

Natural Resources

Parks and Forestry

(LFB Budget Summary Document: Page 312)

LFB Summary Items for Which an Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
-	Forestry Account Overview (Paper #460)
1	Parks Funding and Fee Increase (Paper #461)
2	State Park, Forest, and Riverway Roads (Paper #462)
3	Parks and Southern Forests Operations (Paper #463)
9	Urban Forestry Grant Eligibility (Paper #464)
11	Managed Forest Law Timber Cutting Notices (Paper #465)



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May 7, 2015

Joint Committee on Finance

Paper #460

Forestry Account Overview (DNR -- Parks and Forestry)

CURRENT LAW

The conservation fund is a segregated (SEG) trust fund used to finance many of the state's resource management programs administered by the Department of Natural Resources (DNR). The conservation fund is divided into nine accounts, including the forestry account.

OVERVIEW OF THE FORESTRY ACCOUNT

Article 8 §10 (3) of the Wisconsin Constitution authorizes a state forestry tax of up to 0.2 mills (or 20¢ per \$1,000 of property value) for the purpose of acquiring, preserving, and developing the forests of the state. The forestry mill tax is 16.97¢ per \$1,000 of value for tax years 2007(08) and thereafter. For 2014 (tax year 2015) the median forestry mill tax was estimated to be \$25.46 for a \$150,500 home, or 0.9% of the median \$2,832 tax bill.

The forestry mill tax is estimated to generate over \$81 million, or approximately 77% of the almost \$106 million in anticipated revenues to the forestry account for fiscal year 2014-15. The remaining \$25 million in revenues would include: (a) the sale of timber on state forest lands; (b) the sale of stock from the state's tree nurseries; (c) camping and entrance fees at state forests; (d) severance and certain withdrawal payments from timber harvests on cooperatively-managed county forests and on privately-owned land entered under the forest crop land and managed forest land programs; and (e) a portion of the revenue from the sale of conservation patron licenses to reflect the fact that license holders are granted admission to state forests at no additional charge as part of the license.

Under the bill, forestry account revenues would be used to support 635 full-time equivalent staff positions to fund a variety of activities. This includes approximately 620 DNR staff and the following programs: (a) the operations of 23 state forests; (b) tree nursery operations; (c) prevention, detection and suppression of forest fires; (d) forest health and

productivity, including administration of the managed forest law (MFL) program and assistance to county forest administrators; (e) grants, loans and payments to certain towns, counties and private forest owners; (f) repayment of a portion of stewardship program debt; and (g) a portion of DNR administrative costs. In addition the forestry account supports approximately 15 staff and certain costs of various other state agencies including forest pest control by the Department of Agriculture Trade and Consumer Protection, the Kickapoo Reserve Management Board and the Lower Wisconsin State Riverway Board. Expenditures from the forestry account totaled \$104.5 million in 2013-14 as shown in the following table.

Although forestry mill tax revenues had been modestly declining (along with statewide property values) since fiscal year 2008-09, revenues are expected to increase beginning in fiscal year 2014-15, with total account revenues expected to exceed currently authorized expenditures through the 2015-17 biennium. In the past, DNR had maintained substantial vacancies in the forestry account. However, vacancies have been reduced from approximately 16% in April, 2013, to approximately 12% currently, and the Department's goal is to reduce forestry vacancies to 5% or less. Under the bill, the forestry account could be expected to have an available balance of approximately \$26.4 million on June 30, 2017. It should be noted that while anticipated revenues (\$113.2 million) are expected to exceed authorized ongoing expenditures (\$106.6 million) by approximately \$6.6 million in fiscal year 2016-17, a reduction in revenues or an increase in ongoing expenditures beyond that amount could create a structural imbalance in the account going into the 2017-19 biennium.

JOINT COMMITTEE ON FINANCE -- PREVIOUS ACTION

During its April 22, 2015, executive session on AB 21/SB 21, the Committee, by unanimous vote, appropriated \$701,400 each year from the forestry account for the removal of car-killed deer on a one-time basis for the 2015-17 biennium. This action reduces the June 30, 2017, available balance to approximately \$25 million.

Forestry Account Condition

	Actual	Estimated	Governor		2016-17
	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>Staff</u>
Opening Balance	\$27,469,800	\$26,550,100	\$27,433,700	\$29,650,800	
Revenue					
Mill Tax	79,399,800	81,300,000	84,242,000	87,840,000	
Timber Sales	7,461,500	7,600,000	7,600,000	7,600,000	
Forest Tax Law	8,382,500	8,600,000	8,875,000	9,150,000	
Admission and Camping Fees	5,411,500	5,575,000	5,835,000	5,990,000	
Nurseries	1,494,800	1,500,000	1,500,000	1,500,000	
All Other Revenue	<u>1,411,300</u>	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	
Total Revenue	\$103,561,400	\$105,675,000	\$109,152,000	\$113,180,000	
Total Available	131,031,200	132,225,100	136,585,700	142,830,800	
Expenditures					
State Forestry Operations	51,099,100	50,325,800	50,910,900	50,910,900	449.08
Southern Forest Operations	5,036,300	5,281,700	5,504,200	5,504,200	41.45
Stewardship Debt Service	13,500,000	13,500,000	13,500,000	13,500,000	0.00
Grant and Aid Programs	7,278,500	8,640,600	7,914,500	7,914,500	0.00
Other Forestry Program					
Appropriations	1,285,800	840,900	840,900	840,900	0.00
Car-Killed Deer**	0	0	701,400	701,400	0.00
Administration and Technology	7,833,400	8,215,900	8,564,400	8,588,100	65.59
Customer Assistance and Licensing	3,195,300	3,310,000	3,203,600	3,203,600	23.98
Division Management and					
Bureau Operations	4,086,100	4,317,400	4,384,400	4,384,400	39.92
Debt Service, Maintenance and					
Development	2,483,900	2,682,500	3,216,400	3,326,600	0.00
Aids in Lieu of Taxes and					
Assessments	5,947,200	5,989,800	5,989,800	5,989,800	0.00
Other State Agencies	2,735,500	2,686,800	2,704,400	2,371,000	15.00
Planned Reduction/Vacancies		<u>-1,000,000</u>	<u>-500,000</u>	<u>0</u>	
Total Expenditures	\$104,481,100	\$104,791,400	\$106,934,900	\$107,235,400	635.02
Cash Balance	\$26,550,100	\$27,433,700	\$29,650,800	\$35,595,400	
Encumbrances/Continuing					
Balance*	<u>10,592,400</u>	<u>10,592,000</u>	<u>10,592,000</u>	<u>10,592,000</u>	
Available Balance	\$15,957,700	\$16,841,700	\$19,058,800	\$25,003,400	

*Includes amounts encumbered (committed, but not yet paid) as well as continuing balances from certain appropriations (such as for forestry development, private forest grants, state forest operations, and recording fees) that are not available for general appropriation.

**Reflects Committee action on April 22, 2015, to provide one-time funding for the biennium.

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May 7, 2015

Joint Committee on Finance

Paper #461

Parks Funding and Fee Increase (DNR -- Parks and Forestry)

[LFB 2015-17 Budget Summary: Page 312, #1]

CURRENT LAW

Currently, DNR park staff operate 75 recreational properties open to the public, including 46 state parks, 14 state trails, two national scenic trails, eight southern forests, and five recreation areas. In addition, some properties are owned by the state and operated by local units of government (such as Copper Culture State Park) or nonprofit organizations (such as Heritage Hill State Park). Also, some properties have been designated by the Natural Resources Board, but are not developed or are under development and property operation remains largely unfunded with only limited services provided. The state park system properties contain 5,087 campsites (including sites currently being developed and 1,091 southern forest campsites), 1,420 acres of picnic areas and 32 properties with beaches totaling approximately 20 miles in length. The state recreation system also includes an extensive network of trails, some of which are open to multiple uses. This trail system, encompassing all state parks, recreation areas, forests and trails, includes: (a) 2,160 miles of hiking trails; (b) 1,950 miles of snowmobile trails; (c) 1,230 miles of bicycle trails (including 340 miles of mountain bike trails); (d) 520 miles of groomed cross-country ski trails; (e) 830 miles of bridle trails; (f) 450 miles of ATV trails; and (g) approximately 90 miles of nature trails.

Parks account revenues are generated primarily by motor vehicle admission fees to state parks and camping site fees. Revenue to the parks account is also derived from other charges, such as camping reservations, trail use fees, golfing at Peninsula State Park and swimming at Blue Mounds State Park.

GOVERNOR

Delete \$4,668,800 GPR annually and 44.68 positions for operation of state parks and

recreation areas and provide \$3,224,500 parks account SEG annually and 44.68 positions. The net reduction would be \$1,444,300 annually. In addition, increase annual state park and forest vehicle admission fees by \$3, and nightly state park and forest camping fees by \$2 as shown in the following table.

State Park and Forest Admission and Camping Fees

<u>Vehicle Admissions</u>	<u>Current Law</u>	<u>Governor</u>	<u>Change</u>
Resident			
Annual	\$25.00	\$28.00	\$3
Additional Annual	12.50	15.50	3
Daily Auto	7.00	7.00	0
Daily Bus	10.00	10.00	0
Senior Annual	10.00	13.00	3
Senior Daily	3.00	3.00	0
Nonresident			
Annual	\$35.00	\$38.00	\$3
Additional Annual	17.50	20.50	3
Daily Auto	10.00	10.00	0
Daily Bus	14.00	14.00	0
<u>Camping Fees*</u>			
Resident, Per Night**	\$12.00 - 15.00	\$14.00 - \$17.00	\$2
Non-Resident, Per Night**	14.00 - 17.00	16.00 - 19.00	2

*DNR may charge additional fees based on campground amenities.

**The upper end of these ranges reflect \$3 per night higher fees for camping at the following places: Big Bay State Park; Black River State Forest (select campgrounds); Devil's Lake State Park; Copper Falls State Park; Council Grounds State Park; Governor Dodge State Park; Hartman Creek State Park; High Cliff State Park; Kohler-Andrae State Park; Mirror Lake State Park; Newport State Park; Pattison State Park; Northern Highlands-American Legion SF (select campgrounds); Peninsula State Park; Point Beach State Forest; Potawatomi State Park; and Willow River State Park.

DISCUSSION POINTS

GPR Funding

1. The operating costs for the parks system include staff costs for: (a) park managers, who supervise the daily operation of state parks; (b) park rangers, who are primarily responsible for enforcement and skilled maintenance activities; (c) park naturalists, who develop and present the educational programs offered at the parks; (d) visitor services staff; and (e) maintenance personnel. Limited-term and seasonal employees are utilized extensively in the state park system. Operations costs also include supplies for utilities, including electricity and fuel, sewer and water, cleaning, and maintenance. Parks operations funding has historically been provided primarily from the segregated parks account (parks admissions, camping, trail and other fees) and general purpose revenues.

2. 1995 Act 27 eliminated the requirement that state park operations be funded equally

from the parks account and the general fund. The percentage of GPR as a portion of the state parks operating budget has declined in recent years as shown in the following table. For 2014-15, approximately 28% of the state park \$16.7 million budget for direct operations is GPR supported (\$4.6 million) and approximately 72% is parks SEG-supported (\$12.1 million). The bill would remove all GPR support for parks operations.

TABLE 1

Parks Operations Funding 2007-08 through 2016-17

	<u>2007-08</u>	<u>2008-09</u>	<u>2008-09</u> <u>% of Total</u>
GPR	\$5,506,900	\$5,506,900	33%
Parks Account SEG	<u>11,116,300</u>	<u>11,350,400</u>	67
Total	\$16,623,200	\$16,857,300	
			<u>2010-11</u> <u>% of Total</u>
	<u>2009-10</u>	<u>2010-11</u>	
GPR	\$4,973,600	\$4,973,600	30%
Parks Account SEG	<u>11,699,600</u>	<u>11,76,4100</u>	70
Total	\$16,673,200	\$16,737,700	
			<u>2012-13</u> <u>% of Total</u>
	<u>2011-12*</u>	<u>2012-13</u>	
GPR	\$2,551,600	\$4,911,000	29%
Parks Account SEG	<u>14,286,700</u>	<u>11,824,000</u>	71
Total	\$16,838,300	\$16,735,000	
			<u>2014-15</u> <u>% of Total</u>
	<u>2013-14</u>	<u>2014-15</u>	
GPR	\$4,592,200	\$4,592,200	28%
Parks Account SEG	<u>12,076,700</u>	<u>12,076,700</u>	72
Total	\$16,668,900	\$16,668,900	
			<u>2016-17</u> <u>% of Total</u>
	Governor <u>2015-16</u>	Governor <u>2016-17</u>	
GPR	\$0	\$0	0%
Parks Account SEG	<u>15,582,500</u>	<u>15,582,500</u>	100
Total	\$15,582,500	\$15,582,500	

*2011 Act 32 provided \$2.5 million parks SEG and deleted \$2.5 million GPR in 2011-12 only associated with 23.0 parks operations positions. Base funding for 2012-13 was not affected.

