

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-0023/1	Introduction Number SB-732
Description groundwater management, approval of high capacity wells, and granting rule-making authority	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input checked="" type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
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 <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 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	
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 20.370 (4)(ar)	
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Date 2/10/2020	

Fiscal Estimate Narratives

DNR 2/10/2020

LRB Number	19-0023/1	Introduction Number	SB-732	Estimate Type	Original
Description groundwater management, approval of high capacity wells, and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

The bill contains several groundwater-related provisions:

1. It requires DNR to regularly examine areas that may qualify for designation as groundwater management areas and to establish a target date by which it is reasonable to expect that groundwater conditions in the area will improve to the point that the area will no longer qualify as a groundwater management area.
2. It requires DNR to develop and adopt a groundwater management plan for each designated groundwater management area.
3. It requires DNR to consider whether the area still qualifies as a groundwater management area. If DNR concludes that the area no longer qualifies as a groundwater management area, DNR may rescind the designation by repealing the rule designating the area as a groundwater management area.
4. This bill requires DNR to provide grants to municipalities and certain other entities that are in areas that are not designated as groundwater management areas but that DNR determines are likely to be designated as groundwater management areas in the future.
5. It requires an applicant for approval of a high capacity well to publish a notice of the application in a newspaper, identifying the owner and the location of the well.
6. It eliminates the high capacity well environmental review requirement relating to springs, and instead requires DNR to conduct an environmental review of an application for approval of a high capacity well that may have a significant adverse impact on waters of the state.
7. It includes monitoring as one of the potential conditions that may be included in a high capacity well approval. It also provides that, in any high capacity well approval, DNR may require the well owner to implement a monitoring program to evaluate the impacts of the well and may modify the approval based on the results of that monitoring program.
8. It requires DNR, when considering whether a high capacity well may have a significant adverse environmental impact on waters of the state, to consider the cumulative impacts of that high capacity well together with existing withdrawals.
9. It provides that a high capacity well approval issued after the effective date of the bill may not remain in effect for more than ten years. An approval issued prior to the effective date of the bill remains in effect for a longer period, depending on how long before the effective date of the bill it was issued.
10. It specifies that DNR may not approve a high capacity well in the groundwater management area unless the high capacity well is consistent with the groundwater management plan for the area.
11. It requires DNR, after it develops a groundwater management plan, to review approvals for high capacity wells in the groundwater management area that were issued before the plan went into effect. The bill authorizes DNR to modify these approvals to ensure that they are consistent with the groundwater management plan.
12. It removes DNR's authority to approve a high capacity well, for mining purposes, that will result in the unreasonable detriment of public or private water supplies or of public rights in the waters of the state.
13. It increases that annual fee on a person whose water supply system has the capacity to withdraw an average of 100,000 gallons per day in any 30-day period from the waters of the state from \$125 to \$250.
14. It expands the water withdrawal fee for users who withdraw more than 50,000,000 gallons per year from any waters of the state from the Great Lakes basin to any waters of the state.
15. It requires DNR to include water conservation requirements in the approvals required for certain withdrawals from lakes or streams or relating to water or sewerage systems or sewage and refuse disposal plants, if the withdrawal is in a groundwater management area, and requires those conservation requirements to be consistent with the groundwater management plan for the groundwater management area.
16. It eliminates the provisions under current law that require DNR to study and recommend special measures

relating to groundwater for adoption by the legislature.

17. It eliminates the prohibition on DNR from requiring a mining permit applicant to generate a hydrologic model of the proposed mining waste site that examines a period of more than 250 years after closure of the mining waste site.

18. It eliminates the current law provision that prohibits DNR from applying groundwater enforcement standards at a mining operation at any point in the Precambrian bedrock below which the groundwater is not reasonably capable of being used for human consumption.

