

### Fiscal Estimate - 2003 Session

Original     
  Updated     
  Corrected     
  Supplemental

|                                    |  |
|------------------------------------|--|
| <b>LRB Number</b> <b>03-0989/3</b> | <b>Introduction Number</b> <b>SB-244</b> |
|------------------------------------|--|

**Subject**  
 Regulation of well drilling and water systems

**Fiscal Effect**

**State:**

|   |  |   |
|---|--|---|
| <input type="checkbox"/> No State Fiscal Effect               | <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"/> Indeterminate                        | <input type="checkbox"/> Decrease Existing Revenues            | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                                   |
| <input type="checkbox"/> Increase Existing Appropriations     |  | <input type="checkbox"/> Decrease Costs   |
| <input type="checkbox"/> Decrease Existing Appropriations     |  |   |
| <input checked="" type="checkbox"/> Create New Appropriations |  |   |

**Local:**

|   |   |   |
|---|---|---|
| <input type="checkbox"/> No Local Government Costs                                | 3. <input type="checkbox"/> Increase Revenue                                      | <b>5. Types of Local Government Units Affected</b><br><input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities<br><input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others<br><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
| <input checked="" type="checkbox"/> Indeterminate                                 | <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory |   |
| 1. <input checked="" type="checkbox"/> Increase Costs                             | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory            |   |
| <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory | 4. <input type="checkbox"/> Decrease Revenue                                      |   |
| 2. <input type="checkbox"/> Decrease Costs  | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory            |   |

|   |                                       |
|---|---------------------------------------|
| <b>Fund Sources Affected</b>  | <b>Affected Ch. 20 Appropriations</b> |
| <input checked="" 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) ai |                                       |

|  |   |                           |
|--|---|---------------------------|
| <b>Agency/Prepared By</b><br>DNR/ Joe Polasek (608) 266-2794 | <b>Authorized Signature</b><br>Joe Polasek (608) 266-2794 | <b>Date</b><br>11/14/2003 |
|--|---|---------------------------|

## Fiscal Estimate Narratives

DNR 11/17/2003

|   |           |                     |        |               |          |
|---|-----------|---------------------|--------|---------------|----------|
| LRB Number                                    | 03-0989/3 | Introduction Number | SB-244 | Estimate Type | Original |
| <b>Subject</b>                                |           |                     |        |               |          |
| Regulation of well drilling and water systems |           |                     |        |               |          |

### Assumptions Used in Arriving at Fiscal Estimate

#### Bill Summary:

This bill restructures and makes numerous changes in the laws relating to water systems, drinking water, withdrawal of groundwater, and wells and other similar excavations (drill holes). Under current law, DNR registers individuals and businesses who engage in the business of drilling wells to obtain water for human consumption and who engage in the business of installing pumps to withdraw water from wells. Under the bill, DNR issues licenses to individuals who engage in the following activities: well drilling (of wells to obtain groundwater for human consumption), well point driving, drilling of environmental (monitoring) wells, pump installation, and constructing specified types of drill holes (other than wells to obtain groundwater for human consumption), and inspection of water systems. Generally, an individual may not engage in one of those activities unless he or she is licensed or is supervised by another individual who is licensed. The bill prohibits a person from filling or sealing a well or other drill hole unless the person is licensed to install a pump in that kind of well or other drill hole or has a license for constructing that kind of well or other drill hole. The bill requires drilling rig operators and pump installer helpers to register with DNR. The bill creates the Council on Well Drilling and Pump Installing and requires DNR to consult with the council on matters including rule making.

#### State Fiscal Impact:

Note, because of the complexity of this bill, and time available for review, it is difficult to determine its full fiscal impact. The Department was able to identify and quantify some impacts as detailed below. However, other fiscal impacts associated with this bill may exist.

#### Estimated Expenditures:

The bill will increase costs to the Department by an estimated \$331,300 of salary and supplies related expenditures associated with 4.76 FTE. This estimate of fiscal impact includes costs associated with 1) facilitating and coordinating a council on well drilling, 2) processing approximately 400 new licensing and 1600 new registration applications, 3) holding and grading 12 additional exams, 4) processing 2000 license and registration renewals, 5) conducting 10 additional continuing education programs, and 6) conducting 24 disciplinary hearings.

Facilitate and Coordinate Council on Well Drilling: The Department estimates that it will take 0.5 FTE of Water Supply Specialist time to facilitate and coordinate the activities of the proposed Council on Well Drilling. This estimate is based on the amount of time currently spent with the Groundwater Coordinating Council.

