

### Fiscal Estimate - 2001 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>01-2271/1</b>	<b>Introduction Number</b> <b>AB-437</b>
<b>Subject</b> Limit discharge of ballast water	
<b>Fiscal Effect</b>	
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input 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 checked="" type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input 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 <div style="float: right; margin-top: 10px;"> <b>5.Types of Local Government Units Affected</b>  <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         </div>	
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <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	
<b>Agency/Prepared By</b> DNR/ Joe Polasek (608) 266-2794	<b>Authorized Signature</b> Joe Polasek (608) 266-2794
<b>Date</b> 07/17/2001	

**Fiscal Estimate Narratives**  
**DNR 07/17/2001**

LRB Number <b>01-2271/1</b>	Introduction Number <b>AB-437</b>	Estimate Type <b>Original</b>
<b>Subject</b> Limit discharge of ballast water		

**Assumptions Used in Arriving at Fiscal Estimate**

Bill Summary: This bill prohibits a vessel from operating on the waters of this state if it contains ballast water acquired outside the waters of this state or sediment from ballast water that was acquired outside the waters of this state, unless the ballast water and any sediments have been sterilized in compliance with rules to be promulgated by the DNR.

The bill also requires the DNR to administer an inspection program to ensure that aquatic nuisance species do not enter the waters of this state through the discharge of ballast water or sediment. Further, the bill requires that the DNR establish fees for ballast water discharge permits and for inspections conducted under the inspection program.

Fiscal Estimate: The Department anticipates \$147,900 in annual costs to the Department associated with this bill and an increase of 3.10 FTE effort annually. Additionally, the Department anticipates \$469,000 in one-time costs related to rule development, general permit development, training, and equipment. Additionally, FTE effort in the first year will be considerably higher than the projected ongoing effort--by a minimum of 2 FTE. The bill directs the Department to specify fees for issuing permits and conducting inspections under the bill, therefore the Department assumes that it will generate the revenue necessary to cover the costs specified in this fiscal note.

**Ballast water and sediment inspection program:**

This bill mandates that the Department "administer a ballast water and sediment inspection program to ensure that aquatic nuisance species do not enter the waters of the state through the discharge of ballast water or sediments".

**Assumptions:**

- 1) Based on 1999 data from the Lake Carriers Association, the number of commercial vessel calls to Wisconsin Great Lakes ports is 5520 annually.
- 2) The Department assumes that vessels would be inspected in port, as opposed to at the point at which they enter Wisconsin waters.
- 3) According to U.S. Coast Guard Information, 20% of vessels entering Wisconsin Great Lakes waters report "ballast on board". This amounts to 1100 vessels annually.
- 4) An effective inspection program would require that at least 1 of every 5--or 220--of these 1100 vessels be inspected annually.
- 5) Additionally, based on U.S. Coast Guard data, the Department assumes that 40% of the vessels entering Wisconsin Great Lakes ports that report "no ballast on board" take on ballast once in Wisconsin waters that must be discharged in another Wisconsin port. This includes 1766 vessels (5520 vessel x 80% reporting no ballast on board x 40%), 1 of every 5 of which--or 353--must also be inspected since these vessels may contain residual ballast water from outside Wisconsin waters that could not be completely discharged.
- 6) Therefore, the Department assumes that a total of 573 vessels (220 + 353) must be inspected annually.
- 7) Based on U.S. Coast Guard information indicating that it takes an average of 4 hours to test for ballast water salinity, the Department assumes that a more complicated inspection regime necessary to ensure compliance with the sterilization procedures established through this bill would take an average of 6 hours for each of 573 vessels, totaling 3438 inspection hours annually.
- 8) The vessel inspections would be conducted by Water Specialists at an hourly cost of \$25 related to salary and fringe. This totals \$85,950 (3438 hours x \$25/hr) annually in salary-related inspection costs, and roughly 2.0 FTE.
- 9) Each vessel inspected would incur analytical costs totaling \$100 per sample -- for a total of \$100 x 573 = \$57,300. (NOTE -- this assumes that representative samples from each of up to 18 ballast tanks can be combined for purposes of analysis. Additionally, this assumes that suitable testing criteria can be developed and that the samples are forwarded to DNR approved laboratories. If representative samples cannot be

combined for purposes of analysis, these costs would escalate considerably. This also assumes that all sample analysis costs are borne by the shipping companies.)

