



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #531

Chronic Wasting Disease (DNR -- Fish, Wildlife, and Recreation)

[LFB 2003-05 Budget Summary: Page 315, #3]

CURRENT LAW

Between 1999 and 2001, DNR tested over 1,000 deer throughout the state for chronic wasting disease (CWD). However, no positive samples were identified prior to the 2001 gun deer season. In that year, three bucks harvested from deer management unit 70A (which includes portions of Dane and Iowa Counties) tested positive for the disease. As of April 25, 2003, 39,012 of the 40,111 samples taken from deer statewide during fall and winter deer hunts have been tested. Of the test results received so far, another 187 deer (190 wild deer in total) have generated positive test results for CWD. Of the samples that tested positive for CWD, 184 were taken from deer harvested within the Intensive Harvest/Eradication Zone and six were taken from deer harvested in the larger surrounding CWD Management Zone. Further, six farm-raised deer and one elk in Wisconsin have tested positive for the disease.

GOVERNOR

Provide \$1,594,700 in 2003-04 and \$1,465,800 with 1.0 position in 2004-05 from the fish and wildlife account for efforts relating to the management of wildlife diseases, with a primary focus on chronic wasting disease (CWD) in the state deer herd. Other diseases of concern include West Nile virus, and tuberculosis in elk and deer.

DISCUSSION POINTS

1. In response to the Department's request for assistance, the Governor called a special session in May, 2002, to address the issue, and the Legislature passed 2001 Act 108 to address issues concerning the state's ability to manage CWD in Wisconsin. Under the provisions of 2001

Act 108, \$2,000,100 SEG in one-time funding with 3.0 project positions was provided in 2002-03 from wildlife damage surcharge revenues. In addition, \$2,000,000 SEG was provided in the Joint Committee on Finance supplemental appropriation for release to DNR under a 14-day passive review process upon DNR submission of a detailed plan for CWD management. The Committee provided \$1 million from the available balance of the wildlife damage program as well as \$1 million from the available balance of the recycling fund in response to the Department's subsequent request. In addition, the Committee prohibited DNR from providing additional funds to the Department of Health and Family Services for purposes relating to CWD beyond what had already been provided. The Department submitted another request for increased expenditure authority in December, 2002, for CWD-related costs incurred during the fall deer harvest (including the statewide nine-day deer gun season in November). In response, the Committee provided \$343,900 from the available balance of the wildlife damage program for eradication and disposal costs, supplies and additional overtime funding for law enforcement, and regional customer service costs. A subsequent request for supplemental expenditure authority of \$869,300 SEG from the fish and wildlife account of the conservation fund to reimburse other DNR programs for staff time provided to operate chronic wasting disease testing centers during the fall deer hunts was received by the Committee in April, 2003, but was not approved.

2. Funds provided under Act 108 are to be used for DNR herd monitoring and sampling, law enforcement and wildlife management staff costs, equipment, supplies, travel, education efforts, LTE and overtime costs as well as for a project veterinarian, public information officer and data manager position. In addition, DNR is directed to provide funds to the Wisconsin veterinary diagnostic lab (WVDL) for CWD testing and could provide DATCP with funds to buy-out captive deer herds for CWD testing, support DATCP CWD-related staff and publicize CWD control efforts to deer farmers and processors. DNR also provided funds to the Department of Health and Family Services (DHFS) for death certificate surveillance and to sponsor a fellowship in the UW Department of Neurology prior to the October meeting of the Joint Committee on Finance.

3. The position provided under the bill would allow DNR to convert 1.0 project veterinary specialist position to permanent. Of the funds provided, \$1,017,800 annually would support disease management efforts, including testing and disposal costs, the continued support of the project data manager and public information officer positions in 2003-04 under 2001 Act 108 (these two project positions are deleted under standard budget adjustments in 2004-05), as well as additional LTE support. Funding provided to the Wisconsin Veterinary Diagnostic Lab would support testing of 30,000 samples annually. In addition, \$249,900 in 2003-04 and \$126,000 in 2004-05 would be provided for increased law enforcement costs related to CWD, such as air patrols, overtime, vehicle costs, and supplies. Research costs related to CWD (such as equipment, travel, flight time and LTE support relating to a radio telemetry study of deer movement in the CWD area) would be funded at \$277,000 annually. Finally, funding for public outreach efforts (including overtime, travel, technical support, postage, and costs associated with public meetings) of \$48,000 in 2003-04 and \$43,000 in 2004-05 would be provided. The following table outlines the provisions included under the bill.

TABLE 1

Funding for Wildlife Disease Control

| | <u>2003-04</u> | <u>2004-05</u> |
|---|--------------------|--------------------|
| Wildlife Management: | | |
| Carcass disposal | \$186,000 | \$186,000 |
| Tissue processing center costs | 55,600 | 55,600 |
| Veterinary specialist | 37,000 | 37,000 |
| Sample testing (funds to WVDL) | 608,700 | 608,700 |
| Sample processing costs | <u>130,500</u> | <u>130,500</u> |
| Subtotal | \$1,017,800 | \$1,017,800 |
| Law Enforcement: | | |
| Supplies and overtime | \$249,900 | \$126,000 |
| Communication & Education: | | |
| Support for public education, meetings, and publication development and distribution | \$48,000 | \$43,000 |
| Integrated Science Services: | | |
| Radio Telemetry research study costs | \$277,000 | \$277,000 |
| TOTAL | \$1,594,700 | \$1,465,800 |

4. While the development of CWD in the state deer herd contributed to a 10% decrease in sales of deer hunting licenses for the fall 2002 deer season as compared to the previous year, it remains difficult to predict what the long-term effect of the disease may be on revenues to the fish and wildlife account. The fish and wildlife account is currently estimated to have a June 30, 2005, balance of \$5.8 million under the bill. As the primary source of revenue to the fish and wildlife account is the fees charged for hunting, fishing and special licenses and stamps, it could be argued that this is an appropriate source of funding for CWD and wild deer health initiatives.

