

Fiscal Estimate - 2003 Session

Original Updated Corrected Supplemental

LRB Number 03-1900/2	Introduction Number AB-228	
Subject Create environmental improvement program and environmental results program		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Create New Appropriations		
<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs		
Local:		
<input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <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		
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
Affected Ch. 20 Appropriations		
Agency/Prepared By	Authorized Signature	Date
DNR/ Joe Polasek (608) 266-2794	Joe Polasek (608) 266-2794	4/1/2003

Fiscal Estimate Narratives

DNR 4/1/2003

LRB Number	03-1900/2	Introduction Number	AB-228	Estimate Type	Original
Subject					
Create environmental improvement program and environmental results program					

Assumptions Used in Arriving at Fiscal Estimate

Bill Summary: The legislation provides two programs to be administered by the DNR. The Environmental Improvement program provides for the submission of reports that may disclose violations of environmental regulations. Facilities choosing to file the reports would provide notice to the agency and verification would be done to determine whether the organization met the basic eligibility requirements set in the bill. The information contained in the actual reports submitted to DNR would be reviewed to verify that compliance issues were properly addressed. DNR would have the responsibility for approving the compliance schedules and taking actions specified in the law if the schedule did not meet the criteria specified in the law. The Environmental Results program provides incentives for public and private entities to improve their environmental performance by fulfilling the requirements specified under tier 1 and tier 2 of the bill. To participate in tier 1 an applicant must satisfy the requirements in the bill and have implemented or must commit itself to implementing an environmental management system that satisfies certain requirements. An environmental management system is a set of procedures designed to evaluate the effects of a facility or activity on the environment and to achieve improvements in those effects through planning and changes in operations. To participate in tier 2 an applicant must satisfy the requirements in the bill and demonstrate that it has a record of superior environmental performance and describe the measures that it proposes to take to maintain and improve its superior environmental performance.

Fiscal Estimate: The law only sets administrative requirements for DNR staff to implement the law. As a result, it is estimated that 1.0 FTE would be reallocated to initiate implementation. Work would only be done on the environmental improvement program and the environmental results program as staffing allows. The legislation provides that the Department may limit participation based on the availability of staff to meet program requirements. Language providing appropriations for staffing, funding to building Non-Government Organization (NGO) capacity and business capacity for Environmental Management Systems (EMS) and reviewers for compliance audits was specifically excluded from the legislation. Non-state funding will be pursued and implementation will be commensurate with funding obtained.

For the environmental results program, assumptions are based on the data obtained from developing agreements for the Environmental Cooperation Pilot Program. That data was normalized to account for replication of the provisions that were developed in the initial agreements. The original estimate for full implementation would be 5.0 FTE and \$150,000 annually for grant funds for capacity development. The law was specifically written so that participation could be limited based on the availability of resources. Wisconsin will pursue funding from non-state sources for the costs associated with implementation of the environmental results portion of the bill. These funds will be pursued consistent with the intent of the legislation to encourage environmental management systems, increase public involvement, increase support for engagement by NGO's and develop legal and procedural templates that will reduce transaction costs. A specific funding strategy will be developed in conjunction with the LaFollette School in order to accomplish the research fundamental to meeting evaluation expectations associated with the sunset provisions in the bill. Efforts are currently underway to secure both federal and foundation funding for specific implementation projects as well as the evaluation. In addition, we will be working directly with program participants and third party evaluators to underwrite portions of the cost for provisions contained in the bill.

For the environmental improvement portion of the bill, the available data is more precise. The best available data appears to be information from Michigan for 1998-99 that shows 554 participating facilities in the audit privilege program. For purposes of compiling this estimate, 550 facilities were used as the baseline. Each facility submitting intent would have to be reviewed for eligibility. An overall average of one-half hour was used. Those facilities requiring a simple check for violations might be nominally less and those facilities for which a review of the environmental management system is needed, that amount of time would be nominally more. An estimate of 500 reports received was used (estimating about 10% would not file or may

be ruled out for eligibility reasons). Approximately 1 hour was allocated for the review of the reports, questions directed to the facilities to clarify information sent and verification with specialized regulatory staff on compliance questions. Only 50 hours has been allotted for public notice and negotiations. Actual experience in Michigan and other states shows that 1 to 2 cases would be expected each year to require public notice or negotiation of schedules beyond 90 days. Base requirements, approximately 125 hours, for the program would include responding to general inquiries, adapting to legal and other changes and general administration of the program. In order to satisfy the requirements of the law, media program staff would be needed to review the environmental performance evaluations for conformance to reporting provisions and adherence to compliance schedule provisions when violations are detected. Given the limited fiscal impact during the initial 1 to 2 years of the program, the assumption is that staff would be reallocated to cover the initial requests.

Long-Range Fiscal Implications

Non-state funding will be used to fund 5.0 FTE to run the program and grants in the future.

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

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 Updated
 Corrected
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Subject		
Create environmental improvement program and environmental results program		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
Reallocation of 1.0 FTE at the DNR to start the program.		
II. Annualized Costs:		Annualized Fiscal Impact on funds from:
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$70,000	
(FTE Position Changes)	(1.0 FTE)	
State Operations - Other Costs	5,000	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$75,000	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S	75,000	
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		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$75,000	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date
DNR/ Joe Polasek (608) 266-2794		Joe Polasek (608) 266-2794
		4/1/2003