Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2005 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **05-3224/1**	Introduction Number **AB-919**

Description
Ballast water management, providing a penalty, and making an appropriation

Fiscal Effect

State:
- ☐ No State Fiscal Effect
- ☐ Indeterminate
  - ☐ Increase Existing Appropriations
  - ☐ Decrease Existing Appropriations
  - ☒ Create New Appropriations
  - ☒ Increase Existing Revenues
  - ☐ Decrease Existing Revenues
  - ☒ Increase Costs - May be possible to absorb within agency's budget ☐ Yes ☒ No
  - ☐ Decrease Costs

Local:
- ☐ No Local Government Costs
- ☐ Indeterminate
  - 1. ☐ Increase Costs ☐ Permissive ☐ Mandatory
  - 2. ☐ Decrease Costs ☐ Permissive ☐ Mandatory
  - 3. ☐ Increase Revenue ☐ Permissive ☐ Mandatory
  - 4. ☐ Decrease Revenue ☐ Permissive ☐ Mandatory
  - 5. Types of Local Government Units Affected: ☐ Towns ☐ Village ☐ Cities ☐ Counties ☐ Others ☐ School Districts ☐ WTCS Districts

Fund Sources Affected ☐ GPR ☐ FED ☒ PRO ☐ PRS ☐ SEG

Affected Ch. 20 Appropriations ☐ SEGS 20.370(4)(aw) -- New Appropriation

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DNR 4/19/2006

LRB Number **05-3224/1**	Introduction Number **AB-919**	Estimate Type **Original**
Description Ballast water management, providing a penalty, and making an appropriation		

Assumptions Used in Arriving at Fiscal Estimate

SUMMARY

The bill requires a person that operates an oceangoing vessel to obtain a permit prior to using a Wisconsin port. The person that applies for a permit would be required to pay a $750 application fee and an annual fee of $8,700. In addition, a person that violates the conditions of the permit would be subject to a $25,000 forfeiture for each day of violation.

ASSUMPTIONS

A. Information obtained from the three primary ports in the state shows that approximately 190 oceangoing vessels currently enter Wisconsin ports each year--53 at the Port of Milwaukee, 25 at the Port of Green Bay, 112 at the Port of Duluth-Superior.

B. The Department does not have information regarding the number of oceangoing vessels that visit a state port more than once per year, or the number of oceangoing vessels that visit state ports on a periodic basis.

C. Based on discussions with port representatives, the bill would be expected to have a significant impact on the number of ships that visit state ports. It is assumed that a minimum of 75% of the estimated 112 ships that currently use the Superior port would opt to use the neighboring Duluth port to avoid the permitting fees and requirements in the bill. Furthermore, it is assumed that 25% of the estimated 53 ships that currently use the Port of Milwaukee would use non-Wisconsin ports to avoid the permitting fees and requirements in the bill. Therefore, it is assumed that the number of vessels entering Wisconsin ports each year would decrease from 190 to 93--40 at the Port of Milwaukee, 25 at the Port of Green Bay, and 28 at the Port of Duluth-Superior.

D. The Department interprets the language of the bill to mean that the permit application fee and annual fee will be assessed on each vessel, rather than one assessment on an individual or organization that owns more than one vessel.

E. Vessels will be considered to be point source dischargers. Therefore, it is assumed that permits issued under this bill will be valid for 5 years, similar to permits issued under the Wisconsin Pollutant Discharge Elimination System (WPDES) program, and that operators of vessels will have to reapply for a permit every 5 years.

F. For permitting and enforcement purposes, it is assumed that operators of oceangoing vessels will grant Departmental staff permission to board the vessel to determine that it is incapable of taking on ballast water, or to determine if it is equipped with adequate technology for controlling the spread of aquatic nuisance species in the Great Lakes.

REVENUE ESTIMATES

Revenue estimates for the permit application fee, the annual fee, and any associated revenue from forfeitures are based on the following assumptions:

A. 93 vessels will apply for a permit the first year of the program.

B. One-half of the vessels that apply for a permit the first year will return in the second year and will thus hold a valid permit. Therefore, it is assumed that 47 new permits will be issued the second year, and that 25 will be issued in each year thereafter.