3. Parks operations budget peaked at almost \$16.9 million in 2008-09 and has been steady or declining since. The bill would delete \$4,668,800 GPR annually and 44.68 positions for operation of state parks and recreation areas and provide \$3,224,500 parks account SEG annually and 44.68 positions. The approximately \$1.45 million annual reduction (an almost 9% reduction in funding for state park operations under the Bureau of Parks and Recreation) would be deleted from supplies and services (\$969,100), LTE salary and fringe benefits (\$418,000), and permanent property (\$57,200). The bill would also increase annual state park and forest vehicle admission fees

by \$3, and nightly state park and forest camping fees by \$2. These fee increases could be expected to generate approximately \$2 million in increased revenues to the parks account over the 2015-17 biennium. Under the bill, the parks account would be expected to have an available balance of approximately \$1.5 million on June 30, 2017 as shown in the following table. However, it should be noted that the account would be in structural imbalance going into the 2017-19 biennium as authorized expenditures would be expected to exceed anticipated revenues by \$2.2 million in fiscal year 2016-17.

TABLE 2

Estimated Parks Account Condition

	<u>Actual 2013-14</u>	<u>Estimated 2014-15</u>	<u>Governor 2015-16</u>	<u>Governor 2016-17</u>	<u>2016-17 Staff</u>
Opening Balance	\$5,310,000	\$6,550,600	\$7,164,900	\$4,576,400	
Revenue:					
Park and Trail Admissions	\$9,058,000	\$8,925,000	\$8,815,000	\$9,190,000	
Camping	6,757,500	6,760,000	7,310,000	7,345,000	
All Other Revenue	993,400	980,000	980,000	980,000	
Total Revenue	\$16,808,900	\$16,665,000	\$17,105,000	\$17,515,000	
Total Available	\$22,118,900	\$23,215,600	\$24,269,900	\$22,091,400	
Expenditures:					
Parks and Recreation Program Operations	\$11,786,700	\$12,076,700	\$15,582,500	\$15,582,500	134.25
Campground Reservation Fees	927,200	958,600	958,600	958,600	0.00
Administration and Technology Services	930,100	975,500	1,043,800	1,048,400	8.01
Customer Assistance and Licensing	303,700	306,800	283,500	296,100	2.08
Division Management and Bureau Operations	966,300	972,400	976,300	976,300	8.34
Debt Service, Maintenance and Development	564,900	671,800	759,900	785,500	0.00
Taxes and Assessments	42,700	76,800	76,800	76,800	0.00
Tourism Appropriation	12,100	12,100	12,100	12,100	0.00
All Other	34,600	0	0	0	0.00
Total Expenditures	\$15,568,300	\$16,050,700	\$19,693,500	\$19,736,300	152.68
Cash Balance	\$6,550,600	\$7,164,900	\$4,576,400	\$2,355,100	
Encumbrances/Continuing Balances*	900,300	900,300	900,300	900,300	
Available Balance	\$5,650,300	\$6,264,600	\$3,676,100	\$1,454,800	
Revenue Minus Expenditures	\$1,240,600	\$614,300	-\$2,588,500	-\$2,221,300	

*Includes amounts encumbered (committed, but not yet paid) as well as continuing balances from certain appropriations (such as rental property maintenance and for camping reservation system payments) that are not available for general appropriation.

4. In part, as the parks system has seen declining GPR support levels, the agency has left permanent positions that became vacant unfilled in order to meet more immediate needs. This has included relying more heavily on seasonal limited-term employees (LTEs) for parks operations, which can be less costly, but often results in less experienced employees, more turnover, and may

affect the visitor experience at parks facilities. Further, the Department has had some difficulty filling some LTE parks positions. For example, recently DNR posted 78 ranger LTE positions (credentialed law enforcement who carry weapons) for the upcoming summer season and expects to be able to fill only 30 given the available candidate pool. The Department notes permanent rangers are paid at least \$20 per hour while LTE rangers are paid \$10.86 per hour, which can make finding qualified applicants difficult.

5. Over the last several years, the Department has maintained vacancies in the parks account and received approval from DOA to transfer vacant salary funds to be used for LTE salaries and fringe benefits and supplies (\$1,000,000 in fiscal year 2011-12, \$544,500 in fiscal year 2012-13, and \$991,000 in fiscal year 2013-14). In April 2013, there was a vacancy rate of approximately 24% in parks account SEG operations, and the vacancy rate remains at approximately 24% as of April, 2015. After accounting for positions deleted under the bill, and the transfer of the GPR parks operations positions to parks account SEG, the parks operations vacancy rate would still be expected to exceed 18% under the bill.

TABLE 3

**Parks Account Operations Authorized and Vacant Positions
as of April, 2015 and Vacancies Under Governor's Bill**

	<u>Authorized Positions</u>	<u>Vacant</u>	<u>Vacancies Percent</u>	<u>Positions Deleted</u>	<u>Other Positions Changes</u>	<u>Remaining Authorized</u>	<u>Vacancies</u>	<u>Percent</u>
Parks Operations SEG	95.77	22.61	24%	-5.0	43.48	134.25	24.8	18%

6. As the bill would reduce LTE and supply funding by approximately \$1.45 million annually, it is likely the Department would need to maintain an even greater level of vacancies, potentially reducing full-time staff, in order to address this shortfall, or reduce the number of LTEs and other supply-funded activities. This would be expected to affect the level of routine parks maintenance, educational programming, visitor services, and enforcement at parks properties. The Department indicates they are exploring options to address this funding gap in the short term but that no final plans have been developed. However, they indicate the plan would be intended to minimize interruptions in parks services. DNR noted that legislative approval would not be required to limit hours or seasonal operations at state parks properties. While it is unclear what the plan would include, it is likely that some, or most, of the following could occur: (a) parks staffing, including law enforcement, could be reduced at certain parks properties or certain times of the year, potentially leaving properties without a regular staff presence; (b) basic maintenance would be reduced; (c) recreational opportunities could be reduced (for example, the Department might choose to groom cross country ski trails at some properties but not others nearby); and (d) where not justified by revenues generated, certain campgrounds, or during certain seasons, may be closed or restricted.

7. Given that the Building Commission's recommendations for the 2015-17 building program would not provide for any DNR property development projects utilizing stewardship

program bonding revenue (under current law, at least \$6.5 million in 2015-16 and \$5 million in 2016-17 would be available), projects would likely be deferred until at least the next biennium. Routine maintenance would thereby become even more critical in preventing facilities from deteriorating to the point that they may require major renovation or replacement. A February, 2012, capital improvement plan completed by the Department stated that the parks system had "capital funding needs exceeding \$285 million" at that time. The report noted that state park properties in Wisconsin were, on average, over 50 years old, and that the majority of park infrastructure and facilities were constructed more than 50 years ago. Additionally, a large number of older facilities increasingly were noted to have some level of delayed upkeep including failing septic systems, dams, and water delivery systems. The report cited health and safety concerns related to older electrical distribution systems, sanitation issues in old vault toilets, and roads and walkways with potholes and broken surfaces. Further, the report noted that service delivery may be impaired by outdated fee collection systems, crowded maintenance shops, and small customer service areas.

8. According to a report published by the National Association of State Park Directors (NASPD) in April, 2014, most states utilize park user and entrance fees and general fund supported revenue for state parks operations. According to the report which summarized fiscal year 2012-13 data, 40 states utilized park user and entrance fees and permits to support parks operations and 40 states utilized GPR funds for state parks operations. All of the states that did not expend any general fund revenues for parks operation in fiscal year 2012-13 reported providing some other source of dedicated revenues including: lottery funds (Colorado and Oregon), motor fuel tax (Arizona, Colorado, Nevada, Oregon), petroleum products tax (Arkansas), tobacco products tax (Alabama), sales tax (Arkansas, Missouri, and Montana) and vehicle registration/license plate renewal fees (Michigan and Montana).

9. An estimated 15.3 million visitors enter Wisconsin state parks and southern forests annually. It could be argued that state parks increase tourism and provide economic benefits to surrounding communities through visitor spending on gas, food, lodging, recreational equipment and guide services and that GPR support for parks should be continued [Alternative A5]. A study by the University of Wisconsin Madison, UW-Extension, and the Wisconsin Department of Natural Resources published in November, 2013, entitled "Economic Impacts of the Wisconsin State Park System: Connections to Gateway Communities" found that visitors to the park system who are not residents in the region where the park is located spend more than \$580 million annually in local communities. Overall, the report found that the economic impacts of the state parks system vary across the state and depend on property and visitor activity type, visitation levels, and local economic conditions. When combined, the local economic impacts of this private sector stimulus accounted for over 8,200 jobs and \$350 million in income for Wisconsin residents. Providing continued GPR support for state parks would help ensure that the properties are maintained and accessible to visitors. Further, recreational opportunities provide public health benefits and may attract businesses to the state.

10. The administration indicates that the bill eliminates GPR support for parks because the Governor wishes to move to a self-sustaining model for the parks system, which would include the use of fees and sponsorships to support park operations. DNR has indicated that the Department plans to consider partnerships and agreements with the private sector. Currently, DNR has authority

under Chapter 27 of the statutes to lease parts of state parks or grant easements, grant concessions or franchises for supplies, facilities, and services in state parks, and to establish and operate services and conveniences and install facilities that will render parks more attractive for public use and to charge fees for the use of such services and facilities. The Department currently has partnerships for operation of concessions (many are operated by non-profit friends groups) as well as other select recreational opportunities such as the Granite Peak ski area at Rib Mountain State Park, which is operated through a lease with a for-profit corporation, and the golf course, boat rental, and concessions at Peninsula State Park, which are operated through an agreement with a non-profit corporation.

11. The Department has also indicated DNR would consider selling naming rights to state parks. Under s. 27.01(2)(h) of the statutes, the Department may designate by appropriate name any state park not expressly named by the legislature. State parks expressly named in statute include: Aztalan, Copper Culture Mounds, Copper Falls, Devil's Lake, Interstate, Kinnickinnic, Nelson Dewey, Pattison, Peninsula, Perrot, Potawatomi, Rib Mountain, Terry Andrae, Tower Hill, and Wyalusing.

12. Some other states such as California and Virginia have pursued corporate sponsorships. According to the California Department of Parks and Recreation, corporate sponsorships are offered to corporations and companies with innovative and generous charitable programs with a particular emphasis on programs promoting environmental, historical and cultural awareness, healthful living, education, and high quality outdoor recreation. Current partnerships include a partnership with "Surflife" a company that provides live and predicted ocean weather information, editorial content, and consulting services to consumers, businesses, and government agencies. In addition, the Loews Coronado Bay Resort in San Diego developed a point of sale fundraising program to raise funds to enhance Silver Strand State Beach which is located next to the resort. In Virginia, according to a January, 2012, report by Douglas Shinkle at the National Conference of State Legislatures, funding for state trails has been provided by Dominion Power, one of the main energy providers in the state. However, both California and Virginia continue to receive general fund support for their state park systems and it may be difficult for state parks systems to become entirely self-sufficient. Shinkle states, "Although revenues from park admission fees, camping fees, golf course charges and restaurants can help fill the gaps, outside of certain very popular parks, they are not enough to make parks self-sustaining."

13. If the Committee wished to restore some level of GPR support for parks operations, the Committee could consider several alternatives. One option would be to restore half of the GPR funding and positions (\$2,334,400 and 22.34 positions) [Alternative A2]. Under this alternative, GPR funding would comprise approximately 15% of state parks operations support, comparable to the lowest level provided (on a one-time basis in 2011-12) since the requirement that parks operations be funded evenly from parks SEG and GPR was eliminated. However, if the Committee wished to restore base funding going into the 2017-19 biennium, an alternative could be to restore the full amount of GPR, but in fiscal year 2016-17 [Alternative A3]. If the Committee wished to provide continued GPR for parks operations but at a lower level, another option would be to provide half the GPR (\$2,334,400 and 22.34 positions in the second year only [Alternative A4]. That way base funding would be restored, although at a lower level, going into the 2017-19 biennium. It could

be argued that, as the parks account is expected to have an available balance of approximately \$1.5 million on June 30, 2017, it is not necessary to restore GPR funding during the 2015-17 biennium. However, given the structural imbalance in the account going into the 2017-19 biennium, another alternative could be to require the Department to submit it's 2017-19 biennial budget request as if the following amount of GPR were provided for parks operations: (a) \$2,334,400 and 22.34 position; or (b) \$4,668,800 GPR and 44.68 positions, and the segregated parks operations appropriation would be reduced by the same amount and number of positions [Alternative A6a, A6b].

Admission Fees Increase

14. Under current law, an annual vehicle admission fee for a resident is \$25, while an annual non-resident vehicle admission fee is \$35. The annual admission fee for a second vehicle is currently one-half the regular price, if an individual or a member of the household owns a vehicle with a current annual admission sticker (the bill would raise the additional vehicle fees by \$3, meaning the fees would be more than 50% of the annual fee under the bill). No admission fee is required for any vehicle that transports a person with a senior citizen recreation card, a disabled veteran recreation card, or a conservation patron license. (The senior citizen recreation card has not been available since 1991; however, it continues to convey lifetime privileges to the holder as long as the holder possesses the card and remains a resident.) An admission fee exemption is also provided for motor vehicles transporting students to an outdoor academic class. In addition, the Department is authorized to establish a state trail pass fee through administrative rule. Currently an annual trail pass is \$20 (previously \$15) and a daily trail pass is \$4 (these fees were last increased effective January 1, 2008). Parks fees have risen over the last 20 years as shown in the following table, but have not been increased since 2006. Under the bill, annual state park admission fees would be increased by \$3 but daily fees would remain unchanged. The fee increases would take effect with the general effective date of the budget.

