

Fiscal Estimate - 2011 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-2058/2	Introduction Number AB-0201	
Description Regulation of geothermal well drillers and granting rule-making authority.		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <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"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local:		
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected		
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.370 (4)(ma)		
Affected Ch. 20 Appropriations		
Agency/Prepared By	Authorized Signature	Date
DNR/ Joe Polasek (608) 266-2794	Joe Polasek (608) 266-2794	8/4/2011

Fiscal Estimate Narratives

DNR 8/4/2011

LRB Number	11-2058/2	Introduction Number	AB-0201	Estimate Type	Original
Description Regulation of geothermal well drillers and granting rule-making authority.					

Assumptions Used in Arriving at Fiscal Estimate

Bill Summary:

This bill expands the current law regulating wells and well drilling so that it applies to certain drill holes constructed for obtaining groundwater for purposes other than human consumption, including obtaining geothermal energy. Current law only applies to wells constructed for human consumption. The bill also requires geothermal well construction training for individuals who engage in well drilling for the purpose of obtaining geothermal energy.

Fiscal Impact:

Annual Costs

The bill will increase costs to the Department by an estimated \$145,100 in salary and supplies related expenditures associated with 2.0 FTE. This estimate of fiscal impact includes costs associated with 1) ongoing well driller licensing for individuals engaged in geothermal bore hole construction, irrigation well construction, dewatering well construction, monitoring well construction, and the construction of wells at sand and gravel pits, 2) Department approval of training for construction of geothermal heat exchange wells and 3) issuing renewal licenses for well drillers with geothermal well construction qualifications.

1) Well Driller Licensing – The Department estimates that it will take 1.8 FTE to review an estimated 40 additional applications for well driller licenses each year. The Department's estimates that prior to issuing a license, each applicant will be inspected on 10 separate occasions (8 hrs. /inspection) while operating a drill rig.

40 additional license applications x 80 hrs./ license = 3,200 hrs.
3,200 hrs/1,800 hrs/FTE = 1.8 FTE

Water Supply Specialist Adv. (\$32.36/hr salary and fringe) x 2,080 hrs. + \$5,200 supplies related expenditures =
\$72,500 x 1.8 FTE = \$130,500

2) Annual Approval of continuing education programs for construction of geothermal heat exchange wells – The Department estimates that it will take 0.1 FTE of Water Supply Specialist Adv. time to annually review and approve courses developed for continuing education of well drillers engaged in the construction of geothermal heat exchange wells.

Water Supply Specialist Adv. (\$32.36/hr salary and fringe) x 2,080 hrs. + \$5,200 supplies related expenditures = \$72,500 x 0.1 FTE = \$7,300

3) Renewal Licensing of Well Drillers Engaged in Geothermal Well Construction – The Department estimates that it will take 0.1 FTE of Water Supply Specialist Adv. time to review renewal applications for applicable training for well drillers engaged in the construction of geothermal heat exchange wells.

Water Supply Specialist Adv. (\$32.36/hr salary and fringe) x 2,080 hrs. + \$5,200 supplies related expenditures = \$72,500 x 0.1 FTE = \$7,300

One-Time Costs

The Department estimates that it will incur one-time costs of \$727,600 in salary and supplies-related expenditures associated with 10.0 FTE. This estimate of fiscal impact includes costs associated with 1) modifying administrative codes 2) initial well driller licensing for individuals currently engaged in geothermal bore hole construction, irrigation well construction, dewatering well construction, monitoring well

construction, and the construction of wells at sand and gravel pits, who currently do not have licenses and 3) development of initial training plan for construction of geothermal heat exchange systems.

1). Modification of Administrative Code – The Department estimates that it will take 0.6 FTE of Water Supply Specialist Adv. time, 0.1 FTE of Attorney time and 0.2 FTE of Natural Resource Program Manager time to develop and implement changes to NR 146 (admin. rules for well construction and pump installation) and NR 812 (admin. rules for well driller and pump installer registration).

Water Supply Specialist Adv. (\$32.36/hr salary and fringe) x 2,080 + \$5,200 supplies related expenditures = \$72,500 x 0.6 FTE = \$43,500

Natural Resources Program Mgr. (\$37.11/hr salary and fringe) x 2,080 + \$5,200 supplies related expenditures = \$82,400 x 0.2 FTE = \$16,500

Attorney (\$34.78/hr salary and fringe) x 2,080 + \$5,200 supplies related expenditures = \$77,800 x 0.1 FTE = \$7,800

2). Well Driller Licensing – The Department estimates that it will take 8.9 FTE to review an estimated 200 applications for well driller licenses from individuals currently engaged in geothermal bore hole construction, irrigation well construction, dewatering well construction, monitoring well construction, or the construction of wells at sand and gravel pits. The Department's time estimates assumes that each applicant will be inspected on 10 separate occasions (8 hrs. /inspection), while operating a drill rig, prior to issuing a license.

200 additional license applications x 80 hrs/ license = 16,000 hrs.

16,000 hrs/1800 hrs./FTE = 8.9 FTE

Water Supply Specialist Sen. (\$32.36/hr salary and fringe) x 2,080 + \$5,200 supplies related expenditures = \$72,500 x 8.9 FTE = \$645,300

3). Development of Geothermal Heat Exchange Construction Continuing Education – The Department estimates that it will take 0.2 FTE of Water Supply Specialist Adv. Time to plan and develop training related to the construction of geothermal heat exchange wells.

Water Supply Specialist Adv. (\$32.36/hr salary and fringe) x 2,080 + \$5,200 supplies related expenditures = \$72,500 x 0.2 FTE = \$14,500

Revenue

The Department estimates that this bill will increase revenue by \$12,500 per year. This estimate includes revenue associated with 1) 200 additional well drilling license applications/license renewal applications with an associated fee of \$50/license and 2) 100 additional drilling rig operator registrations with an associated fee of \$25/registration.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

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Description Regulation of geothermal well drillers and granting rule-making authority.			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$727,600 for work related to modifying admin. code, initial licensing work, and training			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$134,700		\$
(FTE Position Changes)	(2.0 FTE)		
State Operations - Other Costs	10,400		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$145,100		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S (Environmental)	145,100		
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	12,500		
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$12,500		\$
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>		<u>Local</u>
NET CHANGE IN COSTS	\$145,100		\$
NET CHANGE IN REVENUE	\$12,500		\$
Agency/Prepared By		Authorized Signature	Date
DNR/ Joe Polasek (608) 266-2794		Joe Polasek (608) 266-2794	8/4/2011