

Fiscal Estimate Narratives
DNR 12/9/2005

LRB Number	05-2020/1	Introduction Number	AB-601	Estimate Type	Original
Subject					
Rights related to permits granted by state or local government					

Assumptions Used in Arriving at Fiscal Estimate

I. STORM WATER DISCHARGE PERMITS

Current law authorizes DNR to revoke, suspend or modify a storm water discharge permit that covers a construction site for cause. This bill provides that DNR may generally not revoke, suspend or modify a storm water discharge permit that covers a construction site for a cause other than a violation of the permit or for providing inaccurate information related to the permit unless the DNR compensates the recipient for the additional costs related to the loss of the permit.

If a storm water permit would need to be revoked, suspended or modified due to a change in law or as a result of a court order, the proposed bill would require DNR to compensate the recipient for costs incurred due to the change. For example, a law change could mandate a redesign of the storm water plan, and the DNR would be required to reimburse the permit holder for costs incurred to redesign the plan and for time and work lost until a new permit was issued.

Assumptions

The construction site storm water general permit authorizes storm water discharges from over 1,500 construction sites annually. A law change or court order changing the general permit could affect anywhere from one to all of the projects covered under the general permit. It is difficult to estimate the potential costs in the absence of a specific statutory change and lack of knowledge of the number of sites affected. The cost of compensation could range from zero (if such change never occurs) to in excess of several millions of dollars, depending on the magnitude of the change.

This level of compensation to permit holders could be well in excess of the total storm water program revenue which is used to pay staff salaries. It is assumed that there is no allocation of funding included with this bill for such compensation. Therefore, it is assumed that storm water program revenue would be taken (reducing/eliminating revenue to pay storm water staff salaries) and that other state revenue could potentially be needed to cover such compensation.

Another factor that complicates the fiscal estimate is the fact that DNR typically does not issue individual permits to specific construction sites. To date, DNR has used one general permit to cover all storm water discharges from construction sites, and each site has authorization to operate under this single permit. This permit is reissued about once every 5 years. The proposed legislation does not recognize this distinction.

II. WATER QUALITY CERTIFICATION & ACTIVITIES IN OR NEAR NAVIGABLE WATERS

This proposal provides that DNR may not revoke or modify a water quality certification or a permit/contract for activities related to navigable waters, unless

- a. the recipient of the certification, permit or contract consents to the revocation or modification;
- b. the recipient provides inaccurate information related to the certification, permit or contract or violates the terms of the agreement; or
- c. the DNR made an error when issuing the permit and either (1) compensates the recipient for the replacement certification; or (2) grants a waiver for the part of the agreement that has been violated.

Assumptions

Under scenario "c, option 1" above, it is assumed that the Department would erroneously issue a certification, permit or contract once every 10 years. The cost of compensating a recipient could range

anywhere from zero to \$100,000. Compensation could conceivably be provided for materials and equipment purchased by a recipient under the assumption that the certification, permit or contract was valid. However, it should be noted that it is difficult to project the fiscal effect under this scenario since compensation costs could vary widely on a case-by-case basis. Therefore, the fiscal effect of this scenario should be considered to be indeterminate.

Under scenario "c, option 2" it is assumed that DNR would issue few, if any waivers, and therefore, this scenario would have no fiscal effect.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
The fiscal impact of this bill cannot be estimated, but could range from zero to in excess of several millions of dollars.			
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	\$	\$	
NET CHANGE IN REVENUE	\$	\$	
Agency/Prepared By		Authorized Signature	Date
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