



Legislative Fiscal Bureau

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December 17, 2008

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Section 13.10 Request Related to Supplemental Snowmobile Trail Aids -- Agenda Item I

REQUEST

The Department of Natural Resources (DNR) requests approval to transfer \$250,000 within the motor fuel tax transfer appropriation [s. 20.370(5)(cs)] from basic snowmobile trail aids to be used for supplemental trail aid payments.

BACKGROUND

DNR administers a snowmobile recreation program to develop and maintain a statewide system of snowmobile trails and administer and enforce snowmobile laws. These activities are funded from the snowmobile account of the segregated conservation fund. The Snowmobile Recreational Council advises DNR on matters related to snowmobile policy. The Council consists of 15 members appointed by the Governor with the advice and consent of the Senate who serve staggered, three-year terms.

The main sources of revenue to the snowmobile account include: (a) motor fuel tax revenue transferred to the account; (b) snowmobile registration fees; and (c) nonresident trail use sticker fees. The snowmobile fuel tax transfer is an amount equal to the motor fuel tax assessed on 50 gallons of gasoline as of the last day of March of the prior fiscal year multiplied by the number of snowmobiles registered on that same date, with this result increased by an additional 40%. Since fiscal year 1991-92, supplemental trail aids have been funded from the 40% multiplier to the formula. In addition, a non-resident snowmobile trail use sticker was created in 1998. The annual fee for the non-resident trail use sticker is \$35 (\$18 before July 1, 2008), and a portion of revenues from trail use sticker sales is earmarked for trail aids. Under s. 350.12 (4)(bg)2 of the statutes, beginning in fiscal year 2001-02, an amount equal to \$15 for each non-resident trail use sticker sold

during the previous fiscal year is credited to a separate supplemental snowmobile trail aids appropriation. Remaining revenues from the current \$35 trail use sticker (minus a 50¢ issuing fee) are deposited to the snowmobile account. The nonresident trail use sticker was \$18 during the 2007-08 snowmobile season.

The main expenditures from the snowmobile account are for local snowmobile trail and project aids and supplemental trail aids. In 2008-09, over \$8.5 million snowmobile SEG is available for local trail aids, as shown in Table 1. DNR distributes aids to participating counties for the maintenance, development and acquisition of snowmobile trails throughout the state. The counties develop and maintain local trails, or, more typically, redistribute aid to local snowmobile clubs that do the maintenance and development projects. Funds are also available for the development and maintenance of trails on state park and forest lands. Expenditures eligible for basic state aid, listed in priority order under s. 23.09(26) of the statutes, are: (1) maintenance of existing approved trails; (2) club signing programs; (3) bridge rehabilitation; (4) municipal route signing; (5) trail rehabilitation; and (6) development of new trails.

TABLE 1

Fiscal Year 2008-09 Snowmobile Trail Aids Available Funding

Fuel Tax Basic Trail Aids	\$3,308,200
Snowmobile Registrations	2,500,400
Carryover	<u>599,700</u>
Basic Trail Aids Subtotal	\$6,408,300
Fuel Tax Supplemental Trail Aids	1,323,300
Nonresident Trail Pass	600,800
Carryover	<u>221,600</u>
Supplemental Trail Aids Subtotal	\$2,145,700
Total Local Trail Aids	\$8,554,000

Generally, trail maintenance aids are provided to counties and the DNR at 100% of eligible costs up to a maximum of \$250 per mile per year. In addition to basic aids, a county or snowmobile club contracting with DNR on a state property is eligible for supplemental trail aid payments if actual eligible costs exceed the maximum of \$250 per mile per year and, of the costs incurred, actual trail grooming costs exceed \$150 per mile per year (other eligible costs include insurance and certain lease costs). Total state trail maintenance payments generally may not exceed \$1,000 per mile of snowmobile trail (\$250 per mile for basic maintenance and up to \$750 per mile for supplemental trail aids). In 2008-09, \$2,145,700 is available for supplemental trail aids, including \$221,600 in unencumbered funds carried over from previous years. Supplemental aid requests for this year averaged \$210 per mile, and varied between \$10 per mile in Eau Claire County to \$667 per mile on the Bearskin State Trail in Oneida County.