C. Only those vessels that visit a state port in a particular year will elect to pay the $8,700 annual fee and

thus maintain an active permit. Vessel owners that opt not to visit a state port would surrender their permit coverage and not be subject to subsequent annual fees.

D. The Department assumes 100% compliance with the permitting program; therefore, it is assumed that no persons will be subject to the $25,000/day forfeiture for violating the terms and conditions of a permit.

Revenue estimates for the first 5 years of the program are summarized in the table below:

Year 1
New Applications - 93
Appl. fee rev. - $69,750
Active Permits - 93
Annual Fee Rev. - $809,100
Total Est. Revenue - $878,850

Year 2
New Applications - 47
Appl. fee rev. - $35,250
Active Permits - 93
Annual Fee Rev. - $809,100
Total Est. Revenue - $844,350

Year 3
New Applications - 25
Appl. fee rev. - $18,750
Active Permits - 93
Annual Fee Rev. - $809,100
Total Est. Revenue - $827,850

Year 4
New Applications - 25
Appl. fee rev. - $18,750
Active Permits - 93
Annual Fee Rev. - $809,100
Total Est. Revenue - $827,850

Year 5
New Applications - 25
Appl. fee rev. - $18,750
Active Permits - 93
Annual Fee Rev. - $809,100
Total Est. Revenue - $827,850

ADMINISTRATIVE COST ESTIMATES

The administrative responsibility associated with implementing this bill will consist of 3 distinct activities: A) issuance of a permit and granting of coverage under the permit (1 FTE); B) evaluation of technologies and plans to determine if technology will control aquatic nuisance species (1 FTE); and C) inspection and compliance determinations for specific vessels (1 FTE).

A. Permit issuance and granting of coverage – The Department assumes that, on an on-going basis, this activity will require 1 FTE of a wastewater (advanced) specialist's time to do this work. This includes tracking of permittees and coordination of data and information in the Department's WPDES permit data system. ($20.293/hr @ 2088 hr/yr = $42,372/yr + $18,898/yr fringe; total = $61,270/yr.

B. Technology evaluation/plan review – It is expected that various vessels will employ differing techniques to attain aquatic nuisance species control. This will require engineering evaluation of treatment technologies and review of systems to determine if compliance will be attained. Accordingly, one wastewater engineer (senior level) will be required ($23.944/hr @ 2088 hr/yr = $49,995/yr + $22,298/yr fringe; total = $72,293/yr)

C. Inspection and compliance determinations -- For initial permitting purposes, Department staff will board the vessels and inspect the ballast water systems on each vessel applying for a permit. Additionally, each year after the initial year, the Department will conduct compliance investigations of previously permitted vessels. Due to the logistics involved in arranging for such inspections, boarding and reporting on results,

we anticipate that this will require approximately 24 hours of staff time per vessel. Therefore, 1 FTE wastewater engineer will be dedicated to this activity ($72,293/yr.; plus $10,000 annually in travel and supplies costs).

Long-Range Fiscal Implications

Assuming that permits will be valid for 5 years, application fee revenue will be expected to fluctuate in subsequent years-- trending downward toward the end of a 5-year application period and trending upward toward the beginning of a new 5-year application period, when permits must be renewed.

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Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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Description
Ballast water management, providing a penalty, and making an appropriation

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	$205,900	
(FTE Position Changes)	(3.0 FTE)	
State Operations - Other Costs	10,000	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	**$215,900**	**$**
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS	215,900	
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, ets.)

	Increased Rev	Decreased Rev
GPR Taxes	$	$
GPR Earned		
FED		
PRO/PRS	878,900	
SEG/SEG-S		
TOTAL State Revenues	**$878,900**	**$**

NET ANNUALIZED FISCAL IMPACT

	State	Local
NET CHANGE IN COSTS	$215,900	$
NET CHANGE IN REVENUE	$878,900	$

Agency/Prepared By	**Authorized Signature**	**Date**
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