

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-1197/1	Introduction Number AB-0021
Description testing of private wells, compensation for well contamination and abandonment, granting rule-making authority, and making an appropriation	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No Local Government Costs <input checked="" 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 checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>Wisconsin Tribes</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.370 (6)(cc); 20.370 (6)(cr); 20.370 (6)(cb)	
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Date 3/4/2019	

Fiscal Estimate Narratives

DNR 3/4/2019

LRB Number	19-1197/1	Introduction Number	AB-0021	Estimate Type	Original
Description testing of private wells, compensation for well contamination and abandonment, granting rule-making authority, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

The bill includes several provisions related to privately-owned wells:

1. It requires the Department to administer a new grant program for the testing of privately owned wells. It provides that local units of government may apply for grants once in a fiscal biennium for testing privately owned wells, with an option for a second grant if adequate funding is available. A local unit of government must provide matching funds equal to the amount of the grant and must provide test results to DNR within three months of conducting testing. DNR is required to award grants equitably across the state, giving priority to regions where a significant number of private wells contain nitrate contamination above specified levels and regions where a significant number of wells contain coliform bacteria or other contaminants at a level that exceeds applicable standards for public health.
2. It makes changes to the well compensation grant program currently administered by the Department. The bill increases the family income limit for grant eligibility from \$65,000 to \$100,000 and increases the amount of annual family income that triggers a reduction of an award from \$45,000 to \$65,000. In addition, it eliminates the requirement that a well contaminated only by nitrates is eligible for a grant only if the well is a water supply for livestock, is used at least three months in each year, and contains nitrates in excess of 40 parts per million, and it requires the Department to prioritize grants for wells with nitrate contamination above specified levels.

A. Proposed New Well Testing Grant Program

1. Assumptions

a. Based on DOA data, there are 1,934 eligible local units of governments in Wisconsin (cities, towns, villages, counties and tribes). If 10% of eligible local units of government apply in the first year, which is an assumption based on experience with implementing a new grant program, the Department estimates that 193 grants/yr. would be issued once development of administrative code is complete.

2. State Fiscal Effect

- a. The bill increases GPR funding by \$1,000,000 annually to fund the new well testing grant program. Within that new funding, it adds 1.00 FTE for the Department that would serve as the program administrator and liaison for the program. Annual salary, fringe and supply costs for the position are estimated at \$108,400, thus leaving the remaining \$891,600/yr. to be awarded for well testing grants.
- b. Additional, one-time costs of \$5,700 would be incurred to develop administrative code for the new well testing grant program. This is reflective of staff time spent on developing the code that is over and above the time that would be spent by the program administrator/liaison.

3. Local Fiscal Effect

a. While not explicitly stated in the bill, local units of government that are awarded grants would need to develop local well testing grant programs to which landowners may apply. Costs to develop such programs are indeterminate.

Existing Well Compensation (WC) Grant Program

1. Assumptions

- a. The Department estimates that there are 700,000 private wells in the state. Of those, 6% (42,000) are estimated to produce drinking water with nitrates above the federal standard of 10 micrograms/liter. Of these 42,000, it is estimated that half (21,000) will meet the new income eligibility threshold of \$100,000.
- b. In 2019, the average cost to replace a nitrate contaminated well is \$10,600. Therefore, the estimated maximum statewide cost to address 21,000 contaminated wells would be \$223,000,000 ($\$10,600 \times 21,000$).
- c. The Department estimates that processing a WC application takes 4 hours per application: 21,000 wells x 4 hours = a maximum of 84,000 hours of DNR staff time needed to process applications.

2. State Fiscal Effect

- a. The bill changes the funding source for the current, \$200,000/yr. well compensation grant program from environmental SEG to GPR, and increases overall annual funding for the program by \$1,000,000, from \$200,000 to \$1,200,000.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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Description testing of private wells, compensation for well contamination and abandonment, granting rule-making authority, and making an appropriation			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): One-time costs for web page revisions, changes to grant applications, promulgation of administrative, rules, etc. Costs can be absorbed within the Department's existing budget.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$108,400	\$
	(FTE Position Changes)	(1.0 FTE)	
	State Operations - Other Costs		
	Local Assistance	2,091,600	-200,000
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$2,200,000	\$-200,000
B. State Costs by Source of Funds			
	GPR	2,200,000	
	FED		
	PRO/PRS		
	SEG/SEG-S		-200,000
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	\$2,000,000	\$
	NET CHANGE IN REVENUE	\$	\$

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Date

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