Under s. 350.12(4)(br) of the statutes, DNR may request that the Joint Committee on Finance take action under s. 13.101, without finding an emergency, if the supplemental aid payable to counties exceeds available funding. DNR may also choose to prorate the trail aid payments if total claims are greater than available funds.

ANALYSIS

As shown in the following table, since the winter of 1990-91, supplemental amounts have fully funded eligible requests in nine years (including three years where the Joint Committee on Finance approved an additional allocation) and funding has been prorated in nine years. Supplemental payments for a snowmobile season are paid in the following fiscal year (that is, winter of 2007-08 trail costs are reimbursed in state fiscal year 2008-09).

TABLE 2

Supplemental Snowmobile Trail Aids

<u>Snowmobile Season</u>	<u>Eligible Costs</u>	<u>Total Payment</u>	<u>Amount Funded</u>
1990-91	\$351,800	\$351,800	100%
1991-92	923,000	701,500	76
1992-93	983,900	724,600	74
1993-94	889,800	838,400	94
1994-95	477,700	477,700	100
1995-96	1,925,500	1,116,200*	58
1996-97	2,130,000	1,642,300*	77
1997-98	731,000	731,000	100
1998-99	1,202,800	1,202,800*	100
1999-00	1,514,100	1,514,100*	100
2000-01	2,770,200	2,770,200*	100
2001-02	589,200	589,200	100
2002-03	372,100	372,100	100
2003-04	2,394,000	1,915,500	80
2004-05	1,978,800	1,854,200	94
2005-06	1,942,200	1,831,300*	94
2006-07	1,068,800	1,068,800	100
2007-08	3,856,100	2,145,700**	56

*Includes a transfer of trail aids funding approved by the Joint Committee on Finance.

**Currently available for payment.

The application deadline for supplemental requests for the 2008-09 snowmobiling season was August 1, 2008. As of that date, DNR had acknowledged requests from 54 counties and 12 cooperating snowmobile clubs for \$3.8 million. After all requests were audited, DNR discovered additional requests from two counties which were received on time in DNR regional offices but were not received by the snowmobile grant manager. Including these two counties, DNR received requests from 56 counties and 12 cooperating snowmobile clubs for over \$3.9 million in supplemental funds (as shown in the attachment). As required by section 350.12(4)(bn) of the statutes, on September 15, the Department provided the counties and clubs with an advance payment equal to 50% of the amount applied for, and, for the two additional counties the 50% advance payment was sent as soon as the audits were completed. With \$3,856,100 in eligible costs, the \$2,145,700 currently available for supplementary payments would result in counties receiving 56% of their eligible costs. With the addition of \$250,000, the amount for supplementary payments (\$2,395,700) would represent 62% of eligible costs.

After deducting amounts approved by the Snowmobile Recreation Council for local trail projects, approximately \$340,600 would remain in the snowmobile fuel tax appropriation. Of that amount, the Department requests that \$250,000 be utilized for supplemental trail aids leaving \$90,600 remaining in the appropriation. DNR indicates that the Department did not request utilizing the full amount available under the appropriation in order to allow for grants to counties for snowmobile trail rehabilitation related to natural disasters, specifically related to damage from heavy flooding in summer 2008. In federally-declared disaster areas, the Federal Emergency Management Agency (FEMA) provided counties with funding for 75% of certain snowmobile trail or bridge rehabilitation costs, with the state providing another 12.5% and the county covering 12.5%. Through local trail aids, DNR reimbursed several counties for their 12.5% of snowmobile trail or bridge rehabilitation costs. However, DNR indicates that three additional counties have not yet met with FEMA to determine whether FEMA will be providing funding for their rehabilitation projects. The three counties are applying for \$31,200 in rehabilitation costs. If FEMA provides 75% of funding (and the state 12.5%), DNR anticipates covering the remaining (local) 12.5% (\$3,900) from local trail aids. If FEMA does not provide funding, DNR anticipates providing the counties with the full \$31,200 in disaster-related rehabilitation costs. DNR administrative rule requires counties to submit their snowmobile trail rehabilitation requests to DNR by April 15. However, the Department is authorized to approve a variance from a nonstatutory provision (such as the application deadline), if the Department takes into account circumstances beyond the control of the grant sponsor. Therefore, even if FEMA provides no funding to these three counties, \$59,400 of snowmobile SEG would be uncommitted and carried into 2009-10. Another option would be to use this amount for current supplemental trail aids.

