

ADMINISTRATIVE RULES FISCAL ESTIMATE AND ECONOMIC IMPACT ANALYSIS

Type of Estimate and Analysis

Original Updated Corrected

Administrative Rule Chapter, Title and Number

WM-08-12 relating to the wolf hunting and trapping season, regulations, a depredation program, training hunting dogs, and coyote hunting.

This rule modifies Ch.'s NR 10 related to Game and Hunting, NR 12 related to Wildlife Damage and Nuisance Control, NR 17 related to Dog Trials and Training, and NR 19 related to Miscellaneous Fur, Fish, Game and Outdoor Recreation.

Subject

Economic impact analysis for public comment relating to the wolf hunting and trapping season, regulations, training hunting dogs, coyote hunting, and a depredation program.

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Chapter 20 , Stats. Appropriations Affected

20.370(fv), Wolf depredation program

Fiscal Effect of Implementing the Rule

No Fiscal Effect
 Indeterminate

Increase Existing Revenues
 Decrease Existing Revenues

Increase Costs
 Could Absorb Within Agency's Budget
 Decrease Costs

The Rule Will Impact the Following (Check All That Apply)

State's Economy

Local Government Units

Specific Businesses/Sectors

Public Utility Rate Payers

Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes No

Policy Problem Addressed by the Rule

2011 ACT 169 requires the department to submit rules necessary for implementation or interpretation of law establishing a wolf hunting and trapping season, regulations, and a depredation management program.

This analysis is required under s. 227.137 Stats. It is being reviewed as part of the normal rule making process. The effort involved and sophistication of this analysis are limited but sufficient given the minimal economic impact of these rules. Due to the excessive time required, no effort was made to calculate a net benefit using formal cost-benefit analysis techniques.

Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

The department has determined that these rules will have only a minimal economic impact locally or statewide. A notice for solicitation of comments on economic impacts was posted on the department's website from October 20 through November 2 and various interest groups were contacted by email. During that period the department posted the analysis on its website and distributed the proposed rule and analysis to parties it determined would be interested. The department received 8 comments from individuals or organizations and none from local governments. Most comments were either critical or supportive of wolf hunting but did not

address individual economic impacts. The Ruffed Grouse Society expressed concerns about the potential for incidental catch of bird dogs and how that could lead to reduced grouse hunting and associated expenditures.

The department held a public meeting to solicit comments on the economic impact analysis of proposed permanent rules on October 29 in Madison. One person attended the meeting and expressed opposition to wolf hunting and discussed economic impacts generally. No one indicated that they or their business would be impacted economically.

Background

These rules are necessary to implement a wolf hunting and trapping season and a depredation management program as required by 2011 ACT 169. In most cases, these expenses are required by the authorizing legislation and are not discretionary for the department. Therefore, the department does not expect new costs, beyond those already required under the ACT, as a result of this rulemaking. This will be the first modern era hunting and trapping season in the Midwest and significant new department costs and revenues are anticipated as a result of the ACT. Those new costs are summarized in the fiscal analysis prepared by the department for 2011 Senate Bill 411 which became ACT 169. The fiscal note can be found on the Wisconsin State Legislature's website under the summary of the bill's history.

Key information in analyzing the impact of these rules is the number of wolves present in the state, which greatly limits the scope of hunting and trapping opportunity, and subsequent impacts to economic and other activities. The 2012 winter wolf count was a minimum count range of 815-880 individual animals in 213 packs. For 2012 - 2013, the department has established a harvest quota of 201 wolves. The department will issue licenses in a number that is 10 times the harvest quota based on an estimate of hunter/trapper success that weighs a variety of factors. The number of licenses issued in future years will vary as experience is gained with the success rates of hunters and trappers. However, the 2012 - 2013 season framework is designed to begin slowly reducing the wolf population to a goal currently set at 350 animals in the winter wolf count. It seems unlikely that the number of licenses issued will increase significantly from the 2012 - 2013 levels. This population and season can be compared to a post-hunt, winter deer population of approximately 1 million animals in many years and participation levels in the range of 650,000 deer hunters. Also for comparison, the department estimated a statewide population of approximately 23,500 bears in Fall, 2011. Also in 2011, a total of 103,853 people applied for 9,005 black bear harvest permits and harvested 4,257 animals.

Another factor which may limit the economic impact of these rules is that, while wolf hunting and trapping are new activities, most participants will be people who are already hunters or trappers. As a result some wolf hunting activity, and related expenditures, will be a diversion from other hunting and trapping activities that an individual would already have engaged in during the fall season.

Specific Businesses and Business Sectors

These rules, and the legislation which grants the department rule making authority, do not have a significant fiscal effect on the private sector, small businesses, or other entities considered in this distributional analysis. Additionally, no significant costs are associated with implementation and compliance to these rules.

People who hunt or trap wolves may reside anywhere in the state but are likely to hunt and trap in the northern third of the state where most wolves are found. This will result in increased purchases of lodging services in areas where wolves are common. Some hunters/trappers will need to be assisted by paid guides in order to have a high likelihood of success. A review of Wisconsin bear hunting guide price lists, which may be comparable to wolf hunting guide services that could develop, showed a wide range of prices. Pricing began at approximately \$850 for several days of hunting over a bait site maintained by the guide to significantly higher prices for actively guided hunts where lodging and meals may be included. The gear used for wolf hunting will be similar to that used for deer and that, combined with the low number of hunters, means there will be limited new retail expenditures even though this is a new opportunity. Successful hunters and trappers may contribute economically through the sales of wolf pelts. However, because of the limited nature of the opportunity to harvest a wolf, it is more likely that successful participants will keep their animals and utilize the services of a taxidermist. These will be minor contributions overall but for an individual taxidermist, guide, or motel owner

who receives extra work, the impact is worth noting. For instance, a review of three Wisconsin taxidermists who advertise prices for wolves indicate a hunter could pay approximately \$750 for a rug and \$1,500 for a full body mount of a wolf.

