

Fiscal Estimate - 2021 Session

Original Updated Corrected Supplemental

LRB Number 21-5301/1	Introduction Number AB-0850	
Description creating a Mississippi River erosion control revolving loan program, extending the time limit for emergency rule procedures, providing an exemption from emergency rule procedures, 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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" 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 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others 0 <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected	Affected Ch. 20 Appropriations	
<input 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 (9)(pq)	
Agency/Prepared By	Authorized Signature	Date
DNR/ Paul Neumann (608) 266-0818	Paul Neumann (608) 266-0818	1/19/2022

Fiscal Estimate Narratives

DNR 1/19/2022

LRB Number	21-5301/1	Introduction Number	AB-0850	Estimate Type	Original
Description					
creating a Mississippi River erosion control revolving loan program, extending the time limit for emergency rule procedures, 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 revolving loan program to assist municipalities and homeowners where the structural integrity of municipal buildings or homes are threatened by Mississippi River shoreline erosion. The bill appropriates \$2 million 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.

I. Assumptions

A. Existing revolving loan programs for municipal wastewater and drinking water infrastructure improvements may be used as models to establish the loan program prescribed in the bill.

B. The department may coordinate with the Wisconsin Department of Military Affairs Hazard Mitigation Assistance Programs, which provides grant funding for similar types of projects, to establish the loan program prescribed in the bill.

II. State Fiscal Effect**A. One-Time Costs**

The department would incur one-time costs to promulgate emergency and permanent rules and to develop a new loan program. Tasks would include the following:

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; and
6. Prepare outreach materials for the DNR website and other relevant platforms.

These tasks are estimated to result in a one-time workload increase of approximately 1,500 hours. With an average salary and fringe cost of \$49/hr, one-time costs are estimated to be \$73,500.

B. Ongoing Costs

The department would incur annual, ongoing costs associated with the following tasks to administer the program:

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; and
9. Loan closeout procedures.

The annual workload is dependent on a number of factors, most notably the volume of applications received. Some of the technical tasks and reviews will need to be conducted by staff in other programs. Some financial

tasks will need to be conducted by DNR's Bureau of Finance or DOA Capital Finance.

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 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 per year due to the complexity of loan funding and the size of the projects. It is anticipated that it would require up to 1.0 FTE to manage this new program at approximately \$81,600 per year. Of that amount, 0.5 FTE and \$40,800 would be funded out of the \$2 million appropriated in the bill, while the other 0.5 FTE and \$40,800 would be reallocated from existing budgetary resources.

Long-Range Fiscal Implications

Wisconsin Department of Administration
 Division of Executive Budget and Finance

Fiscal Estimate Worksheet - 2021 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): Estimated one-time costs of \$73,500 to promulgate emergency and permanent rules and to develop a new loan program.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$81,600	\$
(FTE Position Changes)	(1.0 FTE)	
State Operations - Other Costs		
Local Assistance	1,959,200	
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$2,040,800	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S	2,040,800	
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	\$2,040,800	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By	Authorized Signature	Date
DNR/ Paul Neumann (608) 266-0818	Paul Neumann (608) 266-0818	1/19/2022