

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-3345/2	Introduction Number SB-443
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Subject

Revising the estimated motorboat gas tax payment and funding for various DNR programs

Fiscal Effect

State:

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

 Yes No
 Create New Appropriations
 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 type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.115 (7)(st) and (7)(sv)	

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DATCP 2/21/02

LRB Number	01-3345/2	Introduction Number	SB-443	Estimate Type	Original
Subject					
Revising the estimated motorboat gas tax payment and funding for various DNR programs					

Assumptions Used in Arriving at Fiscal Estimate

The proposed bill revises the formula used for calculating the estimated motorboat gas tax payment. The proposed bill allocates \$1.375 million for payments from DATCP to counties for implementing the conservation reserve enhancement program (CREP) under s. 93.70, Stats. and implementing county land and water resource management plans under s. 92.10, Stats. It also allocates \$125,000 to DATCP to hire two project FTE positions to work with CREP.

Background

Implementing CREP

The State of Wisconsin has signed an agreement with the U.S. Department of Agriculture (USDA) to implement the Conservation Reserve Enhancement Program (CREP). The agreement gives the authority to enroll 100,000 acres of land into the program. The total estimated cost of the project includes about \$200 million in federal funds and about \$40 million in state bond revenue funds. The state has agreed to provide at least 20% of the total project funds in order to leverage the federal funding.

The 100,000 acres would be installed in various conservation practices including riparian buffers, filter strips, grassed waterways, upland grassland areas, and wetland restorations. The entire project area includes about 7.6 million acres of cropland and pastureland in all or portions of 51 counties. The goals are to significantly reduce sediment and nutrients in runoff from agricultural areas, install buffers to improve stream and lake health, and to establish increased habitat for endangered grassland birds in two grassland project areas.

To participate in the program, landowners will be required to sign a federal 14-15 year conservation reserve program (CRP) contract to be eligible for the federal funds and a concurrent state CREP agreement or a state perpetual conservation easement.

Much of the state's portion of CREP is being implemented by county land conservation committees. DATCP is in the process of signing county CREP contracts with willing counties to administer the program at the local level. DATCP is responsible for administering the program at the state level.

Implementing County Land and Water Resource Management Plans

S. 92.10 requires counties to develop county land and water resource management plans that provide the framework at the county level for soil and water resource management activities. The plans specifically must deal with the control of soil erosion and nonpoint source pollution. The plans must show the planned activities to implement the performance standards and prohibitions under NR 151 and ATCP 50, Wis. Adm. Code. Both of these administrative rules are currently being promulgated. All 72 counties have prepared and received approval from the department for the first round of county plans.

State Costs

CREP

DATCP was appropriated \$40 million of bond revenue funds in the 1999-2001 biennial budget for the program payments and payments for installing the practices made to landowners. These funds may not be used for any staff costs to implement the program. The department assumes, based on past experience with the federal CRP program, that on average, each landowner will enroll about 8 acres in a state CREP agreement or conservation easement. That results in about 12,500 total CREP agreements assuming that the entire 100,000 acres is enrolled in the program. DATCP needs 2.0 FTE project positions for four years to administer the state CREP agreements and perpetual conservation easements. The needed positions include 1.0 FTE project contract specialist position to review CREP agreements and easements, provide project information to government agencies and the public, coordinate state activities with the federal government and counties, and

make CREP payments through counties to landowners. DATCP needs a 1.0 FTE project information specialist-data services position to maintain the project database, develop a mapping program to track and evaluate the program, review legal descriptions for recorded easements, and work with the federal government and counties to report environmental benefits from the program and monitor compliance with the agreements and easements. The department also needs funds to prepare and distribute informational publications to communicate the maintenance requirements for the 12,500 landowners with CREP agreements and easements.

DATCP estimates that the two positions will cost approximately \$125,000. This includes about \$61,000 (\$46,000 in salary and fringe and \$15,000 for supplies and services) for the information specialist-data services position and about \$55,000 (\$41,000 for salary and fringe benefits and \$15,000 for supplies and services) for the contract specialist position. The department also needs \$9,000 to cover the costs of informational publications related to CREP.