TABLE 4

Wisconsin State Parks Fees 1992 through Proposed 2015-16

	<u>1992 - 1995</u>	<u>1996 - 2001</u>	<u>Change from Prior</u>	<u>Percent Change</u>	<u>2002- 2005</u>	<u>Change from Prior</u>	<u>Percent Change</u>
Resident							
Annual	\$15	\$18	\$3	20%	\$20	\$2	11%
Daily	4	5	1	25	5	0	--
Nonresident							
Annual	24	25	1	4	30	5	20
Daily	6	7	1	17	10	3	43
	<u>2006- 2015</u>	<u>Change from Prior</u>	<u>Percent Change</u>	<u>Proposed Fees</u>	<u>Change from Prior</u>	<u>Percent Change</u>	
Resident							
Annual	\$25	\$5	25%	\$28	\$3	12%	
Daily	7	2	40	7	0	--	
Nonresident							
Annual	35	5	17	38	\$3	9	
Daily	10	0	--	10	0	--	

15. The admission fee increases under the bill would be expected to generate approximately \$225,000 in fiscal year 2015-16 and \$600,000 in 2016-17 to the parks account (and \$80,000 in fiscal year 2015-16 and \$215,000 in 2016-17 to the forestry account). These revenue estimates assume some revenue is shifted from 2015-16 to 2014-15 as a result of persons buying an annual sticker before the price increases.

16. In order to reduce the structural imbalance in the account, an alternative could be to increase daily admission fees in addition to annual admission fees. Currently, a daily admission is 28% of the cost of an annual admission for residents (28.6% for nonresidents), while under the bill, a daily admission would be 25% of the cost of an annual admission for residents (26% for nonresidents). Raising the daily resident fee by \$1 would maintain a similar ratio, meaning that it would remain more economical to buy an annual sticker if a person intends to visit a park for more than three days over the course of a year (under the bill, residents would pay the same price for four daily admissions as they would for an annual admission). Additionally, increasing senior daily admissions by \$1, from \$3 to \$4, would provide a fee equal to one-half the cost of a senior annual sticker (\$8). Increasing the daily fees could be expected to generate approximately \$235,000 in increased revenue to the parks account annually as shown in the following table (and increased annual revenue of \$75,000 to the forestry account). Additionally, increased revenue could be expected from an increase in the number of annual resident passes sold as compared to the bill (\$10,000 parks account and \$3,000 forestry account). [Alternative B2]

TABLE 5

Alternative B2 Increase Daily Fees by \$1 Each

<u>Vehicle Admission</u>	<u>Current/Bill Fee</u>	<u>Alternative Fee</u>	<u>Change</u>	<u>Estimated Annual Revenue Increase</u>
Resident				
Daily	\$7	\$8	\$1	\$150,000
Senior	3	4	1	10,000
Bus	10	11	1	400
Nonresident				
Daily	10	11	1	75,000
Bus	14	15	1	<u>100</u>
Total				\$235,500

17. The following table compares park admissions fees charged under current law and as proposed under the bill to surrounding states.

TABLE 6

Park Admission Fees in Wisconsin and Surrounding States

	<u>Current Fees</u>					<u>Proposed 2016 Fees</u>	
	<u>Wisconsin</u>	<u>Minnesota</u>	<u>Michigan</u>	<u>Iowa</u>	<u>Illinois</u>	<u>Wisconsin</u>	<u>Minnesota</u>
Resident:							
Annual	\$25.00	\$25.00	\$11.00	\$0.00	\$0.00	\$28.00	\$30.00
Daily	7.00	5.00	---	---	---	7.00	6.00
Senior (65) Annual	10.00	25.00	11.00	---	---	13.00	30.00
Non-Resident:							
Annual	35.00	25.00	31.00	0.00	0.00	38.00	30.00
Daily	10.00	5.00	9.00	---	---	10.00	6.00

18. Two neighboring states (Illinois and Iowa) do not charge admissions fees to their state parks. However, Illinois charges a \$1 daily beach use fee. Illinois and Iowa fund state park operations primarily from revenues from camping fees and from the general fund. In addition, in 2012, Illinois passed a \$2 fee increase on all Illinois vehicle registrations which generates approximately \$20 million annually in dedicated revenues for state parks, which the Illinois DNR reports has been utilized to reduce the backlog of maintenance and outstanding capital projects at state parks. In addition to operations funding, Iowa utilizes funding from a \$3 million tribal gaming infrastructure fund for capital projects. Minnesota funds state park operations from segregated fees (primarily vehicle admission and camping fees) and from the general fund. Minnesota's 2015-17 biennial budget proposal includes an increase in admission fees of \$5 annually and \$1 daily.

Minnesota currently charges the same park admission fee to residents and nonresidents. In addition, the biennial budget proposal includes an increase in funding from the state's general fund of \$3.6 million annually (in addition to base funding of \$19.8 million GPR). State park operations in Minnesota are also funded from a portion of the lottery sales tax (\$5.7 million annually). Minnesota also utilizes funding from the state's legacy fund (a constitutionally dedicated three-eighths of one percent of sales tax) for habitat improvement, capital projects, land acquisition, grants to local communities for regional parks and trail projects, and parks interpretive and outdoor skills programming (\$52 million in 2014-15) but the legacy fund may not be utilized to replace or supplant operations.

19. Michigan does not utilize general fund revenues for state park operations. In 2010, Michigan created a "recreation passport" for entry into state parks, which replaced the previous vehicle admission window stickers. Michigan residents may elect to purchase a passport along with their vehicle registration. If purchased along with a registration, it is displayed as two small "Ps" on the top and bottom of the license plate registration tab. The original fee was \$10, but is currently \$11 (\$5 for motorcycles), and statutorily may be adjusted for inflation (although due to the statutory method for adjustment the increase to \$12 will not likely occur until at least 2017). If a resident does not purchase a passport along with their registration, they may purchase a window sticker upon entrance to a state park (this fee is also currently \$11 but, according to the Michigan DNR, will be more expensive in future years), but the sticker is only valid until the vehicle's next renewal date. Drivers of vehicles with non-Michigan license plates may purchase a \$9 daily nonresident pass or a \$31 annual pass (valid until December 31 of the calendar year in which it was purchased). In fiscal year 2013-14, 24.6% of eligible vehicles and 26.1% of eligible motorcycles purchased the recreation passport, generating approximately \$23.3 million in fiscal year 2013-14, or approximately \$2.36 per capita. Most of the revenue generated by the recreation passport is deposited in the Park Improvement Account of the Michigan Conservation and Recreation Legacy Fund (a constitutional fund). The account receives all revenue from camping fees, concessions, leases, contracts, and other fees or permits for activities in state parks and recreation areas, as well as damages paid to the state for illegal activities in state parks. The account is similar to Wisconsin's parks account in that it is utilized for parks operations, but unlike Wisconsin's parks account, it may also be utilized for capital development.

20. Michigan also utilizes funds from the Michigan State Park Endowment Fund for parks operations and capital projects. This fund receives most of the gas and oil lease and royalty revenue derived from state-owned lands. Each year, half of this revenue is credited to the corpus of the fund (until the fund reaches a balance of \$800 million), and half may be appropriated for operations, maintenance, and capital improvements of state parks and for land acquisition in state parks. In fiscal year 2012-13, approximately \$45 million in revenue was generated, with half available for appropriation for park purposes, and approximately \$20 million was utilized for parks operations.

Camping Fee Increases

21. Under the bill, the statutory minimum charge for all campgrounds would be increased by \$2 per night. Campgrounds are classified in statute as being type "A", type "B", or type "C". However, these classifications are not defined in statute and have not been utilized by the

Department in recent years. Parks staff indicate these classifications were initially used to distinguish between more developed campgrounds, those with flush toilets and showers, and those with fewer facilities. However, DNR indicates that all campgrounds are now currently classified as Type A. As reestimated, the \$2 increase in camping fees would be expected to generate increased revenues of over \$1.1 million (\$550,000 in 2015-16 and \$585,000 in 2016-17) to the parks account (and approximately \$630,000 to the forestry account) over the 2015-17 biennium. Although comparisons can be difficult, the following table gives some idea of the current and proposed camping fees in Wisconsin as compared to neighboring states.

TABLE 7
Camping Fees in Wisconsin and Surrounding States

	<u>Wisconsin</u>		<u>Minnesota</u>	<u>Michigan</u>	<u>Illinois</u>	<u>Iowa</u>
	<u>Current</u>	<u>Proposed</u>				
Resident						
Regular	\$12 or \$15	\$14 or \$17	\$15 - \$23	\$13 - \$20 ^a	\$10 - \$15	\$9 - \$11
Rustic	\$12 or \$15	\$14 or \$17	\$15 - \$19	\$13 - \$18	\$6 - \$8	
Off Season			\$15 - \$17	\$13 - \$17		\$6 - \$8
Non-Resident						
Regular	\$14 or \$17	\$16 or \$19	\$15 - \$23	\$13 - \$20 ^a	\$10 - \$15	\$9 - \$11
Rustic	\$14 or \$17	\$16 or \$19	\$15 - \$19	\$13 - \$18	\$6 - \$8	
Off Season			\$15 - \$17	\$13 - \$17		
<u>Additional Fees</u>						
Holiday					\$10	^b
Water View	\$3					
Electric	\$5			\$4-\$11 or \$6-\$13 (20/30 or 50 amp)		\$5
Water/Sewer Hookup	N.A.		\$8	\$5 ^c	\$10 ^d	\$3
Reservation Fee	\$9.70	\$9.70	\$8.50 or \$10 (Online or Phone)	\$8	\$5	\$4 or \$6 (Online or Phone)

^a Most sites are between \$13 to \$20 base fee, but fees for select campgrounds at select parks may reach as much as \$29.

^b Iowa requires a three-day minimum for camping over Memorial Day and Labor Day weekends.

^c Michigan fees for full hookup vary by campground and park but are generally \$5 more than the price of a 50 amp site.

^d Illinois charges a \$10 utility fee for water/sewer and electric.

22. It should be noted that camping fees charged by other states may vary based on numerous factors, including time of year, location, and amenities provided. For example, the total nightly camping fee for a campsite at a rustic campground at Brighton Recreation Area in Livingston County Michigan is \$13 year-round, while the nightly camping fee for a 20/30 amp electric site at a campground at that property is \$21 year-round. In Wisconsin, the total nightly fee

for a resident camping at a non-electric, or rustic, site would be \$12 currently or \$14 under the bill for a campsite that is not classified as "high-demand" and \$15 currently or \$17 under the bill for a non-electric campsite that is classified as "high demand". The nightly fee for a Wisconsin electric high-demand site would generally be \$20 currently, or \$23 under the bill.

23. As shown in the table, Wisconsin's fees tend to be in the middle of the range of camping fees charged in surrounding states. Fees in Illinois and Iowa are generally lower than Wisconsin. While Minnesota and Michigan are generally comparable, to somewhat higher than Wisconsin. All four surrounding states generally charge the same fees for residents as non-residents. It could be argued that increasing camping fees above current levels may discourage nonresidents from camping in Wisconsin state parks, and may particularly discourage Illinois and Iowa visitors as Wisconsin's minimum nightly non-resident camping fee could be more than the maximum nightly camping fee in Iowa or Illinois. Additionally, concerns have been raised regarding the affordability of camping at state parks for Wisconsin residents, particularly low-income residents. Finally, given that the parks account is expected to have an available balance of approximately \$1.5 million on June 30, 2017, it could be argued that the increase in camping fee revenues is not necessary at this time [Alternative C2].

24. On the other hand, maintaining camping fees at current levels would result in a decrease in revenue to the parks account of approximately \$1.135 million over the biennium as compared to the bill. If current camping fees were maintained, the account would be expected to have an available balance of approximately \$320,000 on June 30, 2017. Additionally, while camping fees would increase under the bill, it should be noted that, in most cases, fees charged per night for camping in state parks are comparable to or lower than fees typically charged by county parks or private campgrounds. For example, the nightly fee for a non-electric campsite at two commercial campgrounds near Wisconsin Dells were currently \$29 and \$33 (during peak season), while a non-electric site at the two state parks nearby, Mirror Lake State Park and Devil's Lake State Park currently costs \$15 per night for residents and \$17 per night for non-residents, and would cost \$17 nightly for residents and \$19 nightly for non-residents under the bill. However, private campgrounds may have more tourist amenities than nearby state parks. On the other hand, some private campsites may be considered less scenic than many park sites. In the past, private campground owners have supported fee increase proposals for state campgrounds in order to maintain equitable pricing structures, particularly in competitive markets. Further, given the likely structural imbalance in the parks account going into the 2017-19 biennium under the bill, it would seem prudent to provide an increase in ongoing camping revenues prior to 2017-19.

25. The statutes offer the Department flexibility with regard to charging additional camping fees beyond the base fees established in statute. Section 27.01(10)(h) of the statutes specifies that DNR determine which state campgrounds are located in areas where local market conditions justify the establishment of higher camping fees and promulgate rules to establish such fees. The Department established this fee in s. NR.45.12(2)(b)(5) of the administrative code as a \$3 fee per night for camping at campgrounds classified as "high demand", and over time the Department has added many properties and campgrounds to the list of those classified as high demand so that there are now very few properties and/or sites that are not classified as high demand. DNR could review this rule to further stratify pricing at the most popular campgrounds.

