

Fiscal Estimate Narratives

DNR 5/28/2003

LRB Number	03a0076/2	Introduction Number	AA1-AB9	Estimate Type	Supplemental
Subject					
Requirement of contiguous acres under gypsy moth program					

Assumptions Used in Arriving at Fiscal Estimate

Amendment Summary:

This amendment positively addresses the maintenance of federal cost sharing while accommodating requests for smaller blocks of some landowners seeking gypsy moth suppression assistance.

The original eligibility requirements for the cost shared gypsy moth suppression program included that parcels proposed for treatment be of at least 40 contiguous acres and of a compact and regular shape. The Joint Committee on Review of Administrative Rules redefined eligible parcels as being of 20 acres. As interpreted by the Committee and Legislative Council, these 20 acres could be discontinuous which had the potential to greatly increase costs and jeopardize federal cost sharing. The effect of this amendment to define eligible blocks as 20 compact and contiguous acres will be to prevent much of the potential cost increases and to avoid jeopardizing federal cost sharing.

Local Government Costs:

Some cost increases in treatment and administration may occur as a result of including spray blocks of 20-40 acres as efficiency increases with block size. Including the requirement that such blocks be contiguous, however, prevents the greatest increases in costs, such as the need to treat with helicopters or from the ground. We also do not expect as much fragmentation of larger parcels with the contiguous acreage requirement and thus expect only modest increases in administrative costs. We estimate that the combined effects of any increases at the local level would be about 5%. Given a program in size similar to the proposed 2003 program and cost similar to that of the 2002 program, the increase in costs would equal \$53,548. Local government costs would be approximately 50%, for a net local government cost of \$26,774.

Cost for spray treatment in 2002 = \$23.84/acre
Average cost for local administration in 2002 = \$13.09/acre
Number of acres proposed for treatment in 2003 = 29,000

Cost of Cost of Local Total Cost of Average cost increase of 5%
Spraying Administration Treatment (treatment +administration)
29,000 acres 29,000 acres \$691,360 1,070,970
x \$23.84 /acre x \$13.09 /acre + \$379,610 x 5%
\$691,360 \$379,610 \$1,070,970 \$53,548 x 50% = \$26,774

In terms of efficacy of treatment, we can expect some feeding damage within borders of any spray blocks that adjoin infested areas. Given experience in other states, we expect compact and contiguous spray blocks of 20 acres should provide satisfactory protection of foliage in the core of the parcel, however. We plan to compare treatment results of blocks of 20-40 acres with those of over 40 acres to verify that efficacy of treatment on the smaller sized blocks is similar. The aerial treatment of 20 compact and contiguous acres should not pose significant risks of overspray or drift.

Long-Range Fiscal Implications

The long-range fiscal implications are a continuation of those described above for the immediate impact.

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Requirement of contiguous acres under gypsy moth program			
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		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
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, etc.)			
		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		\$	\$26,774
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
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