If the requested transfer is not granted, 14 counties would be required to send a portion of their September payment back to DNR. The amounts returned would vary from \$100 to \$3,600. This is because several counties received their 50% payments based on applications that included significant ineligible costs. The remaining 42 counties and 12 snowmobile clubs would receive additional funds up to the prorated payment of 56% of eligible costs. If the \$250,000 in additional funding is provided, five counties would be required to send a portion of their September payment back to DNR, while the remaining counties and snowmobile clubs would receive an additional amount up to 62% of eligible costs, as shown in the attachment.

An alternative could be to transfer the \$250,000 requested and the additional \$59,400 that would remain (at a minimum) within the snowmobile gas tax appropriation from basic to supplemental trail aids. Providing \$309,400 would result in 64% of eligible payments. Under this scenario, five counties would be required to send a portion of their September payment back to DNR, (from \$300 to \$2,300) while the remaining counties and snowmobile clubs would receive an additional amount up to 64% of eligible costs (see the attachment).

ALTERNATIVES

1. Approve DNR's request to transfer \$250,000 SEG in 2008-09 within the snowmobile gas tax appropriation [s. 20.370(5)(cs)] from basic to supplemental snowmobile trail aids (counties would receive 62% of eligible costs).
2. Transfer \$309,400 SEG in 2008-09 within the snowmobile gas tax appropriation from basic to supplemental snowmobile trail aids (for 64% of eligible costs).
3. Deny the request (counties would receive 56% of eligible costs).

