

House Tourism Committee Hearing on HB 2047
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Secretary
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Chairman Stern, Chairman Kirkland and members of the House Tourism Committee, thank you for the opportunity to submit testimony regarding the Department of Conservation and Natural Resources' (DCNR's) position on House Bill 2047.

DCNR currently administers the Snowmobile/All-Terrain Vehicle (ATV) Fund and related administrative duties, including title and registration activities associated with snowmobile and ATV ownership, dealer registration, safety programs and other related activities as one administrative function established in Chapters 51 and 77 of the PA Code.

As of year-end 2013, the total number of vehicles in this program was 685,290, consisting of 583,734 ATVs and 101,556 snowmobiles. Revenue earned by the fund is derived from snowmobile and ATV registrations, dealer registrations, title fees and sales taxes related to purchases of snowmobiles and ATVs. The fund also receives revenue from fines, penalties and fees assessed and collected by the department's law enforcement personnel and an annual allocation from the Liquid Fuels Tax Fund.

The Fund currently receives on average about \$3.4 million annually in registration and title fees, as well as fines and penalties, and \$1 million annually from the Liquid Fuels Tax Fund.

DCNR works diligently to administer this program in an efficient manner, maximizing the amount of revenue available to support infrastructure and services for both vehicle types on appropriate public and private lands.

These revenues fund the general operating and maintenance costs of the title and registration program, averaging about \$940,000 in annual costs. This covers the cost of nine current employee salaries and benefits, office lease costs, telecommunications, IT hardware, software and services and other necessary goods and services to operate the registration and titling system, to service public inquiries and to provide support to registered dealers. This small team handles thousands of registrations and related transactions per month in addition to fielding hundreds of calls from vehicle owners and dealers every week.

These funds also support some of the costs borne by the Department to provide trail maintenance, construction and maintenance of related public infrastructure (e.g. latrine facilities on rider trail systems), emergency services, and safety training and law enforcement services to riders through our Bureau of State Parks and our Bureau of Forestry. Prior year expenditures covering the last three fiscal years averaged approximately \$570,000 annually in our Bureau of State Parks and \$2,550,000 in our Bureau of Forestry. As ATV riding is prohibited in state parks, state park expenditures are directly related to snowmobile activity only. With our Bureau of Forestry, it is a much more mixed picture supporting activities of both riding types.

The Snowmobile/ATV Fund also supports the development of trails and related infrastructure on both public and private lands throughout the Commonwealth. This is managed through our grants program in DCNR's Bureau of Recreation and Conservation. In recent years, DCNR has provided over \$7 million in grants from the Snowmobile/ATV Fund or (approximately 92% of the available grant funds), to ATV-related projects. Over that same period, DCNR has provided over \$600,000 (approximately 8% of the available grant funds) to snowmobile projects.

The Snowmobile/ATV Fund was designed from its inception to be a single administrative program and is efficiently managed as such. The IT system and administrative processes of the registration system are not designed to separate snowmobile and ATV income and expenditures as the program is run in one office, with one IT system and one team of staff dedicated to serving both. While we are able to determine how much revenue is generated from registrations of each type and how revenues are allocated to snowmobile- and ATV-related trails, projects, and maintenance, splitting the snowmobile and ATV income and expenditures into two separate restricted accounts would create significant one-time and ongoing administrative, accounting and IT costs for the funds without any corresponding benefit. Additionally, there would be increased administrative costs required to differentiate the sales tax collection for snowmobiles and ATV's, which is currently allocated to the General Fund before being reallocated back to the Snowmobile/ATV Fund. Adding additional administrative steps to determine which fund should receive the sales tax collections would create other new costs without commensurate benefits to either rider community. Cost increases will naturally reduce the available funds in the snowmobile/ATV Fund, or in this scenario, in the two funds, thereby reducing funding for snowmobile and ATV projects through our parks and forestry bureaus and through our grants program.

House Bill 2047 would require DCNR to split the Snowmobile/ATV Fund into two separate dedicated funds, one allocated to each vehicle type. The bill would additionally require the allocation of all revenue and all expenditures separately and further that, "under no circumstances shall the Department expend any moneys from any fund except for the activity that generated those funds."

In effect the bill would require the Department to track and record all time spent by our title and registration staff, rangers patrolling trails, forestry and park staff maintaining trails, all citations, and all responses for assistance and many other activities, separately. This would be an unprecedented level of micromanagement that would add significant accounting and personnel time costs that would not result in any discernable benefits to registered snowmobile/ATV owners or the public at-large.

Furthermore, the proposed requirements on allocation of expenditures to specific activity types can be very problematic to properly define in many situations that commonly arise such as joint-use roads and trails, infrastructure projects that might be used by multiple types of users, staff time spent in dealing with mixed activity and administrative support provided to all aspects of the program.

DCNR manages funds from many different sources to serve the multitude of demands on our agency and we work diligently to properly balance these funding sources and needs within the context of our overarching mission given to us by the legislature. We believe that we have properly managed the Snowmobile/ATV Fund to the mutual benefit of these respective riding communities in the most effective and efficient manner possible.

DCNR is respectfully opposed to this bill because it will create significant, unnecessary increases in administrative program costs and simultaneously reduce the amount of revenue available to serve the riding public.

I would like to thank this Committee again for allowing our agency the opportunity to address our concerns with this proposed legislation and would welcome any questions the committee might have.