26. Additionally, the Department is currently statutorily authorized to waive camping fees, charge additional camping fees, or charge special fees instead of camping fees for certain classes of persons or groups, certain areas, certain types of camping, or times of the year and for admission to special events. The Department currently utilizes this authority for several purposes including charging a \$5 fee for water view campsites, a \$5 fee for electricity, and certain other fees for group camping. Other provisions authorize the Department to charge an additional fee of \$1 for each pet accompanying a camping party and an additional \$1 per night per camping party for a Friday, Saturday, or Sunday night. However, the Department has not utilized this authority. The Department could change their administrative rules to utilize their statutory authority to charge a higher fee than \$3 per night, or perhaps to charge a range of higher fees at particular parks, or during particular times of the year (or weekends), depending on local market conditions. An additional fee increase structure could be established in administrative rule by the beginning of the 2017-19 biennium to begin to address the structural imbalance in the account.

27. Some surrounding states have other sources of camping revenue such as tepees, yurts, or cabin rentals. Minnesota offers camping in yurts, which are insulated canvas tents with wood floors and woodstoves, for fees ranging from \$50 to \$65 per night depending on the size of the yurt (may sleep from three to seven people). In addition to the wood burning stove, each yurt has operable windows, a domed roof with skylight, bunkbeds, and a table and chairs or stools. Minnesota state parks also offer camping in camper cabins for \$55 to \$70 per night. The camper cabins are rustic, one-room wooden cabins (12 feet by 16 feet) and contain a table, benches, and wooden bunkbeds with mattresses and most have a screened porch. In addition, Minnesota has several other larger cabins, houses, chalets, or lodges with kitchens and bathrooms (from \$60 to \$495 per night depending on size and amenities). Illinois offers cabins which are available for \$25 in addition to all other applicable camping and utility fees. The cabins consist of two-rooms and include one full-sized bed with mattress, two sets of bunk beds with mattresses, an electric heater, a drop-leaf table with chairs, and ceiling fans. Iowa offers yurts (\$35 per night), camper cabins (\$25 to \$35 per night), and other cabins ranging in size and amenities from \$50 to \$100 per night. Michigan offers a variety of cabins including rustic cabins for \$65 to \$86 per night (sleep from two to 24 people and include beds or bunks with mattresses, a table, chairs, and propane heater or wood stove), mini-cabins for \$49 per night (slightly smaller than rustic cabins and sleep four or fewer people with bunkbeds and mattresses provided), camper cabins \$65 to \$86 per night (similar to a mini-cabin but each sleeps up to six people with two sets of bunk beds and a futon in a main living area, and also include a covered front porch), and lodges for \$85 to \$215 per night (houses with kitchens and bathrooms, vary in size, sleep from six to 12 people). Michigan also offers tepees (\$35 per night) pop up campers (\$55 per night) and yurts (\$65 per night).

28. Currently, under administrative rule NR 1.30(2), DNR is prohibited from developing overnight lodging facilities other than designated campgrounds, group camps and staff residences, except those constructed for use exclusively by people with physical disabilities, with their family or attendant or both, and overnight lodging in the Seth Peterson cottage at Mirror Lake State Park (a Frank Lloyd Wright-designed cottage owned by DNR and operated by a non-profit conservancy through an agreement with the Department). The Governor included funds for operation and maintenance of "camper cabins" in his 2013-15 biennial budget bill, and DNR indicated at the time that they would utilize \$500,000 in stewardship property development funds in each year of the

biennium for construction of camper cabins at several state park and forest sites. However, the Legislature deleted the camper cabins operations funding (in part, because DNR rule changes needed to accomplish this had not been started). To date, the Department has not pursued a rule change to allow the construction of camper cabins. As envisioned by the Department in 2013, a camper cabin might consist of a 12 foot by 12 foot structure with insulated walls, windows, electricity, heating unit, and small exterior deck. The Department could amend their administrative rules to allow for construction of camper cabins. As changes to administrative rules generally take one to two years, this would likely not be in place prior to the 2017-19 biennium. However, the Building Commission's recommendations for the 2015-17 building program would not provide for any DNR property development projects utilizing stewardship program bonding revenue (under current law, at least \$11.5 million in 2015-17 would be available). Under the Building Commission recommendation, DNR would not have development funds to construct camper cabins (or for capital maintenance or development projects) during 2015-17. Altering the rule prior to 2017-19 would allow the Department to construct camper cabins should development funding become available in 2017-19.

Additional/Alternative Funding Sources

29. Given the anticipated structural imbalance in the parks account, particularly going into the 2017-19 biennium, an alternative could be to require DNR to study and prepare a report regarding potential additional sources of revenue for parks operations and maintenance. The study could include, at a minimum, revenue estimates for a voluntary vehicle registration parks sticker and expanded camping facilities and fee structures. DNR could be required to report the results of the study, and any recommendations for closing any structural imbalance in the parks account to the Joint Committee on Finance, the Governor, and appropriate standing committees of the Legislature, by December 1, 2016 [Alternative D1].

30. As reestimated, the admissions and camping fees included in the bill would be expected to generate approximately \$775,000 in 2015-16 and \$1,185,000 in 2016-17 to the parks account (and \$385,000 in 2015-16 and \$540,000 in 2016-17 to the forestry account). However, the bill would increase parks account expenditure authority by \$3,224,500 annually. As a result, increased SEG expenditures would be expected to exceed increased revenues by over \$2.0 million in fiscal year 2016-17 resulting in the structural imbalance in the account. However, as noted earlier, due to a significant July 1, 2015, opening balance, the account would be expected to have a remaining balance of approximately \$1.5 million on June 30, 2017.

31. Another alternative funding source that could be considered would be the forestry account of the conservation fund. The forestry mill tax is authorized in the Wisconsin Constitution for the purpose of acquiring, preserving, and developing the forests of the state and generates approximately 77% of revenues to the forestry account. As a property tax, the forestry tax is paid by most state residents. State parks provide recreational, public health, and economic benefits to state residents generally. Further, state parks and recreational areas preserve heavily forested areas of the state for public nature-based outdoor recreation. An alternative to GPR could be to provide funding from the forestry account of the conservation fund, which is expected to have a substantial available balance under the bill. As noted, the bill would delete \$4,668,800 GPR annually for parks

operations and provide \$3,224,500 parks account SEG annually. The net reduction would be \$1,444,300 annually (an almost 9% reduction in state park operations funding). The Committee could consider providing \$1,445,000 annually from the forestry account of the conservation fund to restore the funding reduction under the bill [Alternative D2]. This would allow the parks system to fill some vacancies, and to fund operations and routine maintenance at approximately current levels.

ALTERNATIVES

A. GPR Funding

1. Adopt the Governor's recommendation to delete \$4,668,800 GPR annually and 44.68 positions for operation of state parks and recreation areas and provide \$3,224,500 parks account SEG annually and 44.68 positions.

2. Restore \$2,334,400 GPR annually and 22.34 positions and delete the same amount of parks account SEG funding and positions;

ALT A2	Change to Bill	
	Funding	Positions
GPR	\$4,668,800	22.34
SEG	<u>- 4,668,800</u>	<u>- 22.34</u>
Total	\$0	0.00

3. Restore \$4,668,800 GPR and 44.68 positions beginning in 2016-17 and delete the same amount of parks account SEG funding and positions;

ALT A3	Change to Bill	
	Funding	Positions
GPR	\$4,668,800	44.68
SEG	<u>- 4,668,800</u>	<u>- 44.68</u>
Total	\$0	0.00

4. Restore \$2,334,400 GPR and 22.34 positions in 2016-17 and delete the same amount of parks account SEG funding and positions;

ALT A4	Change to Bill	
	Funding	Positions
GPR	\$2,334,400	22.34
SEG	<u>- 2,334,400</u>	<u>- 22.34</u>
Total	\$0	0.00

5. Restore \$4,668,800 GPR and 44.68 positions annually and delete \$3,224,500 parks account SEG funding and 44.68 positions (maintain current law).

ALT A5	Change to Bill	
	Funding	Positions
GPR	\$9,337,600	44.68
SEG	- 6,449,000	- 44.68
Total	\$2,888,600	0.00

6. Require the Department to submit its 2017-19 biennial budget request as if the following amount of GPR were provided for parks operations (the segregated parks operations appropriation would be reduced by the same amount and number of positions):

(a) \$2,334,400 and 22.34 positions;

(b) \$4,668,800 and 44.68 positions

B. Admissions Fees

1. Adopt the Governor's recommendation to increase annual state park and forest vehicle admission fees by \$3. As reestimated, admission fee increases would generate \$225,000 in 2015-16 and \$600,000 in 2016-17 to the parks account (and \$80,000 in 2015-16 and \$215,000 in 2016-17 to the forestry account). [\$1,120,000 in 2015-17 revenues, versus \$1,630,000 originally estimated under the bill.]

ALT B1	Change to Bill
SEG-REV	- \$510,000

2. Adopt the Governor's recommendation to increase annual state park and forest admission fees by \$3 (and include the reestimated revenue effect). In addition, increase daily state park vehicle admission fees by \$1. The increase in daily fees would be expected to increase annual revenues to the parks account by \$245,000 (and \$78,000 to the forestry account annually).

ALT B2	Change to Bill
SEG-REV	\$136,000

3. Maintain current law (state park and forest vehicle admission fees would remain unchanged).

ALT B3	Change to Bill
SEG-REV	- \$1,630,000

C. Camping Fees

1. Adopt the Governor's recommendation to increase state park and forest camping fees by \$2. As reestimated, the camping fee increases would be expected to generate revenues of \$550,000 in 2015-16 and \$585,000 in 2016-17 to the parks account (with \$305,000 in 2015-16 and \$325,000 in 2016-17 to the forestry account). [\$1,765,000 in 2015-17 revenues, versus \$2,150,000 originally estimated under the bill.]

ALT C1	Change to Bill
SEG-REV	- \$385,000

2. Maintain current law (state park and forest camping fees would remain unchanged).

ALT C2	Change to Bill
SEG-REV	- \$2,150,000

D. Additional/Alternative Funding Sources

1. Require DNR to study and prepare a report regarding potential additional sources of revenue for parks operations and maintenance. Require the study to include, at a minimum, revenue estimates for a voluntary vehicle registration parks sticker, and expanded camping facilities and fee structures. Require DNR to report the results of the study, and recommendations for closing any structural imbalance in the parks account, to the Joint Committee on Finance, the Governor, and the appropriate standing committees of the Legislature, by December 1, 2016.

2. Provide \$1,445,000 forestry SEG annually for state park operations.

ALT D2	Change to Bill
SEG	\$2,890,000

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May 7, 2015

Joint Committee on Finance

Paper #462

State Park, Forest, and Riverway Roads (DNR -- Parks and Forestry)

[LFB 2015-17 Budget Summary: Page 313, #2]

CURRENT LAW

Under current law, \$2,000,000 GPR annually is provided in a continuing appropriation for state park and forest roads, roads in the lower Wisconsin state riverway, and other roads under the jurisdiction of the Department of Natural Resources, as well as other public lands (owned by the Board of Commissioners of Public Lands). The Department is currently required to expend not less than one-third of the amounts from this appropriation in each fiscal year for the renovation, marking, and maintenance of a town or county highway located within the boundaries of a state park, state forest, or other property under the jurisdiction of DNR or for the renovation, marking, and maintenance of roads which DNR certifies are utilized by a substantial number of visitors to state parks, state forests, or other DNR properties.

GOVERNOR

Delete \$2,000,000 GPR annually to zero-out the appropriation for state park, forest, and riverway road maintenance.

DISCUSSION POINTS

1. Currently, DNR is required to expend at least one-third of the funds provided in the state park, forest, and riverway road maintenance appropriation for renovation, marking, and maintenance of roads within the boundaries of a DNR property or roads that DNR certifies are utilized by a substantial number of visitors to DNR properties. Attachment 1 shows local road aids provided in fiscal years 2012-13, 2013-14, and 2014-15. DNR indicates that municipalities apply for funds and receive a commitment letter signed by the Secretary showing the amount awarded,

and funds are encumbered at that time. Once the project is completed, DNR reimburses the municipality. The cost share varies but may be up to 100% of project costs depending on priority and need. The commitment letter specifies that DNR will not pay for cost overruns. However, if a project comes in under budget there may be remaining funds which can be allocated to projects awaiting funding, emergency projects, or projects in the following fiscal year. The types of projects funded over the last three fiscal years included grading and gravel, culverts, paving and resurfacing, bridge upgrades, and maintenance work. In fiscal year 2012-13, the appropriation was funded at \$2,658,100, of which \$886,000 was available for local road aids. The appropriation was budgeted at \$2,000,000 annually beginning in fiscal year 2013-14, of which at least \$666,700 was available for local road aids.

2. According to the Department, demand for local road aids currently exceeds the amount available. In fiscal year 2014-15, DNR awarded approximately \$721,900 in local road aids (utilizing the \$666,700 in available fiscal year 2014-15 funds and remaining funds from prior years). Under the bill, DNR indicates that the Department would be unable to provide funding for local road aids from an alternate source as they are not authorized to utilize capital development funds for roads that are not owned, managed, supervised, or controlled by the Department.

3. While the appropriation has been budgeted at \$2 million or above for the last two biennia, the Department expended approximately \$1 million or less each year. This was due in part to the Department's decision to lapse funds from this appropriation as part of required lapses to the general fund. The Department lapsed the following amounts from the appropriation: \$1,780,900 in fiscal year 2011-12; \$658,100 in fiscal year 2012-13; \$495,300 in fiscal year 2013-14; and plans to lapse \$700,000 in fiscal year 2014-15.

