



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #460

Bonus Deer Hunting Permits and CWD Management (DNR -- Fish, Wildlife, and Recreation)

[LFB 2013-15 Budget Summary: Page 330, #5 (part)]

CURRENT LAW

Under current law, residents and non-residents who have purchased a deer hunting license may also purchase a bonus deer permit. A bonus deer hunting permit authorizes the holder to take an additional deer of the sex or type specified by the Department on the permit. Except as authorized by administrative rule, a person may not apply for, or be issued, more than one bonus deer hunting permit in a single season.

GOVERNOR

Modify s. 29.181(2) of the statutes to specify that a bonus deer hunting permit would authorize the holder of the bonus deer hunting permit to, in addition to the current law authorization to take an additional deer of the sex or type specified by the Department on the permit (subject to a permit fee of \$12 for residents or \$20 for non-residents), take an additional deer in a county or deer management area in which the Department has confirmed that a deer has tested positive for chronic wasting disease (CWD), subject to a permit fee that the Department is required to establish by promulgating administrative rules, which must be at least \$5.75 (including the statutory 75¢ issuance fee). Specify that, of the moneys received from bonus permits issued for the taking of an additional deer in a Department-confirmed CWD area, \$5 from each permit be credited to a new continuing appropriation created for the management of, and testing for, chronic wasting disease rather than for the wildlife damage claims and abatement program. Further, specify that a person may be issued more than one bonus deer hunting permit in a single season if each bonus deer hunting permit authorizes the person to take deer only in a county or deer management area in which a deer has tested positive for chronic wasting disease. Finally, specify that emergency rules promulgated to establish the fee for a bonus deer permit for

taking an additional deer in a Department-confirmed CWD area remain in effect until June 30, 2015, or the date on which permanent rules take effect, whichever is sooner, and that DNR is not required to provide a finding of emergency for promulgation of these rules.

DISCUSSION POINTS

1. Under administrative rule, DNR issues resident and non-resident antlerless bonus permits on a first-come first-served basis to individuals who possess a valid deer hunting license and may issue more than one bonus permit per hunter up to an established quota per deer management unit. Resident bonus deer permits are available for \$12 and non-resident bonus deer permits are available for \$20. The revenues, less a 50¢ issuance fee paid to a non-DNR license vendor, are deposited in a fish and wildlife account continuing appropriation for wildlife damage and abatement claims. Currently, DNR does not charge a fee for bonus permits issued in CWD units.

2. The bill would create an additional bonus deer permit which would authorize the holder to take an additional deer in a county or deer management area in which DNR has confirmed that a deer has tested positive for chronic wasting disease. The bill would require the Department to promulgate administrative rules that establish the fee for the permit, but that the fee must be at least \$5.75. Under the bill, DNR could establish a fee that is higher than \$5.75 or could establish a higher fee for non-residents, similar to the traditional bonus deer permit.

3. Revenues from bonus deer permits are currently used to fund wildlife damage programs. Resident and non-resident bonus deer permits generated \$832,700 during fiscal year 2011-12. The bill would specify that \$5 from each bonus deer permit for taking an additional deer in a Department-confirmed CWD area would be deposited in a new appropriation for the management of, and testing for, CWD. No fish and wildlife SEG has been specifically appropriated for CWD management since fiscal year 2009-10. Funds had previously been provided for herd monitoring and sampling, law enforcement and wildlife management staff costs, equipment, supplies, travel, education efforts, limited-term employees and overtime costs as well as for a veterinarian, public information officer, and data manager position. DNR has also previously been directed to provide funds to the Wisconsin Veterinary Diagnostic Lab (WVDL) for CWD testing and to DATCP to buy-out captive deer herds for CWD testing, for CWD-related staff and to publicize CWD control efforts to deer farmers and processors. DNR spent \$2.13 million on CWD-related expenses in fiscal year 2010-11, \$1.75 million in fiscal year 2011-12 and approximately \$1.67 million in fiscal year 2012-13 as of May 3, 2013 (these included payments to the Wisconsin Veterinary Diagnostic Lab for CWD testing of \$149,700 in 2010-11, \$113,700 in 2011-12, and \$136,200 in 2012-13 through May 3, 2013). Under the bill, any revenue not appropriated under the new CWD appropriation (\$5 from each license), would be deposited into the wildlife damage claims and abatement appropriation, minus the portion of the 75¢ issuance remitted to the vendor (50¢). Were the permit fee set at the minimum fee of \$5.75, the wildlife damage appropriation may receive approximately 25¢ for each permit sold. A higher fee would generate additional wildlife damage funds.

