

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

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|------------------------------------|---|
| LRB Number 21-2877/1 | Introduction Number AB-0243 |
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Description
 allocation of federal American Rescue Plan Act of 2021 funds for certain environmental purposes and granting rule-making authority

Fiscal Effect

State:

- | | | |
|--|--|---|
| <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs |
|--|--|---|

Local:

- | | | |
|---|--|---|
| <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input checked="" type="checkbox"/> Increase Costs <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input checked="" type="checkbox"/> Increase Revenue <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <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 type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
|---|--|---|

Fund Sources Affected

- GPR FED PRO PRS SEG SEGS

Affected Ch. 20 Appropriations

| | | |
|----------------------------------|-----------------------------|-------------|
| Agency/Prepared By | Authorized Signature | Date |
| DNR/ Paul Neumann (608) 266-0818 | Paul Neumann (608) 266-0818 | 4/15/2021 |

Fiscal Estimate Narratives

DNR 4/15/2021

| | | | | | |
|--|-----------|---------------------|---------|---------------|----------|
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| Description allocation of federal American Rescue Plan Act of 2021 funds for certain environmental purposes and granting rule-making authority | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

The bill allocates American Rescue Plan Act (ARPA) funds for certain environmental purposes, which would impact the Department in several ways:

1. It allocates \$40 million to the Department's Safe Drinking Water Loan Program (SDWLP) to offset up to 50% of the cost of private lead service line (LSL) replacements.
2. It requires the Department to administer a new county grant program to issue grants to counties for private well testing, geologic and well construction studies and well owner education. In addition, it requires the Governor to allocate \$500,000 for this program.
3. It provides an additional \$2 million to the Well Compensation Grant program.
4. It provides \$12 million for urban nonpoint source and stormwater management grants.

State Fiscal Effect

A. One-Time Costs

1. LSL Replacement--The LSL proposal in the bill is similar to the existing LSL replacement program funded under the Water Infrastructure Funding Transfer Act (WIFTA). However, one major difference is that the existing LSL Replacement Program can provide up to 100% of the cost of private LSL replacements rather than 50% of the cost, as proposed in the bill. As such, integrating funding from the bill into the existing private LSL Replacement Program will require the Department to establish revised program policies, guidance materials, and award processes. There will be additional costs associated with the project management (assistance to applicants, application review, award allocations, eligibility reviews, disbursement of funds, etc.).

One-time costs to integrate and award LSL replacement funding associated with the bill are as follows: Integrate funding into existing program (400 hours); project management (5 project managers x 40 hrs/wk x 12 weeks = 2,400 hours); disbursement of funding (5 project managers x 4 hrs/wk x 36 weeks = 720 hours); Total hours (400+2,400+720=3,520 hours); multiplied by \$46/hr for average project manager salary/fringe = \$161,900.

2. County Well Testing and Education Grant program--The bill will require the Department to develop administrative rules for implementing the proposed grant program. To provide grant assistance to eligible applicants as quickly as possible, the DNR would likely pursue an Emergency Rule, followed by permanent rulemaking. Costs to develop rules for a new county grant program are as follows: Rule Author/Grant Administrator (500 hours x \$50.08 salary & fringe = \$25,040); Technical Author/Hydrogeologist (70 hours x \$44.49 salary & fringe = \$3,115); Supervisor (70 hours x \$62 salary & fringe = \$4,340); and Attorney (70 hours x \$69 salary & fringe = \$4,830) for an estimated total of \$37,300. The bill will also require one-time workload to develop implementation procedures, grant application forms and instructions, web page content, and other outreach materials.

3. Well Compensation Grant Program - Increased testing of privately-owned wells, funded from the proposed County Well Testing and Education Grants, would likely trigger an increase in the number of inquiries and applications for funds from DNR's existing Well Compensation and Well Abandonment Grant programs as well as from the \$2 million of grant funding provided in the bill. The level of increase and resulting administrative costs are indeterminate.

4. Urban Nonpoint Source and Stormwater Management grants - Funds would be administered through existing programs, and additional indeterminate workload would be anticipated to review and process

additional grant applications and awards.

B. Ongoing costs:

Based on how the bill is read, there are no ongoing costs anticipated since the funding for the four programs is one-time in nature.

Local Fiscal Effect

1. LSL Replacement - The financial benefits to a particular municipality will depend on the number of LSLs replaced. Assuming that the cost to replace a private-side LSL is about \$5,000 per household, and the funds are covering 50% of this cost, then the \$40 million would be able to replace private LSLs in approximately 16,000 homes out of the estimated 200,000+ LSLs that are located throughout the state.

The matching 50% of the replacement cost will be determined by the municipality and will likely be paid by the homeowner or by the municipality using ratepayer funds, as allowed by the Public Service Commission and 2017 Wis Act 137, although this split may be a significant financial burden for some households and may reduce participation in the program.

Financial costs to municipalities are expected to be related to the development of a Private LSL Replacement Program application and the development and administration of the local program for replacing private LSLs (potentially including bidding, contracting, and construction oversight, or developing a program to pre-qualify plumbing contractors). Total costs to local governments are indeterminate.

2. County Well Testing and Education Grant program - A county that applies for a grant must provide matching funds of either \$2,500 or \$10,000, depending upon the type of grant that is being sought.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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| Description allocation of federal American Rescue Plan Act of 2021 funds for certain environmental purposes 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): One-time salary and fringes costs of \$161,900 to integrate the LSL component of the bill into existing an existing LSL replacement program, plus one-time salary and fringe costs of \$37,300 to development administrative rules for implementing the County Well Testing and Education Grant program. | | |
| 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 |
| DNR/ Paul Neumann (608) 266-0818 | | 4/15/2021 |
| Paul Neumann (608) 266-0818 | | |