

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-5062/2	Introduction Number AB-0789
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Description
 the well compensation grant program and making an appropriation

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input checked="" type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		
<input checked="" type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.370 (6)(cb)	

Agency/Prepared By DNR/ Paul Neumann (608) 266-0818	Authorized Signature Paul Neumann (608) 266-0818	Date 2/4/2020
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Fiscal Estimate Narratives
DNR 2/4/2020

LRB Number 19-5062/2	Introduction Number AB-0789	Estimate Type Original
Description the well compensation grant program and making an appropriation		

Assumptions Used in Arriving at Fiscal Estimate

This bill makes changes to the well compensation grant program. Under current law, a well that is contaminated only by nitrates is eligible for a grant only if the well is a water supply for livestock, is used at least three months in each year, and contains nitrates in excess of 40 parts per million. The bill eliminates these restrictions, making wells contaminated only by nitrates eligible for the program more generally.

Current law requires DNR to allocate money for payments of claims under the program according to order in which claims are received. The bill retains this requirement but provides that, among claims for contamination only by nitrates, DNR must allocate payments according to a specified priority ranking.

The bill also requires DNR to award grants for the remediation method that is most effective for the health and welfare of the claimant. In addition, the bill provides that, of the amounts appropriated to DNR for the program, at least \$200,000 must be allocated for claims of water containing nitrates at 10 to 25 parts per million unless DNR determines there are insufficient claims at that level to expend those moneys.

I. Ongoing State Fiscal Effect

A. The bill provides \$1,000,000 GPR annually for grants and for 1.0 FTE to administer the program. Annual costs for grants administrator position are estimated at \$109,100, for salary (\$70,200), fringe benefits (\$33,900) and supplies (\$5,000).

The Department assumes 4 hours of time/application for the grant administrator to review submittals, determine income eligibility, apply a method of prioritizing claims based on nitrate concentration, process claims and issue awards. Based on available funding this workload is estimated to be 4 hours x 238 wells = 952 hours or 0.5 FTE. The department expects an additional 0.5 FTE of grant administrator time will be spent responding to the anticipated high volume of inquiries and applications beyond available funds, and assisting low-income individuals who generally do not have computers or consultants to understand and complete application materials.

B. The amount of funding that would remain for grants after the aforementioned position costs have been deducted is estimated to be \$890,900 (\$1,000,000 - \$109,100 = \$890,900). The grant funding is estimated to fund remediation of between 119 and 238 nitrate-contaminated wells annually, assuming 75% state cost-sharing for a remediation cost of \$5,000-10,000 per well (depending on remediation method).

C. Above and beyond the 1.0 FTE provided in the bill, it would require DNR to develop a method for assessing each claim on case-by-case basis to determine the most effective remediation method for the health and welfare of the claimant. The Department estimates the work to make this determination will require a hydrogeologist to spend approximately 4 hours per grant application to complete a technical analysis and assessment. Assuming a maximum of 238 wells could be funded each year, the technical workload is estimated to be 4 hours x 238 wells = 952 hours or 0.5 FTE. The annual department cost for this 0.5 FTE is estimated to be \$47,400, for salary (\$28,600), fringe benefits (\$13,800) and supplies (\$5,000). The Department does not have the staff or resources to absorb these costs.

II. One-Time State Fiscal Effect

The bill will require revisions to chapter NR 123, Wis. Adm. Code to promulgate procedures for nitrate eligibility and prioritization of claims. This will involve an estimated 420 hours of staff time at an estimated cost of

approximately \$22,100.

Additional one-time costs will be incurred to develop implementation procedures, update grant application forms and instructions, grant web page, and other outreach materials.

The department estimates that it can complete these one-time tasks with the 1.0 FTE position authorized in the bill.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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Description the well compensation grant program and making an appropriation			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): One time costs of \$22,100 for administrative rule revision plus additional one-time costs to develop implementation procedures, update grant application forms and instructions, grant web page, and other outreach materials.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$156,500	\$
(FTE Position Changes)		(1.5 FTE)	
State Operations - Other Costs			
Local Assistance		890,900	
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$1,047,400	\$
B. State Costs by Source of Funds			
GPR		1,000,000	
FED			
PRO/PRS			
SEG/SEG-S		47,400	
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			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$1,047,400	\$
NET CHANGE IN REVENUE		\$	\$

Agency/Prepared By	Authorized Signature	Date
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