Water Supply Specialist - Adv. (\$30.98/hr salary and fringe) x 2080 + \$5200 supplies related expenditures = \$69,600 x 0.5 FTE = \$34,800

Process Applications for New Licenses: The Department estimates that 400 additional licenses will be issued each year for environmental well drillers, geothermal well constructors, dewatering well constructors, elevator shaft constructors and water system inspectors. The Department estimates that it will take approximately 10 hrs. of water supply specialist time to review each license application, determine the applicants qualifications, and issue the license.

400 x 10 hrs /license application = 4000 hrs

4000 hrs. / 1800 hrs. per FTE = 2.22 FTE

Water Supply Specialist - Adv. (\$30.98/hr salary and fringe) x 2080 + \$5200 supplies related expenditures = \$69,600 x 2.22 FTE = \$154,500

Process Applications for New Registrations: The Department estimates that 1600 drilling rig operators and pump installer helpers will need to be registered each year. The Department estimates that it will take approximately 0.25 hrs. of water supply specialist time to review each registration application, determine the applicants qualifications, and issue the registration.

1600 x .25 hrs /license application = 400 hrs

400 hrs. / 1800 hrs. per FTE = 0.22 FTE

Water Supply Specialist - Adv. (\$30.98/hr salary and fringe) x 2080 + \$5200 supplies related expenditures = \$69,600 x 0.22 FTE = \$15,300

Hold and Grade Exams: The Department estimates that 12 additional exams will be needed each year for environmental well drillers, geothermal well constructors, dewatering well constructors, elevator shaft constructors and water system inspectors. The Department estimates that it will take approximately 12 hrs. of water supply specialist time to hold and grade these exams.

12 Exams x 12 hrs /Exam = 144 hrs

144 hrs. / 1800 hrs. per FTE = 0.08 FTE

Water Supply Specialist - Adv. (\$30.98/hr salary and fringe) x 2080 + \$5200 supplies related expenditures = \$69,600 x 0.08 FTE = \$5,600

Process License Renewal: The Department estimates that 2000 additional license renewals will be needed each year for environmental well drillers, geothermal well constructors, dewatering well constructors, elevator shaft constructors and water system inspectors. The Department estimates that it will take approximately 0.2 hrs. of water supply specialist time to process these renewals.

2000 license renewals x 0.2 hrs /license = 400 hrs

400 hrs. / 1800 hrs. per FTE = 0.22 FTE

Water Supply Specialist - Adv. (\$30.98/hr salary and fringe) x 2080 + \$5200 supplies related expenditures = \$69,600 x 0.22 FTE = \$15,300

Conduct Continuing Education Sessions: The Department estimates that 10 additional continuing education sessions will be needed each year for environmental well drillers, geothermal well constructors, dewatering well constructors, elevator shaft constructors and water system inspectors. The Department estimates that it will take approximately 225 hrs. of water supply specialist time to conduct these sessions (based on past year 1,800 hrs. for 8 sessions, including staff time to develop the program, develop presentations, prepare handouts, travel to the sites, make presentations, take in and review evaluation forms).

10 continuing education sessions x 225 hrs /session = 2,250 hrs

2,250 hrs. / 1800 hrs. per FTE = 1.25 FTE

Water Supply Specialist - Adv. (\$30.98/hr salary and fringe) x 2080 + \$5200 supplies related expenditures = \$69,600 x 1.25 FTE = \$87,000

Conduct Disciplinary Hearings: The Department estimates that 24 disciplinary hearings against license holders will be conducted each year. The Department estimates that it will take approximately 20 hrs. of water supply specialist time to conduct these sessions.

24 disciplinary hearing x 20 hrs /hearing = 480 hrs

480 hrs. / 1800 hrs. per FTE = 0.27 FTE

Water Supply Specialist - Adv. (\$30.98/hr salary and fringe) x 2080 + \$5200 supplies related expenditures = \$69,600 x 0.27 FTE = \$18,800

One-Time Costs: The bill will increase costs to the Department by an estimated \$280,500 of salary and supplies related expenditures associated with 4.03 FTE. This estimate of fiscal impact includes costs associated with 1) developing new administrative codes, 2) develop new exams, and 3) Licensing DNR staff.

Develop New Administrative Codes: The Department estimates that it will take 2.5 FTE of Water Supply Specialist time to develop the new administrative codes needed to implement this legislation. This estimate is based on the amount of time spent on previous major code revisions.

Water Supply Specialist - Adv. (\$30.98/hr salary and fringe) x 2080 + \$5200 supplies related expenditures = \$69,600 x 2.5 FTE = \$174,000

Develop New Exams: The Department estimates that it will take 1.0 FTE of Water Supply Specialist time to

develop the new exams needed to implement this legislation.

