

### Fiscal Estimate - 2019 Session

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>19-2370/1</b>	Introduction Number <b>AB-0113</b>
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**Description**  
 buying and selling water pollution credits through a central clearinghouse

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 Indeterminate  
 Increase Existing Appropriations     
  Increase Existing Revenues  
 Decrease Existing Appropriations     
  Decrease Existing Revenues  
 Create New Appropriations

Increase Costs - May be possible to absorb within agency's budget  
 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

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.370 (4)(ma)	

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DNR/ Paul Neumann (608) 266-0818	Paul Neumann (608) 266-0818	3/29/2019

**Fiscal Estimate Narratives**  
**DNR 3/29/2019**

LRB Number	<b>19-2370/1</b>	Introduction Number	<b>AB-0113</b>	Estimate Type	<b>Original</b>
<b>Description</b> buying and selling water pollution credits through a central clearinghouse					

**Assumptions Used in Arriving at Fiscal Estimate**

Under this bill, DNR may authorize a WPDES permit holder to discharge a pollutant above the levels authorized in the permit if the permit holder purchases credits from a clearinghouse that has contracted with the Department of Administration. The purchase of credits must result in an improvement in water quality, and the increase and reduction in pollutants under the agreement must involve the same pollutant or the same water quality standard and occur within the same area, as determined by DNR. That area must be the largest area possible within this state to facilitate implementation of the water pollution trading program while achieving water quality standards and any federally approved total maximum daily load allocations. The bill also allows DNR to authorize a permit holder to discharge a pollutant above the levels authorized in the permit if the permit holder enters into a contract with a third party that works with other sources of water pollution to reduce the amount of water pollution that those other sources cause.

**Fiscal Effect**

Industrial and municipal facilities covered by a water pollution discharge elimination system (WPDES) permit may employ water quality trading (trading) to acquire pollutant credits by entering into a binding, written agreement supporting a pollutant reduction from another party. To establish the agreement, a financial transaction generally occurs where the WPDES permit holder compensates involved parties for their pollution control costs which in this case could be handled by the clearinghouse. The clearinghouse may facilitate the sourcing of trade credits but there will be a workload for the program to ensure that the credits generated comply with the water trading requirements and that credits created and supplied through the clearinghouse can be fully implemented in WPDES permits.

Currently the phosphorus implementation coordinator in consult with additional staff reviews proposed trades for approval. The work of interacting with the clearinghouse (training on our methods, reviewing proposed trades) will be led by existing FTE staff and assisted by the other water quality statewide coordinators. An estimation of hours for existing staff, would be 0.45 FTE. In addition, the program may need to hire an LTE support staff.

1. 0.25 FTE water resources specialist (estimated \$24,800 salary and fringe)
2. 0.20 FTE water resources engineer (estimated \$23,500 salary and fringe)
3. 1 LTE water resources specialist (estimated \$24,400 salary and fringe)

These additional costs would be absorbed with the Department's existing budget. The work of reviewing proposed trades will happen whether the clearinghouse exists or not, so the work of overseeing the clearinghouse implementation will likely replace some of the other review work and may have little to no net long-term additional staff time.

**Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
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LRB Number <b>19-2370/1</b>		Introduction Number <b>AB-0113</b>	
<b>Description</b> buying and selling water pollution credits through a central clearinghouse			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$72,700		\$
(FTE Position Changes)	(0.5 FTE)		
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$72,700</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR	72,700		
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$72,700		\$
NET CHANGE IN REVENUE	\$		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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