increasing boating enforcement aids by \$925,000 to fully fund an increased DNR reimbursement rate of 80% [Alternative 1d].

13. Alternatively, the Committee could take no action [Alternative 3]. As shown in Table 2, DNR has been able to fund 75% of reimbursement requests using the federal RBS grant. Under this perspective, it could be argued that there is sufficient state funding for these aids.

ALTERNATIVES

1. Increase expenditure authority for boating enforcement aids by one of the following:

a. \$620,000 SEG annually.

ALT 1a	Change to Base
SEG	\$1,240,000

b. \$780,600 SEG annually.

ALT 1b	Change to Base
SEG	\$1,561,200

c. \$380,600 SEG annually.

ALT A3	Change to Base
SEG	\$761,200

d. \$925,000 SEG annually.

ALT A4	Change to Base
SEG	\$1,850,000

2. In addition to one of the options in Alternative 1, increase the reimbursement rate for local boating safety patrols from 75% to 80%.

3. Take no action.

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