4. After excluding the amounts available for local road aids, and determining the planned lapse from the appropriation each year, DNR staff indicate that the remaining available funding is divided among the programs based on road type and mileage within each bureau. The bureaus then work to prioritize projects to utilize the funding. This includes allotting funds to immediate projects and setting aside funding that may be allotted to a project in the future when the project is ready to be constructed. The following table shows the total amounts allotted to each program for fiscal years 2012-13, 2013-14, and 2014-15. After accounting for the Department's planned \$700,000 lapse, the appropriation would be expected to have an estimated continuing balance of approximately \$2.0 million at the end of fiscal year 2014-15. However, DNR indicates that approximately \$1.8 million in funding has been set aside for projects that have not yet commenced. As a continuing appropriation, DNR could utilize the approximately \$2 million in continuing funds for these projects during the 2015-17 biennium.

DNR Road Projects 2012-13 through 2014-15

	Fiscal Year			Total Allotted	Fiscal year 2014-15 Allocated but	Set Aside for Planned Projects
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>		Not Yet Allotted	
Forestry	\$265,000	\$375,500	\$0	\$640,500	\$164,800	\$108,700
Parks	469,100	461,800	42,000	972,900	260,700	1,044,400
Wildlife	237,000	79,500	0	316,500	122,700	393,600
Facilities and Lands		92,900	0	92,900	14,600	0
Fisheries	34,000	47,800	0	81,800	22,900	264,800
Natural Heritage						
Conservation (formerly						
Endangered Resources)	<u>3,400</u>	<u>2,500</u>	<u>0</u>	<u>5,900</u>	<u>5,600</u>	<u>19,700</u>
	\$1,008,500	\$1,060,000	\$42,000	\$2,110,500	\$591,300	\$1,831,200

5. In addition to the \$1.8 million in projects DNR has set aside from continuing funding, there are over \$14 million in road projects included in the Department's current six-year plan as shown in Attachment 2. (Under statute, DNR and other state agencies are required to submit a six-year facility plan to the Division of State Facilities in the Department of Administration listing the development needs of the agency's facilities and setting a preliminary timeline for their completion.) DNR indicates that if additional funding were provided in the appropriation during the 2015-17 biennium, the Department would utilize these funds to begin working on some of these projects in order of priority. Those ranked highest (A1) include a parking lot project for a trailhead of the Glacial Drumlin State Trail and gates for winter roads at Potawatomi State Park. According to the Department, these are important maintenance and repair projects that are needed to protect DNR's investment in state properties. Without additional funds, DNR indicates that available funding will be extremely limited. For example, the Building Commission's recommendations for the 2015-17 building program would not provide for any DNR property development projects utilizing stewardship program bonding revenue (under current law, \$6.5 million in 2015-16 and \$5 million in 2016-17 would be available). Some projects would likely be deferred until at least the next biennium and would contribute to an existing backlog of maintenance projects. Poor road conditions may affect public enjoyment, or use, of state parks and other recreational properties.

6. If the Committee wished to provide funds for local road maintenance aids and DNR road maintenance projects, the GPR funding could be restored, as state residents generally may utilize roadways on DNR properties and nearby roadways to visit state properties [Alternative 2a]. Further, it could be argued that use of the roadways located near state properties by visitors to those properties as well as by loggers conducting timber harvests on state lands, contributes to the degradation of the roadways and that local governments should not have to bear the entire cost of maintenance of those roadways. On the other hand, local governments receive state transportation aids for local road maintenance that could be utilized for these projects. However, local officials argue these state properties often attract substantial use from visitors beyond the local town or county and maintenance costs should be shared more broadly.

7. The forestry mill tax is authorized in the Wisconsin Constitution for the purpose of

acquiring, preserving, and developing the forests of the state and generates approximately 77% of revenues to the forestry account. The road aids program funds road maintenance and development that allows for public use of the state forest system, as well as state parks and other forested state recreational areas. Further, use of local roads for forestry management on DNR lands is a criteria required to be used for ranking local projects. An alternative to GPR could be to provide funding from the forestry account of the conservation fund, which is expected to have an available balance under the bill [Alternative 2b].

8. Although most is set-aside for specific projects, given that the appropriation is anticipated to have a continuing balance of approximately \$2 million on June 30, 2015, another option would be to restore funding in the second year of the biennium. This would allow the Department to complete existing projects for which funds have been allocated, fund some additional projects, and would provide base funding going into the 2017-19 biennium. However, as no funds would be authorized for 2015-16, the Department would not have additional funding in that year for local road aids. Another alternative would be to provide \$1 million in each year. That way local road aids could be provided at least \$333,300 each year and the Department would be able to fund some state projects beyond those already allocated [Alternative 2a(3), or 2b(3)]. Another alternative would be to provide \$666,700 in 2015-16 designated only for local road aids, with regular program funding to again begin in 2016-17 [Alternative 2a(4), or 2b(4)].

ALTERNATIVES

1. Adopt the Governor's recommendation to delete \$2,000,000 GPR annually for state park, forest, and riverway road maintenance.
2. Restore funding from the following funding source and at the following level:
 - a. GPR
 - (1) \$2,000,000 annually (current law).
 - (2) \$2,000,000 beginning in 2016-17.
 - (3) \$1,000,000 annually
 - (4) \$667,000 in 2015-16 for local road aids only, and \$2,000,000 beginning in 2016-17.
 - b. Forestry SEG
 - (1) \$2,000,000 annually
 - (2) \$2,000,000 beginning in 2016-17
 - (3) \$1,000,000 annually
 - (4) \$667,000 in 2015-16 for local road aids only, and \$2,000,000 beginning in 2016-17.

Prepared by: Erin Probst
Attachments

ATTACHMENT 1

Local Road Aid Projects Fiscal Year 2012-13 through 2014-15

Property	County	Township	Road Name	DNR Cost	Total Cost	DNR % of Project Cost	Project Type
Fiscal Year 2012-13							
Black River State Forest	Jackson	Millston	Kling Road	\$112,500	\$112,500	100%	Grade and gravel, culverts, etc.
Colburn Wildlife Area	Adams	Colburn	6th Avenue	65,000	100,000	65	Resurfacing
Dell Creek Watershed	Sauk	Dellona	DNR Road	5,200	21,200	25	Grade and gravel
Flambeau River State Forest	Rusk County	Rusk County	Skinner Creek Road	82,000	91,100	90	Gravel, lift, ditching, mulching, and replacing culverts
Governor Knowles State Forest	Burnett	Union	North River Road	127,500	170,000	75	Grade and gravel, culverts, etc.
Joel Marsh Wildlife Area	Polk	Beaver	33rd Street (access road)	7,000	8,000	88	Grade and gravel
Killsnake Wildlife Area	Manitowoc	Eaton	Marsh Road	3,900	7,900	49	Grade and gravel
Mead Wildlife Area	Marathon	Eau Pleine	Swamp Lane	2,000	3,000	67	Grade and gravel
Mirror Lake State Park	Sauk	Delton	Hastings Road	150,000	180,000	83	Resurfacing, culverts, etc.
Northern Highland American Legion State Forest	Vilas	Sherman	Powell Road	131,800	256,300	51	Repare with blacktop, culverts, etc.
Pershing Wildlife Area	Taylor	Pershing	South Pond & Pond Roads	4,000	4,000	100	Re-gravel and install new culverts
Pine Island Wildlife Area	Columbia	Caledonia	Levee Road	80,800	220,000	37	Pulverize and repave
Turtle-Flambeau Flowage	Iron	Mercer	Popko Circle West Road	70,000	255,000	27	Upgrade Trude Lake bridge
Total				\$841,700	\$1,429,000	59%	
Fiscal Year 2013-14							
Black River State Forest	Jackson	Millstown	Kling Road, Phase II	\$105,000	\$105,000	100%	Gravel, ditch
Brule River State Forest	Douglas	Cloverland	Brule River Road	62,200	70,600	88	Ditch, upgrade gravel surface, & reshape
Devil's Lake State Park	Sauk	Baraboo	South Shore Road	40,000	80,000	50	Replace creek crossing and widen road base
Flambeau River State Forest	Price	Lake	Prettie Road	34,400	43,000	80	Stump, crown, ditch, replace culverts
Flambeau River State Forest	Sawyer	Winter	West Lane	35,000	171,200	20	Gravel, ditch and replace culverts
Flambeau River State Forest	Sawyer	Draper	Payne Farm Road	48,600	54,000	90	Maintenance, re-gravelling
Flambeau River State Forest	Price	Flambeau	Price Lake Road	9,000	12,000	75	Maintenance, culverts and ditching
Governor Knowles State Forest	Burnett	Anderson	Pleasant Prairie Road	22,000	33,000	67	Re-ditch, crown and culvert replacement
Grand River Marsh Wildlife Area	Green Lake	Marquette	Grand River Road	20,000	23,000	87	Patch and repair worst segments
McMillan Marsh Wildlife Area	Marathon	Spencer	Swamp Road	4,300	6,400	67	Reconstruct, grade, ditch, culverts
Mead Wildlife Area	Marathon	Eau Pleine	Mead Lane	12,500	15,500	81	Regrade, crown, ditch
Mead Wildlife Area	Marathon	Green Valley	Rice Lake Road	25,500	32,500	78	Gravel, crown, ditch
Rice Beds Creek Wildlife Area	Polk	Johnstown	195th Avenue	15,000	20,000	75	Ditch grade, gravel, replacement culverts
Whitefish Dunes State Park	Door	Sevastopol	Schauer Road	71,000	141,000	50	Widen width to 22 feet
Wood County Wildlife Area	Wood	Remington	Ball Road East & West	66,500	76,500	87	Place granite road base to level & re-surface
Total				\$571,000	\$883,700	65%	

Property	County	Township	Road Name	DNR Cost	Total Cost	Project Cost	Project Type	DNR % of
								Project Cost
Fiscal Year 2014-15								
Black River State Forest	Jackson	Millston	Kling Road, Phase III	\$93,500	\$93,500	100%	Gravel, ditch	
Brule River State Forest	Douglas	Bennett	Park Road	11,400	19,000	60	Ditch upgrade gravel surface, & reshape	
Fish Lake Wildlife Area	Burnett	Anderson	Hickerson & Stolte Roads	18,000	35,000	51	Re-gravel	
Fish Lake Wildlife Area	Burnett	Granisburg	Stolte Road	18,000	20,000	90	Re-gravel	
Flambeau River State Forest	Sawyer	Winter	West Lane Road	20,000	29,500	68	Asphalt 1/4 mile	
Grand River Marsh Wildlife Area	Green Lake	Marquette	Grand River Road	20,000	23,000	87	Continue to patch and repair	
High Cliff State Park	Calumet	Sherwood (V.)	Springhill Drive	45,000	150,000	30	Mill and overlay re-paving, culvert replacement	
Jackson Marsh Wildlife Area	Washington	Jackson	Church Road	80,000	100,000	80	Replace/add 4-5 culverts, gravel, grade, pulverize, seal	
Kettle Moraine State Forest-Northern Unit	Fond du Lac	Mitchell	Scenic Drive	100,000	125,000	80	Re-paving	
Northern Highland American Legion State Forest	Vilas	Boulder Junction	Bear Lake Road	125,000	250,000	50	Pulverize, add grave, re-pave	
Northern Highland American Legion State Forest	Oneida	Woodruff	Little Bass Lake Road	130,000	130,000	100	Re-align and reconstruct	
Paradise Marsh Wildlife Area	Columbia	Courtland	Paradise Marsh Road	61,000	71,000	86	Ditch and crown	
Total				\$721,900	\$1,046,000	69%		
Total 2012-13 through 2014-15				\$2,134,600	\$3,358,700	64%		

ATTACHMENT 2

Road Projects Included in DNR's 2016-2021 Six Year Plan

<u>Property</u>	<u>County</u>	<u>Project</u>	<u>Project Cost</u>	<u>Priority</u>
Glacial Drumlin State Trail	Dane	Trailhead Parking Lot, Culvert	\$26,500	A1
Potawatomi State Park	Door	Gates For Winter Roads	4,500	A1
400 State Trail	Juneau	Road Maintenance	1,000	B1
Amnicon Falls State Park	Douglas	Replace Guard Rails	15,700	B1
Big Foot Beach State Park	Walworth	Sealcoat Roads/Lots	130,500	B1
Black River State Forest	Jackson	Road Maintenance	21,000	B1
Blue Mound State Park	Iowa	Replace Main, Picnic, and Pool Roads	685,000	B1
		Road Maintenance	3,900	B1
		Repave Campground Road	566,500	B1
Brule River State Forest	Douglas	Road Maintenance 2015-2017	5,000	B1
	Douglas	Resurface Roads and Lots	123,300	B1
Buckhorn State Park	Juneau	Regravel Roads	181,400	B1
		Parking Lot Line Repainting	6,300	B1
Cadiz Springs State Recreation Area	Green	Road Maintenance	1,000	B1
		Resurface East Picnic Lot	10,000	B1
Chippewa River State Trail	Dunn	Road Maintenance	1,000	B1
Columbia County Wildlife Area	Columbia	Gravel/Grade Parking Lots	25,000	B1
Copper Culture State Park	Oconto	Repair Road and Parking Lots	22,000	B1
Devil's Lake State Park	Sauk	Repave / Resurface North Shore Lots 1- 4	326,000	B1
Dodge County Wildlife Management Areas	Dodge	Road and Parking Lot Maintenance	17,580	B1
Elroy-Sparta State Trail	Multiple	Road Maintenance	1,000	B1
		Road Maintenance	2,200	B1
Flambeau River State Forest	Multiple	Road Maintenance 2019-2021	50,000	B1
		Road Maintenance 2017-2019	50,000	B1
		Road Maintenance 2015-2017	50,000	B1
	Sawyer	Crush Gravel (2015-2017)	49,500	B1
Glacial Habitat Restoration Area	Multiple	Improve Access	40,000	B1
Governor Dodge State Park	Iowa	Road Maintenance	15,000	B1
Governor Knowles State Forest	Multiple	Road Maintenance 2015-2017	6,100	B1
Governor Nelson State Park	Dane	Pave Wakanda Parking Lot	60,000	B1
Harrington Beach State Park	Ozaukee	Repave Puckett's Pond & Welcome Center Parking Lots	377,000	B1
	Ozaukee	Repave Shuttle Bus Road	244,600	B1
Hartman Creek State Park	Waupaca	Resurface Beach Parking Lot	155,700	B1
Havenwoods State Forest	Milwaukee	Havenwoods Parking Lot Crack Fill	3,500	B1
		Resurface Road and Parking Lot	200,000	B1
		Road Maintenance	2,500	B1