10) The Department would incur \$10,000 in one-time costs for inspection equipment @ each of 6 Wisconsin ports, totaling \$60,000 in one time costs.

11) The Department would have to implement a training program for environmental enforcement specialists related to a vessel inspection protocol that would cost a minimum of \$75,000 on a one-time basis.

#### Ballast water discharge permit program:

This bill specifies that a "person may not discharge ballast water or sediments into waters of the state unless the discharge is authorized by a permit issued by the department."

#### Assumptions:

1) Sterilization technologies, approved by the U.S. Coast Guard, can be applied to allow vessels to comply with the sterilization requirement contained in this bill.

2) Each of the estimated 1100 vessels entering Wisconsin Great Lakes waters annually reporting "ballast on board" would require a discharge permit.

3) Additionally, based on U.S. Coast Guard data, the Department assumes that 40% of the vessels entering Wisconsin Great Lakes ports that report "no ballast on board" take on ballast once in Wisconsin waters that may be discharged in another Wisconsin port. This includes 1766 vessels (5520 vessel x 80% reporting no ballast on board x 40%) that also must receive a discharge permit. This is largely due to the fact that even those vessels reporting "no ballast on board" carry residual ballast water from non-Wisconsin waters in ballast tanks.

4) The number of vessels needing a discharge permit would therefore be  $1100 + 1766 = 2866$  vessels.

5) The Department assumes that the term of a ballast water discharge permits would be valid for 5 years; thus, after the initial start-up period, an average of 573 vessels would be permitted each year. (NOTE: The workload in the first year or two of the program would be considerably higher than the ongoing average.)

6) The Department may be able to develop a general permit for ballast water discharge that would require significant effort up front, but would significantly reduce the amount of time per permit thereafter. Assuming that a general permit could be developed for ballast water discharges, the Department assumes that it would require 3000 hours of effort @ \$30 per hour (\$90,000 in one-time costs) in the first year to develop the general permit format and process, and 2 hours per permit annually thereafter. The ongoing annual costs under a general permit scenario would therefore be \$34,380 (573 x 2 hours x \$30/hr) and approximately 0.60 FTE. (NOTE: If a general permit cannot be developed for this program, annual costs would likely increase by a factor of 10.)

7) The Department would require one-time, up-front training costs for a ballast water discharge permitting program. The Department estimates these costs @ \$75,000.

#### Permit Enforcement

1) The Department assumes that it would have to take enforcement action against a percentage of those vessels receiving discharge permits.

2) The Department assumes that it would need to take action against a number of ballast water discharge permittees equivalent to 4% of the number of permits drafted each year, or 23 permittees.

3) The Department assumes that each enforcement action would require 40 hours of Departmental effort by a Conservation Warden @ an hourly cost of \$30 for salary and fringe.

4) Annual permit enforcement costs are therefore \$27,600 (23 permittees x 40 hours x \$30/hr) and 0.50 FTE.

5) The Department would require one-time, up-front training costs for ballast water discharge permit enforcement. The Department estimates these costs @ \$75,000.

#### Long-Range Fiscal Implications

None.

## Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 01-2271/1		<b>Introduction Number</b> AB-437	
<b>Subject</b>			
Limit discharge of ballast water			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
\$469,000 [\$94,000 associated with 2400 hours of staff time devoted to drafting the rules specified in this bill; \$225,000 in start-up training expenses; \$60,000 in one-time equipment costs; and \$90,000 related to general permit development.]			
<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	\$147,900	
	(FTE Position Changes)	(3.1 FTE)	
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$147,900</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR		
	FED		
	PRO/PRS	147,900	
	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	147,900	
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$147,900</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
	NET CHANGE IN COSTS	\$147,900	\$
	NET CHANGE IN REVENUE	\$147,900	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DNR/ Joe Polasek (608) 266-2794		Joe Polasek (608) 266-2794	07/17/2001