Prepared by: Erin Rushmer
Attachment

ATTACHMENT

Fiscal Year 2008-09 Supplemental Snowmobile Trail Aid Payments

County	Trail Miles	Application	Eligible Cost	50% September Payment	Prorated Payment 56%		Remaining Payment	Prorated Payment 62%		Remaining Payment	Prorated Payment 64%		Remaining Payment
					Alternative 3	Alternative 1		Alternative 2	Alternative 2				
Adams	211.0	\$31,609	\$28,963	\$15,805	\$16,116	\$312	\$17,994	\$2,190	\$18,440	\$2,636	\$18,440	\$2,636	
Ashland	205.4	51,526	46,269	25,763	25,746	-17	28,746	2,983	29,459	3,696	29,459	3,696	
Barron	309.7	25,280	23,109	12,640	12,859	219	14,357	1,717	14,713	2,073	14,713	2,073	
Bayfield	436.0	171,275	171,217	85,638	95,274	9,637	106,373	20,736	109,011	23,374	109,011	23,374	
Brown	191.9	36,810	34,564	18,405	19,233	828	21,474	3,069	22,006	3,601	22,006	3,601	
Burnett	237.0	31,898	31,044	15,949	17,275	1,326	19,287	3,338	19,766	3,817	19,766	3,817	
Calumet	131.0	12,525	10,208	6,263	5,680	-583	6,342	80	6,499	237	6,499	237	
Chippewa	361.6	62,736	55,069	31,368	30,643	-725	34,213	2,845	35,062	3,694	35,062	3,694	
Clark	372.7	85,715	83,054	42,858	46,215	3,358	51,600	8,743	52,879	10,022	52,879	10,022	
Dane	329.1	67,403	66,410	33,702	36,954	3,253	41,259	7,558	42,282	8,581	42,282	8,581	
Dodge	320.5	50,547	41,153	25,274	22,899	-2,375	25,567	294	26,201	928	26,201	928	
Door	212.9	33,644	34,960	16,822	19,453	2,631	21,720	4,898	22,258	5,436	22,258	5,436	
Douglas	300.0	16,233	16,714	8,117	9,300	1,184	10,384	2,268	10,642	2,526	10,642	2,526	
Eau Claire	176.0	4,719	1,747	2,360	973	-1,387	1,085	-1,275	1,112	-1,248	1,112	-1,248	
Florence	149.6	45,110	44,919	22,555	24,995	2,440	27,907	5,352	28,599	6,044	28,599	6,044	
Fond du Lac	293.3	44,486	40,652	22,243	22,620	377	25,256	3,013	25,882	3,639	25,882	3,639	
Forest	389.6	180,637	180,210	90,319	100,277	9,959	111,961	21,643	114,737	24,419	114,737	24,419	
Green Lake	119.8	20,820	20,795	10,410	11,571	1,161	12,920	2,510	13,240	2,830	13,240	2,830	
Iron	302.8	129,969	129,352	64,985	71,978	6,994	80,364	15,380	82,357	17,373	82,357	17,373	
Jackson	284.1	77,889	67,966	38,945	37,820	-1,125	42,226	3,282	43,273	4,329	43,273	4,329	
Juneau	239.7	38,955	36,266	19,478	20,180	703	22,531	3,054	23,090	3,613	23,090	3,613	
Kewaunee	176.3	10,632	9,930	5,316	5,525	209	6,169	853	6,322	1,006	6,322	1,006	
Lacrosse	132.8	46,534	45,667	23,267	25,411	2,144	28,372	5,105	29,075	5,808	29,075	5,808	
Langlade	532.3	70,362	69,667	35,181	38,766	3,585	43,283	8,102	44,356	9,175	44,356	9,175	
Lincoln	314.1	80,817	80,797	40,409	44,959	4,551	50,197	9,789	51,442	11,034	51,442	11,034	
Manitowoc	245.1	62,494	58,790	31,247	32,714	1,467	36,525	5,278	37,431	6,184	37,431	6,184	
Marathon	781.5	335,575	335,568	167,788	186,727	18,940	208,482	40,695	213,651	45,864	213,651	45,864	
Marquette	494.3	181,533	181,475	90,767	100,981	10,215	112,747	21,981	115,542	24,776	115,542	24,776	
Marquette	129.8	32,682	30,857	16,341	17,170	829	19,171	2,830	19,646	3,305	19,646	3,305	
Monroe	298.3	149,150	149,150	74,575	82,994	8,419	92,664	18,089	94,962	20,387	94,962	20,387	
Oconto	421.0	197,426	196,665	98,713	109,434	10,721	122,184	23,471	125,214	26,501	125,214	26,501	
Oneida	391.1	195,550	195,550	97,775	108,813	11,038	121,491	23,716	124,504	26,729	124,504	26,729	
Outagamie	292.0	80,412	86,100	40,206	47,910	7,704	53,492	13,286	54,818	14,612	54,818	14,612	
Ozaukee	95.8	9,906	10,251	4,953	5,704	751	6,369	1,416	6,527	1,574	6,527	1,574	
Polk	343.4	25,708	16,622	12,854	9,249	-3,605	10,327	-2,527	10,583	-2,271	10,583	-2,271	

ATTACHMENT (continued)