<u>Property</u>	<u>County</u>	<u>Project</u>	<u>Project Cost</u>	<u>Priority</u>
Heritage Hill State Park	Brown	Road Repairs	9,600	B1
High Cliff State Park	Calumet	High Cliff Road Safety Improvements	777,900	B1
Interstate State Park	Polk	Center Road Stripe Painting	3,750	B1
Kettle Moraine State Forest-Northern Unit	Fond Du Lac	Road Maintenance	18,000	B1
	Multiple	Road Maintenance	\$18,000	B1
	Washington	Renovate Hwy 28 Bridle/Snowmobile Lot	47,500	B1
Kettle Moraine State Forest-Pike Lake Unit	Washington	Resurface Beach Lot	379,000	B1
		Hwy Q Parking Lot and Road	126,100	B1
		Resurface Office Lot/Road	109,800	B1
		Resurface Beach Entrance Road	91,500	B1
		Resurface Road and Trail Lot	67,300	B1
Kettle Moraine State Forest-Southern Unit	Waukesha	Mcmiller Road/Parking lot Paving	172,900	B1
Kinnickinnic State Park	Pierce	Sealcoat Crackfill Park Roads/Lots	167,000	B1
La Crosse River State Trail	La Crosse	Road Maintenance	1,000	B1
Lake Wissota State Park	Chippewa	Asphalt Main Roads and Use Areas	452,000	B1
		Asphalt Camp and Shelter Areas	161,000	B1
Meadow Valley Wildlife Area	Jackson	Repair Damaged Roads and Dikes	48,400	B1
Mill Bluff State Park	Monroe	Road Maintenance	1,500	B1
Mirror Lake State Park	Sauk	Resurface Park Roads	325,000	B1
Northern Highland American Legion State Forest	Oneida	Repave Clear Lake Campground Road	148,300	B1
	Multiple	Road Maintenance (2015-2017)	32,000	B1
	Vilas	Resurface Roads and Lots-Trout Lake Hdqtrs	753,400	B1
Pattison State Park	Douglas	Repave Shop Parking Lot	27,500	B1
Paul Olson Wildlife Area	Portage	Paul Olson Lots And Roads	18,145	B1
Peninsula State Park	Door	Road And Park Lot Repaving	1,144,000	B1
		Resurface Shore and Bluff Roads	50,000	B1
Perrot State Park	Trempealeau	Resurface Roads	91,000	B1
Peshigo River State Forest	Marinette	Road Maintenance 2015-2017	24,300	B1
Potawatomi State Park	Door	Road Resurfacing and Reconstruction	427,000	B1
Red Cedar and Chippewa River State Trails	Dunn	Road Maintenance	1,000	B1
Richard Bong State Recreation Area	Kenosha	Road Repairs - Sunset Campground	195,132	B1
		Road Repairs - Entrance Lot C to Sunset Campground	528,511	B1
		Road Repairs - Sunrise Campground	250,884	B1
		Road Repairs - Road to Sunrise Campground	330,319	B1
		Road Repairs Entrance Road to Lot C	418,404	B1
		Parking Lot Repairs - Group F and Boat Access	19,474	B1
		Parking Lot Repairs Trailhead and Shelter 1&2	132,019	B1
		Parking Lot Repairs Lot C	301,600	B1
Parking Lot Repair	48,882	B1		
Roche-A-Cri State Park	Adams	Parking Lot and Roadway Repainting	2,200	B1
Rock Island State Park	Door	Road Maintenance	1,000	B1

<u>Property</u>	<u>County</u>	<u>Project</u>	<u>Project Cost</u>	<u>Priority</u>
Sandhill Wildlife Area	Wood	Repair Damaged Roads and Dikes	29,700	B1
Southeast Region Wildlife Areas	Multiple	Resurface and Upgrade Parking Areas	30,400	B1
Sugar River State Trail	Green	New Glarus Depot Lot Repair	53,900	B1
Tower Hill State Park	Iowa	Road Maintenance	\$1,000	B1
Whitefish Dunes State Park	Door	Pave Roads and Lots	238,550	B1
Wildcat Mountain State Park	Vernon	Road Maintenance	3,000	B1
Wilson State Nursery	Grant	Resurface Access Road and Parking	124,800	B1
Wood County Wildlife Area	Wood	Repair Damaged Roads and Dikes	48,400	B1
Wyalusing State Park	Grant	Repave Shop Parking Lot	89,045	B1
		Sealcoat Parking Shop Parking Lot	2,750	B1
		Resurfacing Sentinel Ridge	75,500	B1
		Resurface Long Valley Road	340,000	B1
		State Park Road Resurface	229,000	B1
		Resurface Cathedral Tree Drive	211,000	B1
		Resurface Homestead Camp Road	125,000	B1
Kohler Andrae State Park	Sheboygan	Road Bridge	200,000	B2
Big Foot Beach State Park	Walworth	New Parking Lot For Vault Toilets	5,000	C
Hoosier Creek Habitat Area	Racine	Hoosier Creek Road Rehab	11,000	C
Kettle Moraine State Forest-Loew Lake Unit	Washington	Road Maintenance	6,500	C
Kinnickinnic State Park	Pierce	Hunter's East Parking Lot	6,500	C
Kohler Andrae State Park	Sheboygan	Parking Lot Improvements	440,000	C
Navarino Wildlife Area	Shawano	Grade/Gravel Access Roads/Parking Lots	17,200	C
Point Beach State Forest	Manitowoc	Renovate Lighthouse Lot/Access	58,000	C
Potawatomi State Park	Door	Group Camp Parking Lots Road Asphalt Paving	37,135	C
Roche-A-Cri State Park	Adams	Additional Parking Lot At Kiosk	44,200	C
Sandhill Wildlife Area	Wood	Resurface Sandhill Headquarters Parking Area and Trailhead	53,200	C
	Wood	Re-Surface Sandhill Skills Center Parking Areas	41,300	C
Willow River State Park	St. Croix	Pave Gravel Parking Lots	38,000	C
Wyalusing State Park	Grant	Expand Observatory Parking Lot	10,200	C
Kettle Moraine State Forest- Southern Unit	Multiple	Trail Parking Lot (Emma Carlin)	92,500	D1
Point Beach State Forest	Manitowoc	Trail Head Parking	40,000	D1
Mirror Lake State Park	Sauk	Construct Sand/Salt Storage Bin	16,200	D2
Total			\$14,121,580	



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May 7, 2015

Joint Committee on Finance

Paper #463

Parks and Southern Forests Operations (DNR -- Parks and Forestry)

[LFB 2015-17 Budget Summary: Page 313, #3]

CURRENT LAW

The Department of Natural Resources (DNR) parks and southern forests staff operate 75 recreational properties open to the public, including 46 state parks, 14 state trails, two national scenic trails, eight southern forests and five recreation areas.

GOVERNOR

Provide \$150,000 annually for limited-term employees, utilities, fleet expenses, and supplies to operate several new facilities and campgrounds at 14 state parks, four state recreation areas, three southern state forests and one state trail.

DISCUSSION POINTS

1. The Department has recently added new facilities at multiple properties. In addition, several new facilities are under development or are beginning construction and scheduled to open in the 2015-17 biennium. These facilities require services including electricity, sewer and water, fuel, and cleaning and basic maintenance. The bill would provide additional operations and maintenance funding from the parks and forestry accounts of the conservation fund. While the funding was initially identified as \$100,000 from the parks account and \$50,000 from the forestry account, the administration indicates the correct funding split based on the properties and facilities included would be \$115,000 from the parks account and \$35,000 from the forestry account. The bill includes operations for facilities and campgrounds at 14 state parks, four state recreation areas, three southern state forests and one state trail.

2. The bill includes \$3,000 parks SEG annually for maintenance costs associated with a toilet and shower building at Wyalusing State Park. The Department indicates this project has been delayed but will be going out to bid later in 2015 with construction slated to begin in spring of 2016. Therefore, the facility would not be operational before fiscal year 2016-17 [Alternative 2].

ALTERNATIVES

1. Adopt the Governor's recommendation, as corrected, to provide \$115,000 parks SEG annually and \$35,000 forestry SEG annually for limited-term employees, utilities, fleet expenses, and supplies to operate several new facilities and campgrounds at parks and southern forests.

2. Adopt the Governor's recommendation, as corrected, except delete \$3,000 parks SEG in 2015-16 related to a delayed toilet/shower building project at Wyalusing State Park.

ALT 2	Change to Bill
SEG	- \$3,000

Prepared by: Erin Probst



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May 7, 2015

Joint Committee on Finance

Paper #464

Urban Forestry Grant Eligibility (DNR -- Parks and Forestry)

[LFB 2015-17 Budget Summary: Page 316, #9]

CURRENT LAW

The Department awards urban forestry grants to cities, villages, towns, counties, tribal governments and non-profit organizations for up to 50 percent of the cost of various projects, including tree management plans, tree inventories, brush residue projects, the development of tree management ordinances, tree disease evaluation, public education relating to trees in urban areas and other related projects. Under administrative rule, the minimum grant is \$1,000 and the maximum grant is \$25,000. DNR may also award grants under the urban forestry grant program to counties, cities, villages, towns, nonprofit organizations, and tribal governments for the costs of removing, saving, and replacing trees that have been damaged by catastrophic storm events in urban areas if the Governor has declared an emergency. No match is required for storm emergency grants. Base level funding of \$524,600 forestry SEG is available.

GOVERNOR

Require DNR to award urban forestry grants to counties, cities, villages, towns, and nonprofit organizations for up to 50% of the cost of removing, saving, and replacing trees in urban areas that have been damaged by disease, infestation, or catastrophic storm events.

DISCUSSION POINTS

Catastrophic Storm Grants

1. Since 2007 Act 13, DNR has provided funds under the urban forestry grant program for catastrophic storm grants. Current law specifies that to be eligible for these grants, the damage

must have occurred in an area for which the Governor has designated a state of emergency due to a catastrophic storm event. The statutes specify that the grants may be provided for up to 100% of costs of removing, saving, and replacing trees (no match is required). DNR staff indicate that while storms can occur at any time, they have typically occurred during the summer months. Under administrative rule, DNR currently sets aside 20% of annual funding for these grants and grants may range from a minimum of \$4,000 to a maximum of \$50,000. Because the appropriation is a biennial appropriation, DNR staff indicate that at the end of the first fiscal year, any remaining unencumbered funds from the set aside are allocated toward general urban forestry grants. In the second year of the biennium, any unencumbered funds as of December 1 are allocated to general urban forestry grants. The following table shows all catastrophic storm grants awarded under the urban forestry grant program.

TABLE 1
Catastrophic Storm Grants Awarded

<u>Grantee</u>	<u>County</u>	<u>Award</u>	<u>Storm Event</u>	<u>Tree Maintenance</u>		
				<u>Planting</u>	<u>Removal</u>	<u>Pruning (Saving)</u>
Fiscal Year 2008-09						
Kenosha County	Kenosha	\$21,400	Tornado		x	x
Town of Wheatland	Kenosha	<u>50,000</u>	Tornado	x	x	x
Subtotal		\$71,400				
Fiscal Year 2009-10						
Town of Vernon	Waukesha	\$50,000	Tornado		x	x
Fiscal Year 2010-11						
Village of Grantsburg	Burnett	\$31,600	Catastrophic Storm	x	x	x
Village of Minong	Washburn	<u>17,000</u>	Catastrophic Storm	x	x	x
Subtotal		\$48,600				
Fiscal Year 2011-12						
Village of Brooklyn	Dane/Green	\$22,400	Catastrophic Storm	x	x	x
Fiscal Year 2013-14						
City of Brodhead	Green	\$19,500	Catastrophic Storm	x	x	x
City of Madison	Dane	19,500	Catastrophic Storm	x	x	x
Village of McFarland	Dane	8,200	Catastrophic Storm	x	x	x
City of Platteville	Grant	19,500	Catastrophic Storm	x		
Platteville Community Arboretum, Inc.	Grant	18,700	Catastrophic Storm	x		
City of Sun Prairie	Dane	<u>19,500</u>	Catastrophic Storm	x	x	x
Subtotal		\$104,900				
Total		\$297,300				

2. The Department defines a "catastrophic storm event" under administrative rule as snow, ice, hail, wind or tornado of sufficient ferocity to cause damage to urban forests and for which

the Governor declares a state of emergency under s. 323.10 of the statutes. The rule states that a catastrophic storm event does not include forest fires, drought, insect infestations or disease, or water saturation due to flooding. The bill would remove the requirement regarding the declaration of a state of emergency, and grants would be limited to up to 50% of project costs. Further, the bill would add disease or infestation to the eligible grant award events. Under the bill, urban forestry grants would be provided for up to 50% of the cost of removing, saving, and replacing trees in urban areas that have been damaged by disease, infestation, or catastrophic storm events.

