

Fiscal Estimate - 2023 Session

Original Updated Corrected Supplemental

LRB Number 23-1719/1		Introduction Number AB-0064		
Description nitrate contamination and the well compensation grant program				
Fiscal Effect				
State:				
<input type="checkbox"/> No State Fiscal Effect				
<input checked="" 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 type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Decrease Costs		
Local:				
<input checked="" 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		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 (6)(cr)				
Agency/Prepared By		Authorized Signature	Date	
DNR/ Paul Neumann (608) 266-0818		Paul Neumann (608) 266-0818	3/7/2023	

Fiscal Estimate Narratives

DNR 3/7/2023

LRB Number	23-1719/1	Introduction Number	AB-0064	Estimate Type	Original
Description nitrate contamination and the well compensation grant program					

Assumptions Used in Arriving at Fiscal Estimate

The bill make several changes to the eligibility criteria of the well compensation grant program:

1. Specifies that the only grant eligibility requirement for nitrate-contaminated wells is that the well is used at least three months in each year.
2. Specifies that the department must allocate grant payments for nitrate-contaminated wells according to a priority ranking.
3. Eliminates the restriction that bacterial-contaminated wells are only eligible for grants if the well is in an area contaminated by fecal bacteria and the source of the contamination is livestock.

In addition, the bill requires the department to award grants for the remediation method that is most effective for the health and welfare of the claimant, and it requires the department to report to the Joint Committee on Finance after the end of each fiscal year on the number of applicants under the well compensation program and the number and amounts of grants provided.

I. Assumptions

1. The department is currently administering a federally-funded well compensation grant program--funded from the American Rescue Plan Act (ARPA)--that includes expanded eligibility criteria that go above and beyond what is proposed in the bill. Demand for ARPA-funded grants provides some insight as to how the bill would impact the number of applications that the department would receive under the changes prescribed in the bill.
2. Staffing estimates to implement the provisions of the bill are based on staffing levels that are currently in place to administer the ARPA-funded grant program.

Fiscal Effect-Costs

1. The bill would significantly increase demand for well compensation grants. While there are too many variables to accurately gauge additional demand, the ARPA-funded grant program that has been in effect since October 3, 2022 provides some insight as to how expanding the eligibility criteria can boost demand. Like the bill, the ARPA-funded program includes expanded eligibility criteria for nitrate-contaminated and bacterial-contaminated wells, in addition to other criteria for arsenic, PFAS, income eligibility, etc.

Under current law, the department has issued an average of 6 well compensation grants per year over the past 10 years. By comparison, the department has issued 69 grants in the first 4 1/2 months of the ARPA-funded program, including 47 grants for nitrate contamination and 3 grants for bacterial contamination that would have qualified for funding under the eligibility changes prescribed in the bill.

2. Based on an assumption of increased demand for grants and the staffing levels that are currently in place to administer the ARPA-funded grant program, the department estimates the following staffing needs and salary, fringe and supply funding required to implement the provisions of the bill:
 - a. One grant program administer, to provide program outreach, application assistance and review, award issuance, payment review and issuance, program reporting, fund management, bill analysis/fiscal estimates for program related bills, at an estimated annual cost of \$115,600.
 - b. One hydrogeologist-advanced, to review application itemized estimates, develop recommendations for drilling specifications or treatment options to determine the best remediation method that is most effective for the health and welfare of the applicant, coordinate with other DNR staff, well owners and well professionals to ensure program consistency and compliance with code requirements, and review reimbursement requests to ensure recommendations were followed, at an estimated annual cost of

\$115,600.

c. One water supply specialist senior, to oversee well grant intake email box and mail, ensure applications or reimbursement requests are complete, work with applicant to provide missing information, coordinate with regional Drinking and Groundwater staff for application input, review well abandonment grant applications and reimbursement requests, and conduct inspections of wells constructed with grant awards to ensure compliance with code requirements, at an estimated annual cost of \$104,400.

d. Grand total of 3.0 FTE and \$335,600 of salary, fringe benefit and supply costs that the department would absorb within its existing budgetary resources.

3. See additional commentary in the long-range fiscal impact section of this estimate.

Long-Range Fiscal Implications

The fiscal impact of the bill will be deferred until the ARPA-funded program has concluded. A total of \$10 million in ARPA funds has been set aside for the program, comprised of \$9,385,000 for grants and \$615,000 for administration. The department will administer the program through December 6, 2024 or until all funding has been exhausted, whichever comes first, before it pivots to issuing awards through the existing well compensation grant program that would incorporate the changes prescribed in the bill. Furthermore, it should be noted that the ARPA program will remain open with obligated funds until Dec. 31, 2026 to provide reimbursement of awards previously issued under the program.

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

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Description nitrate contamination and the well compensation grant program		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
One-time costs to update grant application forms and instructions, grant web page, and other outreach materials that can be absorbed with existing staff and budget resources.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$320,600	\$
(FTE Position Changes)	(3.0 FTE)	
State Operations - Other Costs	15,000	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$335,600	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S	335,600	
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		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$335,600	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By	Authorized Signature	Date
DNR/ Paul Neumann (608) 266-0818	Paul Neumann (608) 266-0818	3/7/2023