

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-5680/1	Introduction Number AB-0988
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Description
 creating a Mississippi River erosion control revolving loan program, providing an exemption from emergency rule procedures, granting rule-making authority, 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 3. Increase Revenue
 - Permissive Mandatory
- 2. Decrease Costs 4. Decrease Revenue
 - Permissive Mandatory
- 5. Types of Local Government Units Affected
 - Towns Village Cities
 - Counties Others 0
 - School Districts WTCS Districts

Fund Sources Affected

Affected Ch. 20 Appropriations

GPR
 FED
 PRO
 PRS
 SEG
 SEGS 20.370 (9)(pq)

Agency/Prepared By DNR/ Paul Neumann (608) 266-0818	Authorized Signature Paul Neumann (608) 266-0818	Date 3/16/2020
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Fiscal Estimate Narratives

DNR 3/16/2020

LRB Number	19-5680/1	Introduction Number	AB-0988	Estimate Type	Original
Description creating a Mississippi River erosion control revolving loan program, providing an exemption from emergency rule procedures, granting rule-making authority, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

The bill establishes a new revolving loan program to assist municipalities and homeowners where the structural integrity of municipal buildings or homes are threatened by shoreline erosion on the Mississippi River. The bill appropriates \$2,000,000 to DNR for this purpose and increases DNR's position authorization by 0.5 FTE to administer the program. The bill requires DNR to promulgate rules to administer the program, including eligibility requirements and income limitations, and authorizes DNR to promulgate emergency rules for the period before permanent rules take effect.

A. Assumptions

The Department does not currently provide financial assistance (loans or grants) for this purpose, however, existing revolving loan programs exist for municipal wastewater and drinking water infrastructure improvements may be used as models for establishing a new loan program.

B. One-Time Costs

One-time workload increases to develop a new program are as follows:

1. Complete the rule promulgation process;
2. Develop loan application form and processes;
3. Develop guidance materials;
4. Develop forms for reporting and requesting disbursement payments;
5. Establish a process for awarding this specific type of financial assistance;
6. Establish a financial system to manage the funds, process repayments, etc. (DOA Capital Finance manages this work for the existing DNR loan programs)
7. Prepare outreach materials for the DNR website and other relevant platforms.

This work is estimated to result in a one-time workload increase of approximately 1,500 hours. With an average salary and fringe cost of \$48/hr, a one-time cost is estimated to be \$72,000 (1,500 hours x \$48).

C. Ongoing Costs

Ongoing tasks to administer the program are as follows:

1. Assistance to applicants;
2. Application and plan review;
3. Award allocations;
4. Review of required loan documentation;
5. Processing financial assistance agreements;
6. Construction oversight;
7. Expense eligibility review;
8. Fund disbursement;
9. Loan closeout procedures.

The reoccurring workload increase is dependent on a number of factors, most notably the volume of applications received on an annual basis. Some of the technical tasks and reviews will need to be conducted by expert staff in

other DNR programs. Some of the financial tasks will need to be conducted by DNR Finance or DOA Capital Finance.

It is difficult to estimate the number of projects per year that would be funded. A 1.0 FTE DNR project manager for the existing loan programs at DNR will typically manage 8 - 10 loan funded projects with municipalities per year due to the complexity of loan funding and the size of the projects.

Though the bill increases DNR's position authority by 0.5 FTE, it is possible that the workload to manage the tasks listed above could exceed this staffing level. It is anticipated that it would require up to 1.0 FTE to manage this new program at an annualized cost of \$100,000 (2,080 hours x \$48). Of that amount, 0.5 FTE and \$50,000 would be funded out of the \$2,000,000 appropriated in the bill, while the other 0.5 FTE and \$50,000 would be reallocated from existing budgetary resources.

As proposed in the bill, loans would also be available to private homeowners. Loans to homeowners would entail different procedural requirements than those to municipalities, including reviews of a citizen's financial creditworthiness to ensure the loan repayments can be made. The time and cost to develop a loan program to homeowners is unknown. DNR does not currently have the expertise or systems to process loans with private citizens.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): An estimated \$72,000 of one-time costs for the promulgation of emergency and permanent rules, and to develop a new program.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$100,000	\$
(FTE Position Changes)	(1.0 FTE)	
State Operations - Other Costs		
Local Assistance	1,950,000	
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$2,050,000	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S	2,050,000	
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	\$2,050,000	\$
NET CHANGE IN REVENUE	\$	\$

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Date

3/16/2020