

Fiscal Estimate Narratives

DNR 11/20/2007

LRB Number	07-0193/1	Introduction Number	AB-0157	Estimate Type	Original
Description Relating to: management of greenhouse gases, granting rule-making authority, and providing penalties					

Assumptions Used in Arriving at Fiscal Estimate

SUMMARY:

This bill provides for the management of greenhouse gas (GHG) emissions. The bill requires that the Department: identify significant sources of GHG emissions; promulgate rules to require annual reporting and verification of GHG emissions by significant sources; establish a statewide GHG emission limit to be achieved by 2020; promulgate rules to implement early action measures; prepare and approve a GHG Emission Reduction Plan; promulgate rules to implement the Plan; promulgate rules to verify and enforce certain voluntary reduction actions; and promulgate rules to establish fees for GHG emission sources regulated under Chapter 286, Wis. Stats. The bill also creates two councils to advise the Department and provides for civil and criminal penalties for violations.

FISCAL EFFECT:

Assumptions Used in Arriving at Fiscal Estimate:

1. Wisconsin's Greenhouse Gas Management Program will use and adapt work that has been completed or is underway at the national, regional or state levels, where appropriate. This will provide for efficiencies for the Department in developing and carrying out the program, as well as for the regulated community.
2. Other state agencies will be involved in developing and implementing Wisconsin's Greenhouse Gas Management Program. DNR will be responsible for coordinating state agency actions and program development, and other state agencies will be responsible for promulgating and administering the elements of the program over which they have jurisdiction. Other state agencies may include DOT (transportation component), DOA (energy efficiency component, state facilities and fleet component), Commerce (Green Buildings, building codes), DATCP (agricultural component), and PSC (electrical generation component).
3. The Bureau of Air Management will be the lead DNR bureau for this program. The bureau will be able to draw upon in-house technical expertise and resources that the program has developed doing air emission inventories for criteria and hazardous air pollutants, establishing stationary and mobile source emission control programs for ozone attainment, and managing voluntary emission reduction programs.
4. Given the Air Program's ongoing responsibilities and the magnitude of the GHG Management Program responsibilities prescribed in the bill, the Department will not be able to absorb the increased costs associated with program development and rule promulgation within its existing workload. The Department estimates that new positions will be needed for both program development and rule promulgation. Due to the complexity of the program, the number of required administrative rules, and the scope of the program, the Department estimates that, at a minimum, 7.0 FTE would be needed for 3 years for program development (2 years for development and 1 year for rule authorization). The Bureau will be able to absorb 1.0 FTE (the Policy Analyst position listed below) from existing staff and state funding sources. The Department assumes that the Policy Analyst position will be funded from the federal Clean Air Act Section 105 grant; and that it is possible to absorb only 1.0 FTE without jeopardizing other federal commitments. Position authorization and funding for the additional 6.0 FTE will be needed, since the bureau will not be able to absorb these within its existing budget.

The required 7.0 FTE include:

Program manager/coordinator (1.0 FTE): To manage and oversee technical and policy analyses within the Department; manage and coordinate the work of other state agencies; and coordinate other GHG activities including the Governor's Task Force, regional and national initiatives and state legislative activity; manage and oversee public involvement and communications. [Natural Resource Program Manager salary and fringe (\$24,515 x 2080 hrs + 48.45% fringe) = \$75,700]

Policy Analyst (1.0 FTE): Analyze and evaluate alternative policies and strategies, including market-based cap-and-trade programs, incentive programs, and traditional regulatory programs; evaluate economic impacts, small business impacts, effects on other air pollutants, and public health benefits; and draft proposed administrative rules to implement early action measures, establish emission limits and reduction measures as called for in the GHG Reduction Plan, verify and enforce certain voluntary actions and establish fees. [Natural Resource Staff Specialist salary and fringe ($\$20,960 \times 2080 \text{ hrs} + 48.45\% \text{ fringe}$) = $\$64,700$].

Technical Analyst (1.0 FTE): Develop list of early action measures; identify alternative stationary source, mobile source and area source reduction measures and analyze and evaluate their technical feasibility and cost effectiveness; coordinate technical analyses with those of other state agencies; and assist in rule development. [Air Management Specialist-Advanced salary and fringe ($\$20,960 \times 2080 \text{ hrs} + 48.45\% \text{ fringe}$) = $\$64,700$]

Inventory Specialist (2.0 FTE): Update the 1990 baseline GHG emissions inventory through public meetings and evaluation of the best and most recent available information; develop and implement a system for annual reporting and verification of GHG emissions from significant sources, including promulgation of administrative rules; and assist in developing emission projections necessary to evaluate the cost effectiveness of alternative measures. [Air Management Specialist salary and fringe ($\$16,083 \times 2080 \text{ hrs} + 48.45\% \text{ fringe}$) = $\$49,700 \times 2 \text{ FTE} = \$99,400$]

Outreach Specialist (1.0 FTE): Design and manage an open, transparent, and inclusive process for public involvement in developing the GHG Reduction Plan. Because the plan will probably impact every sector of the state's economy and daily life, a multi-faceted outreach strategy will be needed to obtain meaningful public input into its development. [Communications Specialist salary and fringe ($\$12,773 \times 2080 \text{ hrs} + 48.45\%$) = $\$39,400$].

Council Staff (1.0 FTE): The bill creates two new advisory councils to the Department. A position will be needed to support these councils. [Office Operations Associate salary and fringe ($\$13,292 \times 2080 \text{ hrs} + 48.45\%$) = $\$41,000$]

The Department anticipates one-time costs of workstation and computer needs of $\$45,000$ or $\$7,500$ per the new 6.0 FTE. The Department also anticipates annual supplies expenditures of $\$31,200$, or approximately $\$5,200$ per FTE.

One-time costs for first three years of program development:

New 6.0 FTE
Salary and Fringe: $\$320,200$; Supplies: $\$76,200$

Existing 1.0 FTE
Salary and Fringe: $\$64,700$; Supplies: $\$5,200$

Total one-time costs: $\$466,300$

To provide funding for the program operations, the bill directs the Department to promulgate rules establishing a schedule of fees for GHG emission sources regulated under Chapter 286. The Department assumes that it will set fees at a level sufficient to cover all costs associated with the program.

The bill directs the Department to develop a program, and it is difficult to estimate the ongoing workload associated with a yet-to-be-defined program. The Department expects that there will be continuing demands for program management including: emissions inventory; compliance and enforcement; monitoring progress; updating the plan; and implementation of specific program elements. The Department further assumes that a core team will be needed to carry out the plan implementation. However, although the Department has estimated the workload associated with program development at 7 FTE, it lacks sufficient information at this point to accurately estimate the ongoing workload associated with a fully implemented program and therefore lists the annualized fiscal effect as "indeterminate".

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): Total cost for 7.0 FTE for program development: \$466,300; \$396,400 new 6.0 FTE and \$69,900 existing 1.0 FTE (absorbed)			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
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, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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