Fiscal Year 2008-09 Supplemental Snowmobile Trail Aid Payments

<u>County</u>	<u>Trail Miles</u>	<u>Application</u>	<u>Eligible Cost</u>	<u>50% September Payment</u>	<u>Prorated Payment 56% Alternative 3</u>	<u>Remaining Payment</u>	<u>Prorated Payment 62% Alternative 1</u>	<u>Remaining Payment</u>	<u>Prorated Payment 64% Alternative 2</u>	<u>Remaining Payment</u>
Portage	286.6	\$69,168	\$68,621	\$34,584	\$38,184	\$3,600	\$42,633	\$8,049	\$43,690	\$9,106
Price	411.0	129,488	129,106	64,744	71,841	7,097	80,211	15,467	82,200	17,456
Richland	134.8	29,219	21,240	14,610	11,819	-2,791	13,196	-1,414	13,523	-1,087
Rock	226.4	34,706	32,593	17,353	18,136	783	20,250	2,897	20,752	3,399
Rusk	328.4	73,372	73,640	36,686	40,977	4,291	45,751	9,065	46,885	10,199
Sauk	201.9	23,508	17,695	11,754	9,846	-1,908	10,994	-760	11,266	-488
Sawyer	334.8	54,410	55,545	27,205	30,908	3,703	34,509	7,304	35,364	8,159
Shawano	459.8	108,991	111,450	54,496	62,016	7,521	69,242	14,747	70,959	16,464
Sheboygan	228.4	63,397	61,060	31,699	33,977	2,279	37,936	6,238	38,876	7,178
Taylor	290.7	37,286	36,602	18,643	20,367	1,724	22,740	4,097	23,304	4,661
Trempealeau	222.0	25,819	25,766	12,910	14,337	1,428	16,008	3,099	16,405	3,496
Tri County Corridor	61.8	22,843	24,832	11,422	13,818	2,397	15,428	4,007	15,810	4,389
Vernon	249.1	15,447	12,560	7,724	6,989	-735	7,803	80	7,997	274
Vilas	477.0	238,500	238,500	119,250	132,713	13,463	148,175	28,925	151,849	32,599
Washburn	240.0	20,344	21,048	10,172	11,712	1,540	13,077	2,905	13,401	3,229
Washington	185.2	27,708	24,711	13,854	13,751	-103	15,353	1,499	15,733	1,879
Waukesha	109.9	8,263	8,372	4,132	4,658	527	5,201	1,070	5,330	1,199
Waupaca	371.3	93,308	91,188	46,654	50,741	4,087	56,653	9,999	58,058	11,404
Waushara	288.0	61,189	53,421	30,595	29,726	-869	33,189	2,595	34,012	3,418
Winnebago	133.6	13,415	10,006	6,708	5,568	-1,140	6,216	-492	6,371	-337
Wood	<u>267.8</u>	<u>65,747</u>	<u>58,128</u>	<u>32,874</u>	<u>32,345</u>	<u>-529</u>	<u>36,114</u>	<u>3,241</u>	<u>37,009</u>	<u>4,136</u>
County Subtotal	15,730.0	\$3,914,695	\$3,807,814	\$1,957,348	\$2,118,847	\$161,500	\$2,365,718	\$408,371	\$2,424,375	\$467,028

ATTACHMENT (continued)

State Property Cooperating Snowmobile Clubs

State Property	Trail Miles	Application	Eligible Cost	50% September Payment	Prorated Payment 56% Alternative 3	Remaining Payment	Prorated Payment 62% Alternative 1	Remaining Payment	Prorated Payment 64% Alternative 2	Remaining Payment
Bearskin State Trail	18.0	\$12,000	\$12,000	\$6,000	\$6,678	\$678	\$7,456	\$1,456	\$7,640	\$1,640
Bearskin Snowmobile Club										
Northern Highland-American Legion State Forest	33.9	6,765	6,347	3,383	3,532	150	3,943	561	4,041	659
New Tom Snowfleas Snowmobile Club		0	0	0	0	0	0	0	0	0
Governor Knowles State Forest	31.2	55	55	28	31	4	34	7	35	8
Burnett County Snowmobile Council			0							
Flambeau River State Forest	55.0	2,305	2,305	1,153	1,283	131	1,432	280	1,468	316
Sawyer County Snowmobile Alliance			0							
Tussock State Trail	40.0	8,125	8,125	4,063	4,521	459	5,048	986	5,173	1,111
Sawyer County Snowmobile Alliance		5,000	5,000	2,500	2,782	282	3,107	607	3,183	683
Birchwood Bobcat Snowmobile Club	10.0		0							
Brule River State Forest	32.0	7,029	7,029	3,515	3,911	397	4,367	853	4,475	961
Brule River Riders Snowmobile Club			0							
Glacial Drumlin State Trail	10.0	363	363	182	202	21	225	44	231	50
Utica Nora Snowmobile Club	19.0	3,118	3,118	1,559	1,735	176	1,937	378	1,985	426
Hubbleton Riders Snowmobile Club										
Military Ridge State Trail	15.1	565	565	283	314	32	351	69	360	78
T-Riders Snowmobile Club	23.0	955	955	478	531	54	593	116	608	131
Speedway Snowmobile Club			0			0				
400 State Trail	23.5	2,400	2,400	1,200	1,335	135	1,491	291	1,528	328
Redstone Riders Snowmobile Club										
Contract Subtotal	310.7	\$48,680	\$48,262	\$24,340	\$26,855	\$2,515	\$29,984	\$644	\$30,727	\$6,387
Total	16,041	\$3,963,375	\$3,856,076	\$1,981,688	\$2,145,702	\$164,015	\$2,395,702	\$414,015	\$2,455,102	\$473,415