The ACT and this rulemaking will have the physical effect of allowing Wisconsin to manage wolves to population levels that will be lower than the current population. As a result, there will likely be less wolf depredation on domestic animals. Under previous requirements of law and under the ACT, the department reimburses owners for the fair market value of domestic animals killed, or veterinary services, in wolf depredation incidents. A reduction in depredation will result in less time investigating damage, filling claims, and working with agency staff people who administer the program. Because the number of producers who experience wolf depredation is relatively limited, the impact of wolves on the statewide agricultural economy may not be noticeable. However, individual producers who experience livestock depredation are likely to view a hunting season as important to them economically. The number of farms that will experience depredation can be expected to decrease as the wolf population in Wisconsin and regionally decreases. In publication ER-658 2007 the department summarizes that depredations were relatively uncommon prior to the middle 1990s, but became a fairly regular activity after the population had reached 150 wolves. Numbers of farms with depredations on domestic animals averaged 2.8 farms annually in the 1990s, but increased to mean of 14.0 farms annually between 2000 and 2005. By 2005, the number of farms with depredation had grown to 25, and between 2001 and 2005, 54 farms had at least 1 verified livestock depredation. In 2011, the department investigated and made damage payments for depredations of 86 cattle or missing cattle, 43 sheep, 11 goats, two farm-raised deer, one llama, and one horse or donkey. The total reimbursed value of livestock in 2011 was \$113,172.

The department does not anticipate that there will be significant conflict in the field between people pursuing different outdoor recreational opportunities. Comments at hearings and other forums indicate that the public is concerned about conflict between wolf hunters and people engaged in wildlife/wolf watching activities. Additionally, many volunteers have historically assisted the department with wolf population monitoring activities. The volunteers' activities and related expenses have also contributed to wolf and wildlife-tourism-related expenditures. Other hunters, such as grouse hunters, have indicated that they are concerned about wolf trapping activity and impacts to bird dogs. It is possible that wildlife watchers who seek wolves for viewing opportunities and others will be concerned about user conflict in the field and will be less active. In the long-term, these concerns may subside as outdoor recreation enthusiasts adjust to the activity or lack of activity of others in the field. There will be approximately 1,000 wolf licenses available to both hunters and trappers (after tribal harvest declarations) during the 2012-2013 wolf season, allocated via a random drawing process. Wisconsin has more than 650,000 hunters, and only 18,000 trappers. With trappers making up less than 3% of the total number of wolf permit applicants, hunters will constitute the majority of individuals applying for and receiving wolf licenses; relatively few individuals will be pursuing wolves via regulated trapping methods. The overall light trapping and hunting pressure will be spread out across all wolf management zones in Wisconsin. Pressure may be even lighter if the wolf population is reduced, resulting lower wolf harvest quotas and permit levels in future seasons.

Public Utility Rate Payers

These proposed rules will have no impact on public utility rate payers.

Local Governmental Units

These rules do not establish any requirements for local governments. These rules are unlikely to have a significant economic impact on local economies because of the limited number of participants in a wolf hunting or trapping season in any given year.

Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

These rules establish regulated and managed harvest opportunities for gray wolves via hunting and trapping, and the administrative procedures for submission and payment of wolf depredation claims. Implementing these rules will result in the maintenance of a healthy wolf population toward an established population goal. These rules are necessary to implement a wolf hunting and trapping season and a depredation management program

as required by 2011 ACT 169.

Long Range Implications of Implementing the Rule

The future availability of wolf harvesting licenses is a source of uncertainty in this analysis that may have a strong effect on the estimate. Interest in wolf harvesting opportunities are likely to decline as the wolf population is reduced closer to a population goal, resulting in less funding for depredation. However, depredation program needs may also decline and may result in some funds available for other wolf management activities.

Compare With Approaches Being Used by Federal Government

Wolves are currently a state managed species. The US Department of Interior announced in December, 2011 that gray wolf populations in the Great Lakes region have recovered and no longer require the protection of the Endangered Species Act (ESA). The U.S. Fish and Wildlife Service published a final rule in the Federal Register that removed wolves in Michigan, Minnesota and Wisconsin, and in portions of adjoining states, from the list of endangered and threatened wildlife and plants. The rule went into effect on January 27, 2012.

The states of Wisconsin, Minnesota and Michigan are required to monitor wolf populations for at least five years to ensure the species continues to thrive. If it appears, at any time, that the gray wolf cannot sustain itself without the protections of the ESA, the service can initiate the listing process, including emergency listing.

Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

The only adjacent state that has established a wolf hunting and trapping season is Minnesota. Michigan is likely to allow hunting or trapping in the future but has not established a season framework that can be evaluated at this time.

Minnesota will allow hunting and trapping, but not with the assistance of dogs, for the first time in 2012. The application fee will be \$5.00 and the harvest permit will cost \$50.00. Minnesota will issue 6,000 harvest permits with the intention of harvesting a quota of 400 wolves from a population of approximately 3,000 animals. Because 2012 will be Minnesota's first wolf hunting and trapping season, they have no experience with their season framework.

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