



## Fiscal Estimate Narratives

DNR 6/26/2007

LRB Number	07-0822/1	Introduction Number	SB-208	Estimate Type	Original
<b>Description</b> The leasing of land in the Northern Highland-American Legion State Forest for the purpose of gravel extraction					

### Assumptions Used in Arriving at Fiscal Estimate

Bill Summary: This bill would authorize the Department to lease 2 parcels (60 acres and 40 acres in size) in the Northern Highland - American Legion (NHAL) State Forest for the extraction of gravel for a term not to exceed 30 years.

Fiscal Effect: The legislation permits--but does not require--the Department to lease certain parcels within the NHAL State Forest for the purpose of gravel extraction. Consequently, the bill will have a fiscal effect only if the Department elects to lease the listed lands. If it were to lease the lands for gravel extraction, the Department would enter into a lease with a third party to extract the gravel and the Department would receive a portion of the revenue from the sale of the gravel extracted. There are no significant recreation use areas or threatened or endangered species on the listed sites, and the Department would retain ownership of the land and require a reclamation plan to reforest the site.

The value of the gravel in the 60 acre and 40 acre parcels specified in the bill depends on many things, including the makeup and size of the rock, the percentage of sand, the use the rock will be applied to, and whether the extracted rock needs to be further crushed. Estimating the value of the gravel would require an on-site profile by an expert in the field, including a soil analysis, and core samples to determine amount, type and quality of the material. The Department has listed the state fiscal effect as "indeterminate" in part because it has not performed a detailed on-site profile of the material on the two parcels. Based on data from other gravel extraction sites, however, the Department roughly estimates that any lease would be set up so that the state would recoup an amount equal to, at a minimum, 50 cents per cubic yard on the extracted material.

Additionally, DNR staff time to administer a gravel pit lease would be minimal. DNR staff have administered similar leases, and the organizational structure and guidance are already in place.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>Description</b> The leasing of land in the Northern Highland-American Legion State Forest for the purpose of gravel extraction			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<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		\$	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
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			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
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		<b>Date</b>	
		6/26/2007	