4. The following table provides an estimated condition statement for the wildlife damage program through fiscal year 2014-15. It should be noted that the estimated expenditures shown in the table are significantly lower than appropriated (budgeted) levels. The wildlife damage

claims appropriation could be reestimated from \$3.3 million annually to \$2,820,000 in fiscal year 2013-14 and \$2,950,000 in 2014-15 to reflect anticipated expenditures. (However, as a continuing appropriation, all revenues received may be used for the wildlife damage claims and abatement program.) In addition, the venison processing appropriation could be reduced from \$594,000 annually to \$300,000 annually (Alternative 2). The Department indicates that the fall, 2013 gun deer season structure is expected to be substantially similar to the fall, 2012 season. As a result, revenues from bonus deer sales for fiscal year 2013-14 are estimated at a similar level as fiscal year 2012-13 revenues. Major factors in the demand for bonus deer permits are the number of deer management units statewide designated as either CWD deer management units or "herd control" units (formerly "Zone T") by DNR. In fall, 2012, there were 18 CWD deer management units; units where an unlimited number of antlerless bonus permits were available free of charge. There were 56 regular units; units where deer populations are at or near the goal set in administrative rule. In 50 of these units, a limited number of the additional antlerless bonus deer permits were available to residents for \$12 and to non-residents for \$20. [Due to a reduced deer population, six regular units were subject to a "zero antlerless quota" (designated as bucks only) during the 2012 hunting season.] In addition, there were 44 herd control units in 2012; units where additional gun and archer hunting of antlerless deer is necessary to reduce the deer population to a level closer to the DNR-established goal. While in some past seasons, an unlimited number of antlerless herd control carcass tags were available in these units; in 2012, there were a limited number available for \$2 at any DNR license sales location. Although not specifically authorized by statute, the \$2 fee is deposited in a handling fee appropriation in the fish and wildlife account of the conservation fund. DNR indicates that the Department would likely eliminate the \$2 herd control tag once the CWD bonus permits created by the bill were implemented (the \$12 resident and \$20 non-resident bonus permit fees would apply in herd control units). If the \$2 herd control permits were to be replaced by bonus deer permits (\$12 resident, \$20 non-resident), the wildlife damage program may realize additional revenues of perhaps \$380,000 annually.

Wildlife Damage Account Condition

	2010-11 <u>Actual</u>	2011-12 <u>Actual</u>	2012-13 <u>Estimate</u>	2013-14 <u>Estimate</u>	2014-15 <u>Estimate</u>
Opening Balance	\$2,885,800	\$3,871,700	\$4,039,600	\$4,779,600	\$5,254,600
Revenue	\$3,814,300	\$3,143,400	\$3,890,000	\$3,875,000	\$3,875,000
Total Available	6,700,100	7,015,100	7,929,600	8,654,600	9,129,600
Expenditures					
Wildlife Damage-Related	\$2,618,100	\$2,791,200	\$2,950,000	\$3,100,000	\$3,250,000
Venison Processing	<u>210,300</u>	<u>184,300</u>	<u>200,000</u>	<u>300,000</u>	<u>300,000</u>
Total Expenditures	\$2,828,400	\$2,975,500	\$3,150,000	\$3,400,000	\$3,550,000
Cash Balance	\$3,871,700	\$4,039,600	\$4,779,600	\$5,254,600	\$5,579,600
Encumbrances	\$1,170,600	\$509,500	\$300,000	\$300,000	\$300,000
Available Balance	\$2,701,100	\$3,530,100	\$4,479,600	\$4,954,600	\$5,279,600