I. State Fiscal Effect

A. Costs

1. Ongoing Costs

The bill would increase costs to the Department by an estimated \$2,501,800 of salary and supplies-related expenditures associated with 25.6 FTE. This includes costs associated with:

a. Preparing an EIS for the majority of the high capacity well applications received by the Department--given that the bill requires an environmental review for a proposed high capacity well that may have a significant adverse environmental impact on a water of the state, it assumes that an EIS will be required for 200 high capacity well applications per year. The department estimates that it will take 120 hours of hydrogeologist time annually to complete the EIS on each of 200 applications. (200 applications x 120 hours = 24,000 hours/1820 hrs. per FTE = 13.2 FTE). For a hydrologist position, this workload equates to a cost estimate of \$1,290,000 [(((\$44.48/hr. salary and fringe x 2080 hours) + \$5200/FTE for supplies) x 13.2 FTE].

b. Promulgating an administrative rule for a groundwater management area (GMA)--assuming one GMA is designated per year, the Department estimates that it will take 900 hours (or 0.50 FTE) of hydrogeologist time to review, designate, and promulgate an administrative rule for a groundwater management area. This equates to a cost estimate of \$48,900 [(((\$44.48/hr. salary and fringe x 2080 hours) + \$5200/FTE for supplies) x 0.5 FTE].

c. Development of a groundwater management plan for groundwater management areas--the department estimates that it will annually take 900 hours (or 0.5 FTE) of hydrogeologist time to development a groundwater management plan for a groundwater management area. This equates to a cost estimate of \$48,900 [(((\$44.48/hr. salary and fringe x 2080 hours) + \$5200/FTE for supplies) x 0.5 FTE].

d. Review of existing high capacity wells ten years after previous approval or upon the expiration date listed in the bill--the Department estimates that it will take 9.2 FTE of hydrogeologist time to review 400 high capacity wells per year, one fourth, or 100 of which, will require that the department prepare an EIS. The Department's time estimate assumes that each review will require an average of 16 hours of hydrogeologist time for those reviews that do not require an EIS (16 hours x 300 = 4,800 hours/1820 hrs. per FTE = 2.6 FTE), and 120 hours for those reviews that require an EIS (120 hours x 100 applications = 12,000 hours/1820 hrs. per TE = 6.6 FTE). This equates to a cost estimate of \$899,000 [(((\$44.48/hr. salary and fringe x 2080 hours) + \$5200/FTE for supplies) x 9.2 FTE].

e. Review and modification of high capacity well approvals in designated GMAs, including adding water conservation requirements--the Department estimates that it will annually take 20 hours of hydrogeologist time to review and modify 200 high capacity well approvals in designated GMAs, including adding water conservation and efficiency requirements. (20 hours x 200 applications = 4000 hours/1820 = 2.2 FTE. This equates to a cost estimate of \$215,000 [(((\$44.48/hr. salary and fringe x 2080 hours) + \$5200/FTE for supplies) x 2.2 FTE].

2. One-Time Costs

The Department would incur an estimated \$9,800 of salary and supplies related expenditures associated with 0.1 FTE. These costs would be associated with reporting on the Department's efforts to develop an Internet-based system that prospective applicants for the approval of a high capacity well may use to estimate the likely environmental impact of a proposed withdrawal. It does not include costs related to development of such a system.

B. Revenue

The Department estimates that the bill would increase revenue by \$1,200,000 per year. This estimate includes revenue associated with increasing the annual fee from \$125 to \$250 for 4,500 water supply systems that have a capacity to withdraw an average of 100,000 gallons per day, and applying statewide the scaled annual fee

imposed on those persons who withdraw more than 50,000,000 gallons per year (currently imposed only in the Great Lakes basin).

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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Description groundwater management, approval of high capacity wells, and granting rule-making authority		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
\$9,800 of one-time costs for reporting on the Department's efforts to develop an Internet-based system that prospective applicants for the approval of a high capacity well may use to estimate the likely environmental impact of a proposed withdrawal.		
II. Annualized Costs:		
	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$2,368,700	\$
(FTE Position Changes)	(25.6 FTE)	
State Operations - Other Costs	133,100	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$2,501,800	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS	2,501,800	
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	1,200,000	
SEG/SEG-S		
TOTAL State Revenues	\$1,200,000	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$2,501,800	\$
NET CHANGE IN REVENUE	\$1,200,000	\$

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Date

2/10/2020