3. The administration indicates that it is expected that communities should be able to assist in the replacement of trees using existing resources or through outside grant funding. However, DNR staff indicate that it may be difficult for communities to provide sufficient funding for their portion of the project, especially in an emergency. Given the emergency situations, under the current program, grant recipients may request 50% advance payment of estimated project costs. On the other hand, requiring matching funds allows grant funds to go further to fund a larger number of projects. An option would be to require a 25% local match, which would allow more projects to be funded but recognize the difficulty local communities may have in coming up with funds in an emergency [Alternative C2]. Another alternative could be to limit grants to up to 50% of costs except in the case of catastrophic storm events, for which no match would be required (as under current law) [Alternative C3].

General Urban Forestry Grants

4. The general urban forestry grant program provides grants for a variety of purposes. The bill would eliminate tree management plans, tree inventories, brush residue projects (no grants have included brush residue projects in the last five years), the development of tree management ordinances, tree disease evaluation, and public education relating to trees in urban areas and other related projects from the statutory list of eligible urban forestry grants. The administration indicates the intent was for the program to better utilize forestry resources with a focus primarily on tree planting rather than education.

5. The Department indicates that many of the types of activities involved in the urban forestry grant projects funded in the past would not be eligible for funding under the bill. Further, those types of activities that would be eligible for funding under the bill, such as tree removal, tree repair (saving), and tree planting, would only be eligible in an urban area that had already been damaged by disease, infestation, or catastrophic storm events. From calendar year 2011 through 2015, DNR awarded 224 general urban forestry grants (excluding catastrophic grants) that may have included one, or more, of various eligible project costs. As shown in the following table, of the 224 grants awarded from calendar year 2011 through 2015, 112 projects (50%) involved some amount of education or outreach. However, many urban forestry grant projects involved multiple types of activities, including the following activities which would not be eligible for funding under the bill: tree inventories [105 projects (47%)], training [66 projects (29.5%)], and tree management plans [41 projects (18%)]. Activities which would be eligible for funding under the bill include: tree planting [126 projects (56%)], tree removal [96 projects (43%)], and tree pruning [44 (20%) which could be considered tree "saving"]. These activities would be eligible for funding under the bill, although only in cases where the communities had been damaged by disease, infestation, or

catastrophic storm events.

TABLE 2

General Urban Forestry Grant Activities (2011 through 2015)

	<u>Projects Including this Activity</u>	
	<u>Number</u>	<u>Percent**</u>
Project Activities Not Eligible Under the Bill:		
Information/ Education/ Outreach	112	50%
Tree Inventory	105	47
Training	66	29
Tree Management Plan	41	18
Emerald Ash Borer Plan	30	13
Other	25	11
Tree Management Ordinance	16	7
Project Activities Eligible Under the Bill:*		
Tree Maintenance: Planting	126	56%
Tree Maintenance: Removal	96	43
Tree Maintenance: Pruning (Saving)	44	20
Tree Maintenance: Other (Primarily Emerald Ash Borer Treatment) (Saving)	42	19

*Eligible only in urban areas that have been damaged by disease, infestation, or catastrophic storm events.

**Percent of the 224 grant projects funded between 2011 and 2015 that included this category.

6. The attachment shows 2015 urban forestry grants (no catastrophic storm grants have been provided for 2015 as of April 1, 2015). It could be argued that the forestry mill tax, as a property tax, is paid by most state residents, utilizing forestry account funding for routine urban forestry management activities is reasonable and current law should be maintained [Alternative A2]. In addition, maintaining or increasing the urban forest canopy provides functional benefits such as storm water moderation, lowered energy costs, improved air quality, carbon sequestration, shading, and protection from ultraviolet radiation. Further, the forestry account is expected to have an available balance under the bill. Therefore, it could be argued that the Department has sufficient resources to fund the types of projects allowed under current law. On the other hand, the administration argues that forestry resources should be allocated to communities that have been impacted by disease, infestation, or catastrophic storm events.

7. DNR staff indicate that in addition to state funds for urban forestry grants, the urban forestry program also typically receives an annual grant from the United States Department of Agriculture (USDA) Forest Service, referred to as the Urban and Community Forestry Core Grant (typically ranging between \$200,000 and \$275,000 annually). The majority of the grant is used for DNR limited-term employee (LTE) salary and fringe, with some funding used for the cost of travel and contracts for training or demonstration projects. The remainder is designated for urban forestry grants. In 2011, the Department received an additional grant of \$141,900 from USDA Forest Service which was utilized for urban forestry grants for emerald ash borer (EAB) efforts. The

Department indicates that core grant funds may only be utilized by DNR for purposes that are statutorily authorized for state grants. That is, the federal funding could not be utilized to award urban forestry grants of the types eliminated under the bill. Currently, urban forestry grant requests exceed available funding. The following table shows the funding requested and funding awarded under the urban forestry grant program from calendar year 2010 through calendar year 2015 (grants are awarded in fall for the following calendar year). Over that period, the amount awarded from state and federal funds ranged from 59% of the amount applied for in 2013 to 78% in 2011 (the year where additional USDA EAB grant funds were available).

TABLE 3

**General Urban Forestry Grant Funding Requested and Funds Awarded:
Calendar Year 2011 through 2015**

<u>Calendar Year</u>	<u>Funding Requested</u>	<u>State Funding Awarded</u>	<u>Percent Funded (State only)</u>	<u>Federal Funding Awarded</u>	<u>Total Funding Awarded</u>	<u>Percentage Funded (State and Federal)</u>
2015	\$715,300	\$420,300	58.8%	\$63,400	\$483,700	67.6%
2014	813,300	524,600	64.5	92,900	617,500	75.9
2013	955,300	500,000	52.3	60,700	560,700	58.7
2012	699,000	528,200	75.6	0	528,200	75.6
2011	<u>865,200</u>	<u>445,800</u>	51.5	<u>228,400*</u>	<u>674,200</u>	77.9
Total	\$4,048,100	\$2,418,900	59.8%	\$445,400	\$2,864,300	70.8%

*Included \$141,900 specifically for emerald ash borer efforts.

8. Emerald ash borer (EAB) treatment would be eligible for urban forestry grant funding under the bill only in areas that have been damaged by the pest (as shown in Table 2, 42 of the 224 grants, or 19%, awarded from 2011 through 2015 included tree maintenance, primarily EAB treatment). The EAB is an exotic insect, native to Asia, which is threatening the ash resource in the Great Lakes region. The EAB was first found in southeastern Wisconsin in 2008. The chemical treatment for EAB is applied as a preventative measure to prevent the insects from infesting ash trees. This could be done before an EAB infestation is detected in a community, or after the infestation has begun. Under the bill, a community would only be eligible for EAB treatment funds after an infestation had damaged trees in that area. Additionally, planning for a community's response to EAB would not be eligible for urban forestry grant funds (13% of grants from 2011 through 2015 included EAB planning).

9. The administration indicates that the effect of the bill on urban forestry grant funding for EAB planning, prevention, and treatment was not discussed. According to the Department of Agriculture, Trade, and Consumer Protection (DATCP), Wisconsin forests contain more than 770 million ash trees (nearly 7% of the tree population), and in urban areas, DATCP estimates that approximately 20 percent (over 5 million trees) are ash. While the insect can only fly a few miles on its own, DATCP indicates it is easily and quickly moved to new areas when insect larvae are

transported in infested firewood, ash nursery stock, or other items. Currently 37 counties are under a quarantine restricting ash timber sale and movement. Communities in these counties arguably would be eligible for treatment funds to save trees under the bill. The EAB is expected to appear in communities throughout Wisconsin, and DATCP recommends that municipalities prepare in advance for the insect's arrival, including development of a funding strategy. According to DATCP, a well-planned response can minimize the impact, reduce liability, spread out costs and lessen the overall cost of EAB infestation response. Specifying that urban forestry grants may be utilized for up to 50% of the costs of disease planning, prevention, and treatment could provide all communities with a portion of the funding necessary to conduct tree inventories, tree plantings and other activities in preparation for and in response to an EAB infestation or other potential disease affecting urban forests [Alternative B2].

ALTERNATIVES

A. Urban Forestry Grant Program

1. Adopt the Governor's recommendation to require DNR to award urban forestry grants to counties, cities, villages, towns, and nonprofit organizations for up to 50% of the cost of removing, saving, and replacing trees in urban areas that have been damaged by disease, infestation, or catastrophic storm events.

2. Maintain current law.

B. Disease Damage (If an alternative from "A" is not adopted.)

Specify that urban forestry grants may be awarded to counties, cities, villages, towns, and nonprofit organizations for up to 50% of the cost of the following:

1. Removing, saving, and replacing trees in urban areas that have been damaged by disease or infestation. (Governor's recommendation).

2. Disease planning, prevention, and treatment.

C. Catastrophic Storm Damage (If an alternative from "A" is not adopted.)

Award urban forestry grants to counties, cities, villages, towns, and nonprofit organizations for the costs of removing, saving, and replacing trees in urban areas that have been damaged by catastrophic storm events at the following amounts:

1. Up to 50% (Governor's recommendation).

2. Up to 75%.

3. Up to 100% (current law).

Prepared by: Erin Probst
Attachment

ATTACHMENT

2015 General Urban Forestry Grants

Grantee	County	Project Description	Award	Project Activities Not Eligible Under the Bill						Project Activities Eligible Under the Bill*			
				Education/ Outreach	Inventory	Training	Mgmt. Plan	EAB Plan	EAB Treatment	Planting	Removal	Pruning	
Brooklyn (V)	Dane/ Green	Urban Forestry Management	\$5,000								x	x	x
Burlington (C)	Racine	EAB Control, GIS Inventory, & Tree Maintenance	\$25,000	x	x	x				x	x	x	x
Butternut (V)	Ashland	Tree Planting, Pruning and/or Removal	\$5,000								x	x	x
Plainfield (V)	Waushara	Tree Planting, Pruning and/or Removal	\$2,000								x	x	x
Cornell (C)	Chippewa	Tree Inventory & EAB Planning Program	\$5,000		x		x			x	x	x	x
Stratford (V)	Marathon	Urban Forestry Management	\$5,000	x							x	x	x
Turtle (T)	Rock	Tree Maintenance & Inventory Management Plan	\$4,000		x						x	x	x
Ashwaubenon (V)	Brown	EAB Management-Chemical Treatment, Removal, Replanting	\$25,000							x	x	x	
Bayside (V)	Milwaukee	Tree Removal and Planting (EAB Mitigation Strategy)	\$25,000								x	x	
Cumberland (C)	Barron	Urban Forestry Plan and Community Awareness Program	\$2,200	x	x		x			x	x	x	
Ozaukee County Planning and Parks Department	Ozaukee	Improvements to Ecology in Parks and Other Lands	\$25,000	x	x	x				x	x	x	
Slinger (V)	Washington	EAB Action Plan	\$10,200	x	x	x				x	x	x	

Grantee	County	Project Description	Award	Project Activities Not Eligible Under the Bill							Project Activities Eligible Under the Bill*				
				Education/ Outreach	Inventory	Training	Mgmt. Plan	EAB Plan	EAB Treatment	Planting	Removal	Pruning			
Monroe (C)	Green	Public Tree Inventory and EAB Treatment/Preventative Removal	\$19,500	x	x						x				
Sheboygan (C)	Sheboygan	EAB Operations, Management, and Planting Plan	\$21,900	x	x		x						x		
Bellevue (V)	Brown	EAB Plan, Tree Planting, & EAB Community Education	\$11,900	x	x				x			x			
Grafton (V)	Ozaukee	Treating and Replacing Ash Trees	\$14,200								x				
Greenfield (C)	Milwaukee	EAB Treatment, Information & Canopy Preservation	\$14,500	x					x		x				
Onalaska (C)	La Crosse	EAB Ash Tree Replacement Planting Program	\$8,800									x			
Sussex (V)	Waukesha	Urban Forestry Management Plan	\$5,000		x			x							
Urban Tree Alliance (Madison)	Dane	Madison Area Canopy Project	\$25,000	x	x			x				x			
Fitchburg (C)	Dane	EAB Treatment and Canopy Preservation	\$10,800					x				x			
Germanton (V)	Washington	EAB Response Plan	\$5,100	x				x							
Habitat for Humanity of WI	Washington/Dodge	Wisconsin Habitat Rescued Wood	\$25,000												
Milwaukee County (Parks)	Milwaukee	Tree Priority Zone Inventory and Sustainability Plan	\$25,000	x	x										
Racine (C)	Racine	EAB Treatment and Training	\$25,000					x							
Shorewood (V)	Milwaukee	Urban Forestry Management Program	\$2,500						x						

Grantee	County	Project Description	Award	Project Activities Not Eligible Under the Bill							Project Activities Eligible Under the Bill*						
				Education/ Outreach	Inventory	Training	Mgmt. Plan	EAB Plan	EAB Treatment	Planting	Removal	Pruning					
Southwest Badger Resource Conservation and Development Council (Platteville)	Crawford, Grant, Green, Iowa, La Crosse, Lafayette, Richland, Sauk, and Vernon	Urban Tree Infrastructure: Education & Canopy Mapping	\$25,000	x													
Sustainable Atwood (Madison)	Dane	Urban Wood Material Streams	\$25,000	x													
Urban Ecology Center (Milwaukee)	Milwaukee	Centennial Arboretum Strategic Urban Forestry Plan	\$23,800														
Wauwatosa (C)	Milwaukee	EAB Preventative Treatment	\$25,000														
West Madison Senior Coalition, Inc	Dane	University Hill Farms Tree Inventory	\$25,000	x	x												
Zoological Society of Milwaukee County	Milwaukee	EAB Plan-Treatment and Education	\$7,300	x													
Total			\$483,700	50%	41%	22%	16%	6%	38%	47%	44%	22%					
Percent of Projects Including Activity Type																	

*Only in urban areas that have been damaged by disease, infestation, or catastrophic storm events.