5. Another source of funding that could be considered and that has supported CWD efforts in the past is the wildlife damage claims and abatement program. This program provides landowners in participating counties with financial assistance to implement projects to reduce crop damage and partially reimburse losses incurred from crop damage. The programs are funded by two dedicated revenue sources within the fish and wildlife account of the conservation fund: (a) revenue from a \$1 surcharge on most resident and nonresident hunting licenses and a \$2 surcharge on resident and nonresident conservation patron licenses; and (b) revenue from the \$12 resident (\$20 nonresident) bonus deer permit. Together, these revenue sources generated over \$3.7 million for the wildlife damage program in 2001-02. Revenues fluctuate annually, primarily based on the number of bonus deer permits sold each season. The wildlife damage revenue appropriation is expected to have a July 1, 2003, balance of approximately \$4.1 million, and a June 30, 2005, balance of \$3.6 million under current law.

TABLE 2

**Wildlife Damage Account Condition
(\$ in Millions)**

| | <u>2001-02</u> | <u>2002-03</u> | <u>2003-04</u> | <u>2004-05</u> |
|---------------------|----------------|----------------|----------------|----------------|
| Opening Balance | \$7.84 | \$7.48 | \$4.07 | \$3.91 |
| Total Revenue | 3.70 | 3.25 | 3.31 | 3.32 |
| Total Available | 11.54 | 10.73 | 7.38 | 7.23 |
| Damage Expenditures | 3.14 | 3.32 | 3.47 | 3.63 |
| CWD Expenditures | <u>0.00</u> | <u>3.34</u> | <u>0.00</u> | <u>0.00</u> |
| Total Expenditures | 3.14 | 6.66 | 3.47 | 3.63 |
| Encumbrances | 0.92 | | | |
| Closing Balance | \$7.48 | \$4.07 | \$3.91 | \$3.60 |

6. From the perspective that wildlife damage program revenues are generated by a surcharge on hunting license sales as well as by the sale of bonus deer hunting permits, it may be argued that the program is an appropriate source of funding for CWD initiatives.

7. When the bonus deer permits were created in 1991 Act 39, an option to allocate 50% of the revenues to the wildlife damage program and 50% to the fish and wildlife account was considered. Since the bonus permit was created, revenues have exceeded expenditures under the wildlife damage program, to the extent that the program ended fiscal year 2002 with a \$7.5 million balance. A portion of this balance (\$3,334,000 in 2002-03) was provided for CWD management efforts. However, the fund remains healthy. It could be argued that allocating a portion of revenues from the sale of bonus permits to the general balance of the fish and wildlife account for CWD management purposes would provide a stable funding source for wildlife disease management efforts. If 50% of the revenues from the sale of resident and non-resident bonus permits were allocated to the fish and wildlife account, the damage program would be expected to have a June 30, 2005, balance of over \$1.2 million. Under this scenario, approximately \$1,150,000 in 2003-04 and \$1,170,000 in 2004-05 would be deposited to the general fish and wildlife account rather than the wildlife damage appropriation. The wildlife damage program would continue to receive all revenues generated from the surcharge assessed for that purpose on resident and non-resident hunting licenses (approximately \$1 million annually). However, unless the sale of bonus deer permits increases significantly in future years, on an ongoing basis damage revenues of about \$2.2 million could be expected with expenditures of \$3.5 million.

ALTERNATIVES

1. Approve the Governor's recommendation to provide \$1,594,700 in 2003-04 and \$1,465,800 with 1.0 position in 2004-05 from the fish and wildlife account for efforts relating to the management of wildlife diseases, with a primary focus on Chronic Wasting Disease (CWD) in the state deer herd.

2. Adopt Alternative 1. However, shift the following amount of the request from general fish and wildlife account SEG to wildlife damage surcharge revenues. The general balance of the fish and wildlife account would be increased by a corresponding amount.

a. The full amount (\$3,060,500 for the biennium).

b. \$1,000,000 annually.

c. \$750,000 annually.

d. \$500,000 annually.

3. Adopt Alternative 1. In addition, specify that 50% of all revenues generated from the sale of resident and non-resident bonus deer permits be deposited to the general fish and wildlife account rather than the wildlife damage appropriation effective July 1, 2003 (\$2.32 million for the biennium).

4. Delete the provision.

| <u>Alternative 4</u> | <u>SEG</u> |
|---|---------------|
| 2003-05 FUNDING (Change to Bill) | - \$3,060,500 |
| 2004-05 POSITIONS (Change to Bill) | - 1.00 |

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