

Fiscal Estimate Narratives

DNR 4/7/2005

LRB Number	05-0205/4	Introduction Number	AB-222	Estimate Type	Original
Subject					
Environmental claims coverage under liability insurance					

Assumptions Used in Arriving at Fiscal Estimate

SUMMARY OF BILL

This bill addresses various issues related to environmental claims under general liability insurance policies. The bill defines an environmental claim as a claim made by an insured under a general liability insurance policy for defense or indemnity based on the insured's liability or potential liability for bodily injury or property damage due to contaminated sediments or contaminated soils on the bed or banks of navigable waters of the state. For the purposes of this fiscal estimate, the only portion directly relevant to the Department of Natural Resources is creation of authority for the DNR to collect fees from a person who is responsible for removal of at least 10,000 tons of contaminated sediment from the bed or banks of a navigable water. The potential fee may not exceed \$0.25 per ton of material removed.

FISCAL IMPACT

A precise estimate of potential fees that may be authorized under this bill is not possible. Although there are more than one hundred contaminated sediment sites present in the state, few of these sites have been evaluated in enough detail in order to determine the method of remediation required, and if removal is required, the amount of sediment which will be required to be removed.

According to current estimates of contaminated sediment sites within the major harbors of the Great Lakes, and the rivers that flow into them, there are more than 8,000,000 tons of sediment that may be required to be removed over the next 15 years. If this sediment were to be removed at a consistent pace over the next 15 years, and if the maximum fee of \$0.25 per ton were to be assessed, the annual revenue generated would be approximately \$133,300. Under the bill, these funds would be deposited into a newly created solid waste management appropriation.

Technical Note

The bill creates a new appropriation in the Air/Waste Division, Program 2. This issue is more appropriately a Water Division issue and should be in Program 4.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Environmental claims coverage under liability insurance			
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		133,300	
SEG/SEG-S			
TOTAL State Revenues		\$133,300	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$133,300	\$
Agency/Prepared By		Authorized Signature	Date
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