Water Supply Specialist - Adv. (\$30.98/hr salary and fringe) x 2080 + \$5200 supplies related expenditures = \$69,600 x 1.0 FTE = \$69,600

Licensing DNR Staff: The Department estimates that 60 DNR staff will now need to be licensed because of this legislation. The Department estimates that it will take approximately 16 hrs. of time per Department staff to become licensed.

60 Department Staff x 16 hrs /license = 960 hrs

960 hrs. / 1800 hrs. per FTE = 0.53 FTE

Water Supply Specialist - Adv. (\$30.98/hr salary and fringe) x 2080 + \$5200 supplies related expenditures = \$69,600 x 0.53 FTE = \$36,900

#### Estimated Revenues:

The bill creates a new program revenue appropriation s. 20.370 (4) (ai). The revenues to this appropriation are to be fees collected to administer the water supply management activities. These activities are defined in the bill as fees for reviewing applications, licensing, administering certifications, registering, providing training, and administering and reviewing examinations. The bill does not establish a specific spending authority for this program revenue but rather gives the Department the authority to establish by rule the amounts to be charged for these activities and then expenditure authority would be available in the all monies received appropriation established by the bill. For the purposes of this analysis, it is assumed that the program revenue created will be the amounts needed to carry out these activities.

The bill does provide position authority for 3.0 program revenue FTE to be funded from the fees collected under 20.370 (4) (ai). Given the assumptions of 1.0 Water Supply Specialist at \$69,600 per year, this would come to \$208,800 annually (\$193,200 salary and fringe and \$15,600 supplies). The 3.0 FTE provided is 1.76 FTE less than the number assumed to carry out the necessary work load associated with this bill. Again, it is assumed that through rules promulgation that the program revenue collected will fund the necessary 4.76 positions to carry out the activities of the bill.

#### Estimated Lost Revenue:

This bill creates a new PR appropriation and a mechanism to collect the fees for activities. It is assumed that fees already collected for pump installer licenses and for well driller licenses, which are collected under the Drinking and Groundwater GPR-earned appropriation will be transferred to the new appropriation. This will result in an estimated loss of \$47,000 for pump licenses and \$24,000 for driller licenses, for a total of \$71,000, of GPR-earned funding.

#### Local Fiscal Estimate:

Under the county ordinances section of this bill, it is stated that the Department may charge a fee to provide training and technical assistance to county employees. This fee is to be set by rule and shall be deposited in the new program revenue appropriation. In addition to this fee, some of the other aforementioned fees may be charges to local government employees and/or paid by local municipal government, and deposited into the program revenue account. It is not possible to determine the fiscal effect of this bill on local governments, it is only possible to state that there will be an increase in costs to them in the form of fees paid for services administered by the Department.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

|   |  |  |                  |
|---|--|--|------------------|
| <b>LRB Number</b> 03-0989/3   |  | <b>Introduction Number</b> SB-244              |                  |
| <b>Subject</b>  |  |  |                  |
| Regulation of well drilling and water systems   |  |  |                  |
| <b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>   |  |  |                  |
| The bill will increase one-time costs to the Department by an estimated \$280,500 of salary and supplies related expenditures associated with 4.03 FTE. This estimate of fiscal impact includes costs associated with 1) developing new administrative codes, 2) develop new exams, and 3) Licensing DNR staff. |  |  |                  |
| <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   |  | \$306,500                                      |                  |
| (FTE Position Changes)  |  | (4.8 FTE)                                      |                  |
| State Operations - Other Costs  |  | 24,800   |                  |
| Local Assistance  |  |  |                  |
| Aids to Individuals or Organizations  |  |  |                  |
| <b>TOTAL State Costs by Category</b>  |  | <b>\$331,300</b>                               | <b>\$</b>        |
| <b>B. State Costs by Source of Funds</b>  |  |  |                  |
| GPR   |  |  |                  |
| FED   |  |  |                  |
| PRO/PRS   |  | 331,300  |                  |
| 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  |  |  | -71,000          |
| FED   |  |  |                  |
| PRO/PRS   |  | 331,300  |                  |
| SEG/SEG-S   |  |  |                  |
| <b>TOTAL State Revenues</b>   |  | <b>\$331,300</b>                               | <b>\$-71,000</b> |
| <b>NET ANNUALIZED FISCAL IMPACT</b>   |  |  |                  |
|   |  | State  | Local            |
| NET CHANGE IN COSTS   |  | \$331,300                                      | \$               |
| NET CHANGE IN REVENUE   |  | \$260,300                                      | \$               |
| <b>Agency/Prepared By</b>   |  | <b>Authorized Signature</b>                    | <b>Date</b>      |
| DNR/ Joe Polasek (608) 266-2794   |  | Joe Polasek (608) 266-2794                     | 11/14/2003       |