

## GP-1 Surcharge Fee Increase Proposal

**Proposal:** As part of the reissuance of GP-1, the Department is proposing to increase the GP-1 Surcharge Fee by 42% to match increases in Producer Price Index (PPI) inflation rates from 2012 to 2022. GP-1 Surcharge Fees would increase from \$200 to \$285 for permits authorizing up to 0.10 acres of wetland impacts and from \$300 to \$425 for GP-1 permits between 0.11 acres and 0.23 acres.

GP-1 impact acres	Current GP-1 Surcharge Fees	Average 2012-2022 PPI Inflation Rate	Proposed New GP-1 Surcharge Fees
0 - 0.10	\$200	42.22%	\$285
0.11 - 0.23	\$300	42.22%	\$425

**Background:** Under [s. 281.36 \(11\) a Wis. Stats.](#), a surcharge fee must be added to all GP-1 permits for the “restoration and creation of wetlands.” According to the statute, the fee cannot exceed 50% of the market price of mitigation bank credits. To determine market price, the Department used the lowest 2022 In-Lieu Fee (ILF) mitigation credit price (\$68,000), as private bank credit prices are not public. 50% of this market price for wetland impacts of 0.10 acres (the lower threshold established for GP-1 surcharge fees) equals \$4,930. For 0.23 acres of impact (the highest acreage allowed for GP-1 impacts), 50% of the market price equals \$11,339. For comparison, the current GP surcharge fees of \$200 and \$300 are approximately 2% of market prices, well below the 50% listed in the statute.

As of 2022, the GP Surcharge Program has funded \$224,000 of wetland restoration via 11 projects totaling approximately 165 acres. Partners who have implemented GP-1 projects include municipalities, land trusts, and the DNR Wildlife Program. Projects consist of breaking drainage tile, filling drainage ditches, invasive species control, and native seedings. More information on the GP-1 Surcharge Restoration Program can be found here: <https://dnr.wisconsin.gov/topic/wetlands/GPSurchargeFunding>

**Justification:** GP-1 surcharge fees were first set in 2012 and have not been raised since. From 2012 to 2022, the Producer Pricing Index (PPI) measured inflation rates for Professional Services at 27.50% and 56.90% for Construction. These two categories represent the goods and services most used in wetland restoration projects. Averaging these two values yields an inflation rate of 42.22%, the rate used to determine the proposed new GP Surcharge fees. Applying this rate to the 2012 fees of \$200 and \$300, and rounding to the nearest five dollars, would result in new fees of \$285 for wetland impacts up to 0.10 acres and \$425 for wetland impacts between 0.11 and 0.23 acres.

Increasing GP Surcharge Fees by 2012-2022 inflation rates would allow for program funding to keep pace with increases in costs of services required to implement wetland restoration projects. This increase will allow for the program to continue to fund meaningful and impactful projects on the landscape. The new proposed fees are still only 2-3% of current mitigation credit prices, well under the 50% threshold allowed in the GP-1 Surcharge statute. Finally, syncing this proposed fee increase with the GP-1 reissuance process allows for the fee proposal to be part of a structured regulatory framework that includes public comment.