5. Fiscal year 2014-15 revenues from bonus deer permits shown in the table are estimated to be similar to fiscal year 2012-13 levels. However, it is unclear what form the fall, 2014 gun deer season is likely to take. DNR's March, 2013, scope statement for administrative rules related to deer management, hunting, and implementation of the 2012 Kroll deer management report states that the rules will simplify the regulatory process by setting antlerless harvest goals, regulations, and antlerless permit quotas on a three-to-five year cycle instead of annually under current rule. Further, the statement specifies that the Department may recommend deer hunting season date modifications as a result of the rulemaking, and that a move to more passive management of CWD, as recommended by the report, may also involve changes to deer hunting season dates. In addition, the scope statement specifies that the administrative rules will reduce the number of deer management units and may combine farmland regions, and that the Department will consider using county boundaries in place of the current deer management units. Further, the rules may establish antlerless deer permits and allow the establishment of quotas for public lands that are different from the permits and quotas that are established for privately owned lands in a deer management unit. Changes to the deer management unit structure and gun deer season dates could affect bonus deer revenues in future fiscal years.

6. While estimated wildlife damage revenues are expected to cover anticipated wildlife damage expenditures over the 2013-15 biennium, the potential changes to the deer management unit structure and gun deer season dates outlined in the DNR scope statement would likely affect the level of bonus deer permit revenues beginning as early as fiscal year 2014-15, although the direction and degree of the impact is difficult to predict. The administration made no estimate of anticipated revenues from the CWD bonus permit created under the bill. DNR indicates that the fee is likely to be set at the minimum \$5.75 level established by the bill, but that the Department has not ruled out a somewhat higher fee. Based on the 57,367 \$2 herd control unit permits sold in fiscal year 2012-13 (outside of CWD zones) the new permit might generate annual revenues perhaps in the range of \$300,000, with approximately \$14,000 of that amount to be utilized for wildlife damage.

7. Wildlife damage revenues appear to be sufficient to cover anticipated expenditures in the biennium. However, wildlife damage expenditures have exceeded revenues in prior fiscal years, particularly in seasons where there were large number of herd control units where free extra deer permits were issued. For example, in fiscal years 2007-08 through 2009-10, DNR moved wildlife damage costs onto general fish and wildlife appropriations in order to fully fund program costs while maintaining a balance in the wildlife damage appropriation. Therefore, while \$5.75 would appear to be sufficient in the near term, the variability of bonus permit revenues may mean that additional revenue could be necessary at some point should permit revenues drop to levels insufficient to cover wildlife damage costs. Further, as CWD gradually spreads to additional areas, more CWD and fewer regular bonus permits may be available which could also limit wildlife damage revenues. Under the bill, in such circumstances, DNR could consider increasing the fee for the CWD bonus permits through the administrative rule process to provide additional revenue for the wildlife damage account (Alternative 1a). However, since the \$5.75 minimum fee would appear adequate for the foreseeable future, this fee could be set statutorily, with DNR being given the authority to increase it through the administrative rule process should this be necessary in the future (Alternative 1b).

ALTERNATIVES

1. Adopt the Governor's recommendation to specify that a bonus deer hunting permit would authorize the holder of the bonus deer hunting permit to, in addition to the current law authorization to take an additional deer of the sex or type specified by the Department on the permit (subject to a permit fee of \$12 for residents or \$20 for non-residents), take an additional deer in a county or deer management area in which the Department has confirmed that a deer has tested positive for chronic wasting disease (CWD), subject to a permit fee that the Department is required to establish by promulgating administrative rules, which must be at least \$5.75. Specify that \$5 from each permit be credited to a new continuing appropriation created for the management of and testing for chronic wasting disease (the remainder would be deposited for the wildlife damage claims and abatement program).

In addition adopt one of the following:

a. Authorize DNR to promulgate emergency rules, without the finding of an emergency, to set the fee level (Governor's recommendation); or,

b. Establish the fee at \$5.75 statutorily, but allow DNR to promulgate a higher fee through the administrative rule process.

2. Adopt the Governor's recommendation and delete \$774,000 in 2013-14 and \$644,000 in 2014-15 to re-estimate the wildlife damage claims and venison processing appropriations. (Wildlife damage claims would be budgeted at \$2,820,000 in 2013-14 and \$2,950,000 in 2014-15 and venison processing would be appropriated \$300,000 annually.)

ALT 2	Change to Bill Funding
SEG	- \$1,418,000

3. Maintain current law. Antlerless bonus deer permits would remain available for \$12 for residents and \$20 for non-residents (no CWD-specific antlerless bonus permits would be authorized).

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