

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-2867/1	Introduction Number AB-457
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Subject
 Eliminate condemnation by nongovernmental entities

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate
 Increase Existing Appropriations
 Increase Existing Revenues
 Decrease Existing Appropriations
 Decrease Existing Revenues
 Increase Costs - May be possible to absorb within agency's budget
 Create New Appropriations
 Yes
 No

 Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. Increase Costs
 3. Increase Revenue
 Permissive Mandatory
 Permissive Mandatory
 2. Decrease Costs
 4. Decrease Revenue
 Permissive Mandatory
 Permissive Mandatory

5. Types of Local Government Units Affected

Towns
 Village
 Cities
 Counties
 Others
 School Districts
 WTCS Districts

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.115(7)(g)	

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives
DATCP 6/10/2005

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Assumptions Used in Arriving at Fiscal Estimate

The public projects that would be affected by the proposed bill would include in-state pipelines, transmission lines, electrical substations, railroads and electrical cooperatives. Interstate natural gas pipelines would continue to have condemnation authority under federal law. The Department currently prepares AIS's for these projects because interstate natural gas pipelines generally follow established state and local regulations unless they are considered excessive. It is reasonable to assume that if in-state natural gas pipeline projects no longer require the publication of an AIS, that interstate pipelines would follow this precedent and no longer acknowledge the need for preparation of an AIS for their projects in Wisconsin. Consequently, the revenue reduction in this estimate includes both in-state pipelines that would not have condemnation authority under Assembly Bill 457 and interstate pipelines that would continue to have such authority under federal law.

The Department charges a fee to the project initiator that approximates the cost of preparing the AIS for the project. For fiscal years 2003 and 2004, the AIS Program generated revenues of approximately \$355,000, or about \$177,500 per year. Non-governmental billings for the two-year period totaled \$57,266 or about \$28,633 per year. This would represent a 16% reduction in revenue to the Department. A two-year period is used because it more accurately portrays the types of projects that the Department prepares on average.

The Department estimates the costs associated with project publication and mailing would be reduced by an estimated \$1,500 annually if non-governmental projects were no longer subject to the requirements of the AIS Program. The balance of the cost reduction would require a reduction in salaries, reflected in a reduction of work hours, for the three full-time employees funded by the program.

Long-Range Fiscal Implications

An agricultural impact statement identifies the potential impacts that public projects can have on farmland and farm operations. This benefits farmland owners when they negotiate with project initiators. Assembly Bill 457 would remove the threat of condemnation by non-governmental entities during negotiations with farmland owners. However, the farmland owners may not know the potential impacts to their farm during negotiations if an AIS report is not prepared. Without Best Management Practices recommended in the report, pipeline construction results in soil mixing, soil compaction, and damage to drainage improvements - which all can reduce farmland productivity. Farmland owners will not be aware of these impacts during negotiations with the project initiator, and will suffer long-term fiscal damage.

The long-term fiscal implications for the Department are an estimated annual reduction in revenue of \$28,633. Due to the fixed costs associated with maintaining the program, cost reductions would be necessarily less. The Department estimates that annual publication and mailing costs would be reduced by about \$1500, requiring a reduction in costs of \$27,133 in order to cover the reduction in revenue. This cost reduction could be made by reducing the work hours of the full-time employees in the program. The average hourly rate for the three employees is \$20.50. When fringe benefits are added, the hourly cost increases to \$30.12. In order to reduce costs through a reduction in hours, full-time employee work hours would need to be reduced by about 900 hours annually, or about .43 FTE positions funded by the program.

Alternatively, the hourly rates charged to governmental agencies that continue to have condemnation authority could be increased to compensate for the reduction in revenue. This would affect primarily the Wisconsin Department of Transportation.

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
Eliminate condemnation by nongovernmental entities			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
None			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	-27,133
	(FTE Position Changes)		(-0.4 FTE)
	State Operations - Other Costs		-1,500
	Local Assistance		0
	Aids to Individuals or Organizations		0
	TOTAL State Costs by Category	\$	\$-28,633
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS (28,633)		-28,633
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS (28,633)		-28,633
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$-28,633
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$-28,633	\$0
NET CHANGE IN REVENUE		\$-28,633	\$0
Agency/Prepared By		Authorized Signature	Date
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