



Legislative Fiscal Bureau

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December 14, 2006

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

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

REQUEST

The Department of Natural Resources (DNR) requests approval to transfer \$110,000 within the motor fuel tax transfer appropriation [s. 20.370(5)(cs)] from basic snowmobile trail aids to be used for supplemental trail aid payments.

BACKGROUND

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

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

credited to a separate supplemental snowmobile trail aids appropriation. Remaining revenues from trail use sticker sales (minus a 50¢ issuing fee) are deposited to the snowmobile account.

The main expenditure from the snowmobile account is for local snowmobile trail and project aids. Local trail aids are funded at \$7.6 million snowmobile SEG in 2006-07. DNR distributes aids to participating counties for the maintenance, development and acquisition of snowmobile trails throughout the state. The counties either develop and maintain local trails, or, more typically, redistribute aid to local snowmobile clubs that do the maintenance and development projects. Funds are also available for the development and maintenance of trails on state park and forest lands. Expenditures eligible for state aid, listed in priority order under s. 23.09(26) of the statutes, are: (1) maintenance of existing approved trails; (2) club signing programs; (3) bridge rehabilitation; (4) municipal route signing; (5) trail rehabilitation; and (6) development of new trails.

Generally, trail maintenance aids are provided to counties and the DNR at 100% of eligible costs up to a maximum of \$250 per mile per year. In addition to basic aids, a county or DNR is eligible for supplemental trail aid payments if actual eligible costs exceed the maximum of \$250 per mile per year and, of the costs incurred, actual trail grooming costs exceed \$150 per mile per year (other eligible costs include insurance and certain lease costs). Total state trail maintenance payments generally may not exceed \$1,000 per mile of snowmobile trail (\$250 per mile for basic maintenance and up to \$750 per mile for supplemental trail aids). Supplemental aid requests for this year averaged \$269 per mile, and varied between \$67 per mile in the Brule River State Forest to \$500 per mile in Oneida and Vilas Counties.

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

ANALYSIS

As shown in the following table, since the winter of 1990-91, supplemental amounts have fully funded eligible requests in eight years (including three years where the Joint Committee on Finance approved an additional allocation) and funding has been prorated in seven years. Supplemental payments for a snowmobile season are paid in the following fiscal year (that is, winter of 2005-06 trail costs are reimbursed in state fiscal year 2006-07).

Supplemental Snowmobile Trail Aids

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

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

**Currently available for payment.

The 2006-07 snowmobile motor fuel tax transfer is \$4,515,800 with \$1,290,200 of this amount earmarked for supplemental trail aid payments. In addition, non-resident trail use stickers sold during 2005-06 generated \$541,100 in additional funding for supplemental trail aids. Therefore the total available funding for supplemental trail aids for the 2005-06 season (payable in state fiscal year 2006-07) is \$1,831,300.

The application deadline for supplemental requests for the 2006-07 snowmobiling season was August 1, 2006. As of that date, DNR had acknowledged requests from 19 counties and seven cooperating snowmobile clubs for \$1,802,600 in supplemental funds. As required by section 350.12 of the statutes, on September 15, the Department provided the counties and clubs with an advance payment equal to 50% of the amount applied for. As available funds exceeded total supplemental trail aids requested, no proration of payments was necessary, and the Department sent final letters of eligibility to all eligible counties.

However, after approximately two-thirds of the letters had been sent, the Department discovered that an additional request of approximately \$139,600 had been omitted from the total amount the Department had obligated. In order to fund all eligible claims, an additional \$111,000 in supplemental funding could be provided (DNR requested \$110,000 in error). This would provide supplemental funding of \$1,942,300 and allow for a payment of 100% of supplemental trail aids to 20 counties and 7 cooperating snowmobile clubs for reimbursement of eligible snowmobile trail maintenance expenditures.

If the requested transfer is not granted, the Department would have to recoup a portion of the payments already made, and establish a prorated amount (94%). However, the Department indicates that recouping the payments would pose significant administrative difficulties, and the Department prefers to honor all of the previous county and club commitments rather than prorate the payments. The Snowmobile Recreation Council also recommends the Committee approve the transfer for supplemental trail aid funding.

ALTERNATIVES

1. Approve DNR's request, as corrected, to transfer \$111,000 SEG in 2006-07 within the snowmobile gas tax appropriation [s. 20.370(5)(cs)] from basic to supplemental snowmobile trail aids.
2. Deny the request.

Prepared by: Erin Rushmer
Attachment

ATTACHMENT

Fiscal Year 2006-07 Supplemental Trail Aids

<u>County</u>	<u>Trail Miles</u>	<u>Eligible Cost</u>	<u>Payment to Date</u>
Ashland	205.4	\$52,580	\$52,580
Bayfield	424.0	170,875	170,875
Burnett	237.0	6,513	6,513
Douglas	300.0	7,004	7,004
Florence	137.5	68,750	68,750
Forest	389.6	194,800	194,800
Iron	301.5	150,750	150,750
Langlade	532.3	87,022	87,022
Lincoln	306.6	52,668	52,668
Marathon	781.5	130,111	130,111
Marinette	488.8	137,437	137,437
Oconto	426.5	139,602	0
Oneida	404.3	202,150	202,150
Price	411.0	97,262	97,262
Rusk	327.1	26,990	26,990
Sawyer	334.8	93,084	93,084
Taylor	290.7	23,968	23,968
Tri County Corridor*	61.8	18,169	18,169
Vilas	441.7	220,850	220,850
Washburn	<u>240.0</u>	<u>29,508</u>	<u>29,508</u>
Subtotal	7,042.1	\$1,910,092	\$1,770,490
 <u>State Property</u>			
Bearskin Trail	18.0	\$6,725	\$6,725
Northern Highland-American Legion State Forest	73.2	19,524	19,524
Brule River State Forest	32.0	2,151	2,151
Tussockia Trail	<u>54.0</u>	<u>3,726</u>	<u>3,726</u>
Subtotal	177.2	\$32,126	\$32,126
 TOTAL	 7,219.3	 \$1,942,200	 \$1,802,600

*The Tri County Corridor refers to a county trail commission that operates trails in Ashland, Bayfield, and Douglas Counties.