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May 7, 2015

Joint Committee on Finance

Paper #465

Managed Forest Law Timber Cutting Notices (DNR -- Parks and Forestry)

[LFB 2015-17 Budget Summary: Page 317, #11]

CURRENT LAW

Current law requires a landowner with land enrolled in the MFL program who intends to cut merchantable timber to file a notice of intent to cut the timber and request DNR approval of the proposed cutting. All cutting specified in the notice is required to begin within one year after the date the proposed cutting is approved.

GOVERNOR

Delete 4.0 positions and \$324,500 forestry SEG annually. Further, specify that an owner who intends to cut merchantable timber on managed forest land (MFL) is not required to obtain approval from DNR if the owner is required under the terms of an approved management plan to cut merchantable timber and a cooperating forester provided the required notice of intent to cut to the Department. Also, specify that, if a cooperating forester submits the timber cutting notice, all cutting specified in the notice must begin within one year after the date on which the notice is filed.

DISCUSSION POINTS

1. The administration submitted an errata clarifying that the intent of the bill was for DNR approval to not be required for a cutting notice prepared by a cooperating forester for timber to be harvested on forest crop law (FCL) land as well as managed forest law (MFL) land. Under current law, for FCL land, DNR may examine the lands specified in the cutting notice, and after examination, may prescribe the amount of forest products to be removed. Under the bill as

modified, if the cutting notice is provided by a cooperating forester, DNR would not be allowed to prescribe the amount of timber cut. Under current law, landowners enrolled in FCL are not statutorily required to have a forestry management plan (MFL enrollment requires an MFL management plan). DNR indicates that landowners enrolled in FCL work with the Department under what the Department refers to as a management schedule to ensure that the landowner practices sound forestry management.

2. Under administrative rules, cooperating foresters must apply to DNR and, if approved, enter into a cooperating forester agreement with the Department. Generally, the cooperating forester agreements are between DNR and a forestry firm, although an individual may constitute a firm in some cases. To qualify, each cooperating forester is required to have a bachelor's or higher degree in forestry from a school with an approved forestry curriculum and each forester must complete at least 10 hours of DNR approved training annually. Examples of qualifying training include, but are not limited to: annual cooperating forester meeting, cross training for loggers and foresters; DNR regional or in-service training sessions pertaining to forest management activities; MFL training and updates; and insect and disease training. The Department refers landowner requests for forestry assistance to cooperating foresters to provide private forestry assistance.

3. The administration estimates that the elimination of the requirement of DNR review of certain cutting notices would result in a workload reduction of approximately 4.0 FTE. While long-term cutting notice data was not readily available, DNR indicates that the average number of cutting reports filed for MFL land (which would be similar to the number of cutting notices filed with the exception of those cases where a notice was filed but cutting did not take place) during fiscal year 2011-12, 2012-13, and 2013-14, was approximately 3,000. Based on the Division of Forestry work plan, DNR estimates that review of each cutting notice filed requires an average six hours of DNR forester staff time, meaning forestry staff spent approximately 18,000 hours annually reviewing cutting notices during the last three fiscal years. DNR indicates the number of cutting reports filed for FCL lands is generally less than 100 per year and does not comprise a large workload. (FCL enrollments have been declining as many enrollees convert to MFL, and the last FCL order expires in 2035.)

4. From September to December, 2014, a total of 1,414 cutting notices were filed, of which 59% were submitted by cooperating foresters, 23% by DNR foresters, 6% by landowners, 6% by private foresters, and 6% by loggers. Assuming a similar number of cutting notices were filed by cooperating foresters under the bill, DNR staff would review approximately 40% of cutting notices and would not be required to review 60% of cutting notices. This would result in a reduction in workload of approximately 10,800 hours or over five full-time equivalent staff. Therefore, the administration's estimate of 4.0 positions appears reasonable. It is possible that a larger number of cutting notices would be prepared by cooperating foresters under the bill than under current law with the elimination of departmental review. However, this is difficult to estimate. The Department indicates that some parts of the state, especially where there are large tracts of state and federal lands, do not have as many available cooperating foresters. Therefore, DNR foresters provide assistance to FCL and MFL landowners in those areas and would likely continue to do so under the bill. It is also likely that some DNR staff time would remain associated with notices prepared by cooperating foresters as the Department would still receive them and could review them.

Additionally, DNR may spend staff time responding to questions or concerns that may be raised regarding cutting practices.

5. The administration indicates the intent of the provision was to reduce DNR forestry workload and to streamline the process for landowners to conduct a timber harvest that has already been approved as part of their management plan. As of January 1, 2015, approximately 3.3 million acres (including approximately 1.1 million open for public recreation and 2.2 million closed to public recreation) were enrolled in MFL and 132,600 acres in FCL. Overall, DNR indicates that the majority of Wisconsin's approximately 16 million acres of forest land are held by private non-industrial landowners (approximately 10.4 million acres of woodland managed by 362,000 owners). Forestry staff indicate that the Division of Forestry has been working to identify efficiencies in the MFL program in order to shift these resources to landowners not currently receiving assistance from DNR. In addition, DNR estimated the backlog of incomplete timber harvests at approximately 34,500 acres as of December, 2014. The Committee could consider adopting the Governor's recommendation regarding the cutting notices, but could restore the 4.0 positions so that forestry staff could shift resources to other areas such as non-MFL landowner assistance or addressing the timber harvest backlog [Alternative 2].

6. Under the bill, cutting notices prepared by a cooperating forester for an MFL landowner who is required to cut timber under the terms of an approved management plan or notices prepared by a cooperating forester for an FCL landowner would continue to be submitted to the Department. However, DNR approval of the notice would not be required before the cutting takes place. The following table shows the 1,414 cutting notices submitted from September to December, 2014, by submittal type. As shown in the table, of the 829 cutting notices submitted by cooperating foresters, 723 (87%) were approved at first submittal; 83 (10%) of the total were approved after the applicant made changes required by DNR; 22 (3%) had not received approval during the time period; and one was withdrawn. According to DNR, the primary reason why the notices were not approved within the time period was that the Department determined the marked or designated timber was not approvable (37%), the cutting prescription (manner in which the timber would be cut) was incomplete or unclear (26%), or multiple sections were blank or incorrect (14%). The remaining 23% were not approved for other reasons including: invasive species prescription incomplete or unclear (9%), Natural Heritage Inventory prescription incomplete or unclear (9%), or owner/applicant signature incomplete or incorrect (5%).

**MFL Cutting Notices Submitted to DNR from
September, 2014 to December, 2014 by Source**

	<u>Cooperating Foresters</u>		<u>DNR Foresters</u>		<u>Landowners</u>		<u>Private Foresters</u>		<u>Loggers</u>		<u>Total</u>	
	<u>Number</u>	<u>% of Total</u>	<u>Number</u>	<u>% of Total</u>	<u>Number</u>	<u>% of Total</u>	<u>Number</u>	<u>% of Total</u>	<u>Number</u>	<u>% of Total</u>	<u>Number</u>	<u>% of Total</u>
Approved at 1st Submittal	723	87.2%	316	97.8%	54	60.0%	73	82.0%	69	83.1%	1,235	87.3%
Approved after 1st submittal	83	10.0	6	1.9	27	30.0	13	14.6	12	14.5	141	10.0
Not Approved within Study Period	22	2.7	1	0.3	8	8.9	3	3.4	1	1.2	35	2.5
Withdrawn	<u>1</u>	---	<u>0</u>	0.0	<u>1</u>	1.1	<u>0</u>	0.0	<u>1</u>	1.2	<u>3</u>	0.2
Total Submitted	829		323		90		89		83		1,414	

7. While the cutting notices filed by cooperating foresters for MFL lands exempt from DNR approval under the bill would be for timber harvested as part of an approved management plan, long-term forestry management plans are written when land is enrolled, and conditions may change over the 25, or 50-year period of the agreement. Therefore, it is important for a trained forester to walk the land and write a cutting notice that matches current conditions. Cutting notices also specify how equipment and timber will be moved. The Department indicates that DNR review of cutting plans helps ensure that loggers leave behind a forest that will regenerate a strong crop of timber for industry while preventing erosion and protecting wildlife habitat and recreational lands.

8. It could be argued that without sound forestry practices, landowners might remove the healthiest trees and leave inferior genetic stock behind. However, by signing the cooperating forester agreement, each forestry firm agrees that its cooperators will abide by DNR approved sound forestry standards (including DNR handbooks) in all forest management guidance and assistance that they provide. The agreements are in effect until the end of the calendar year and may be renewed annually. To renew, each firm must sign the agreement for the next year, complete a report of the firm's forestry accomplishments for the preceding 12 months (October 1 through September 30) describing all land management contacts with non-industrial private landowners in Wisconsin and specific work completed (such as MFL or other management plans, timber sales set up, and forest stands established), and each forester in the firm must complete the required 10 hours of professional continuing education (training) each year.

9. Concerns have also been raised regarding the Department's recourse if DNR determines that the timber harvested does not conform to the management plan or is inconsistent with sound forestry practices. Under current law and the bill, if DNR determines that the timber harvested on MFL land is cut in violation of the MFL management plan or is inconsistent with sound forestry practices, the landowner is subject to a forfeiture equal to 20% of the current value of the merchantable timber cut. Under current law, for FCL land, if timber is cut in excess of the amount prescribed by the Department, the owner is liable for double the severance (yield) tax on the timber harvested and subject to withdrawal from the FCL program. Under the bill, as modified by the administration's errata, if the cutting notice is submitted by a cooperating forester, DNR would not be allowed to prescribe the amount of forest products to be removed. If the Department finds that the cutting is inconsistent with sound forestry practices, the landowner would be liable for double the severance (yield) tax on the timber harvested and subject to withdrawal from the FCL program. The Department indicates that the magnitude of the violation would determine whether DNR pursued withdrawal of the land from the FCL or MFL program. For example, if the violation involved only a few acres, DNR indicates they would cite the landowner and pursue the 20% forfeiture (in the case of MFL land), but probably would not force landowner withdrawal, but if the violation involved a larger number of acres, the Department might force landowner withdrawal. [If DNR forces withdrawal of the land from the program, the landowner is subject to a withdrawal fee and withdrawal taxes.] Not more than a few withdrawals have been made for this reason over the past four years. However, as timber growth takes significant time, it could be argued that preventing the Department from intervening earlier in the process (through required approval of the cutting notice), could, in some circumstances, result in lasting damage to the timber resource. Alternative 3 would maintain current law.

ALTERNATIVES

1. Adopt the Governor's recommendation to delete 4.0 positions and \$324,500 forestry SEG annually and specify that an owner who intends to cut merchantable timber on managed forest land (MFL) is not required to obtain approval from DNR if the owner is required under the terms of an approved management plan to cut merchantable timber and a cooperating forester provided the required notice of intent to cut to the Department. In addition, adopt the administration's suggested modification to specify that for land enrolled in the forest crop law (FCL) program, if the cutting notice is provided to DNR by a cooperating forester, DNR may not prescribe the amount of forest products to be removed, and if the Department finds that the cutting is inconsistent with sound forestry practices, the landowner is liable for double the severance (yield) tax on the timber harvested and subject to withdrawal from the FCL program. (The bill would also specify that, if a cooperating forester submits the timber cutting notice, all cutting specified in the notice must begin within one year after the date on which the notice is filed.)

2. Adopt the Governor's recommendation, as modified. However, restore \$324,500 forestry SEG annually and 4.0 positions.

ALT 2	Change to Bill	
	Funding	Positions
SEG	\$649,000	4.00

3. Delete provision. (Approval by DNR would continue to be required for all MFL cutting notices and the Department would remain allowed to prescribe the amount of forest products to be removed from FCL land after examining the land identified in the cutting notice).

ALT 3	Change to Bill	
	Funding	Positions
SEG	\$649,000	4.00

Prepared by: Erin Probst

NATURAL RESOURCES

Parks and Forestry

LFB Summary Items for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
4	Parks and Southern Forests Utilities Costs
5	Parks and Southern Forests GIS and GPS
6	Parks Computers
7	Forestry Equipment Master Leases
8	Forest Fire Protection Grant Appropriation
10	Relocation of Division of Forestry Headquarters Plan