County Costs

CREP

There are 51 counties that are eligible for the CREP project. DATCP estimates that of the 12,500 CREP agreements and perpetual easements, that 75% (9,400) will be CREP agreements and 25% (3,100) will be CREP conservation easements. The department assumes, based on the federal experience with CRP, that each agreement and easement will take county staff about 6 hours to process (75,000 hours). In addition, the added work related to the estimated 3,100 conservation easements has been estimated to take an additional 20 hours each, or a total of an additional 62,000 hours. The total county staff hours needed for CREP would be 75,000 hours for agreements and 62,000 hours for easements, or a total of 137,000 hours. The total county staff needs to process the state paperwork for CREP is estimated at 76 FTE (assuming 137,000 hours @ 1,800 hours per FTE). Assuming that each county FTE would cost \$55,000 for salary, fringe benefits, and support, the total cost to implement the state's portion of CREP would be \$4.18 million. This estimate assumes that USDA staff will complete all of the technical assistance and conservation planning required for the program. In many instances, county staff will assist federal staff that are providing technical services for CREP. However, based on the assumption that most of the technical assistance will be provided by federal staff, this fiscal estimate represents a minimum cost projection.

USDA estimates that they will provide about 19 hours per agreement that does not include structural practices (an estimated 10,000 agreements) and a total of 33 hours per agreement that does include structural practices (an estimated 2,500 agreements) to provide technical services, or an additional total of 272,500 hours (10,000 agreements X 19 hours per agreement plus 2,500 agreements X 33 hours per agreement). This again is based on the assumption that there are a total of 12,500 agreements that will result from CREP. The total hours for technical services, primarily provided by USDA (however many counties will assist) is an additional 150 FTEs based on 1,800 hours per FTE.

The proposed bill would authorize the department to pay the county up to \$250 per landowner agreement for the estimated 12,500 agreements and conservation easements. The total funding available from the proposed bill based on the \$250 per landowner agreement or easement would be \$3.125 million (\$250 per agreement or easement X 12,500 estimated agreements and easements) for CREP.

Implementing County Land and Water Resource Management Plans

Counties are required to prepare and implement county land and water resource management plans approved by the department. These plans provide the overall framework for activities to improve land and water resources and set local priorities for conservation.

DATCP currently provides in excess of \$8 million per year for staff and support grants to counties. This annually supports about 246 county staff implementing state programs such as the priority watershed program, farmland preservation conservation compliance, nutrient management, soil erosion control, and other county, state and federal soil and water conservation programs.

Counties will also be required to implement the new performance standards and prohibitions adopted in NR 151 and ATCP 50, Wis. Adm. Code under s. 281.16, Stats. These code revisions were part of the required redesign of the state's nonpoint source pollution abatement programs. The fiscal note for ATCP 50, Wis. Adm. Code estimates that the total costs to implement the performance standards and prohibitions is \$40 million to \$60 million per year over a ten year period, primarily for the required 70% cost sharing to landowners. County land and water resource management plans must provide work plans for implementing the performance standards and prohibitions.

The fiscal note for ATCP 50, Wis. Adm. Code, also estimates that there is already an unmet need for between

\$2 million and \$4 million per year for county staff to implement the performance standards and prohibitions to reduce nonpoint source pollution. The funds available under the proposed bill will provide a long-term increase in funds to support local county staff to implement county land and water resource management plans.

Long-Range Fiscal Implications

The proposed bill would provide a long term funding source for grants to counties for working in the state's Conservation Reserve Enhancement Program (CREP) as well as other federal, state, and county soil and water conservation programs through implementing county land and water resource management plans. There is already an identified unmet need to adequately fund county staff to implement these plans and the performance standards and prohibitions being proposed through NR 151 and ATCP 50, Wis. Adm. Code, to implement s. 281.16, Stats. The unmet need to implement the performance standards and prohibitions has been estimated at between \$2 million and \$4 million, annually.

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$116,000	
(FTE Position Changes)		(2.0 FTE)	
State Operations - Other Costs		9,000	
Local Assistance		1,375,000	
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$1,500,000	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S (\$)		1,500,000	
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			
FFD			
PRO/PRS			
SEG/SEG-S (\$)		1,500,000	
TOTAL State Revenues		\$1,500,000	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$1,500,000	\$
NET CHANGE IN REVENUE		\$1,500,000	\$1,375,000
Agency/Prepared By		Authorized Signature	Date
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