



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #483

### Groundwater Quantity Funding Reestimate (DNR -- Environmental Quality)

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#### CURRENT LAW

There are three DNR program revenue appropriations related to groundwater quantity programs. An administrative appropriation has adjusted base funding of \$498,100 PR with 5.0 PR positions for approval of high capacity wells, and for designation of groundwater protection and groundwater management areas. A biennial appropriation for groundwater quantity research has base funding of \$84,500 PR per year. Finally, the chapter 20 statutory appropriations schedule includes an estimated \$432,600 PR annually, in a continuing appropriation, for mitigation of the effects of wells constructed before May 7, 2004, that are located in designated groundwater protection areas, and for specified local assistance.

Program revenue fees deposited in the groundwater quantity appropriations include: (a) a \$500 application fee for the approval of a high capacity well; and (b) a \$50 notification fee paid by an owner who constructs a well that is not a high capacity well. A high capacity well is a well that, together with all other wells on the same property, has a capacity of more than 100,000 gallons per day. DNR collected \$504,800 in program revenue fees in 2011-12, and is expected to collect approximately the same amount annually in 2012-13 through 2014-15.

#### GOVERNOR

No provision.

#### DISCUSSION POINTS

1. Under the bill, total base-level funding of \$1,015,200 PR annually would continue for the three appropriations. Annual revenues would total an estimated \$504,800.
2. The continuing appropriation for mitigation and local assistance includes an

estimated amount of \$432,600 PR, but is authorized to spend all moneys received that are not spent under the other two appropriations. The appropriation can be used to pay for certain types of mitigation of the effects of wells constructed before May 7, 2004. Examples of authorized mitigation expenditures include abandonment of wells, replacement of wells, and management strategies. DNR may only order mitigation under the program if it provides full funding for the cost of the mitigation from the mitigation appropriation. DNR can also use the appropriation to provide funding to local governments and regional planning commissions for research and planning related to groundwater management.

3. DNR has never spent any of the funds for mitigation or local assistance, in large part because: (a) revenues were not sufficient to fund expenditures besides administration and groundwater quantity research; and (b) DNR transferred \$1,541,300 between 2008-09 and 2011-12 from the appropriation account balance to the general fund as part of the Department's obligation to transfer funds to help improve the balance of the general fund.

4. During the 2013-15 biennium, DNR again plans no expenditures from the groundwater mitigation appropriation. The Department may also have to hold expenditures for administration and research to less than authorized to remain within available revenues.

5. The Committee could reduce the amount shown in the appropriations schedule for groundwater mitigation from \$432,600 to \$0 annually, to reflect that no expenditures are anticipated to be made for this purpose during 2013-15 (Alternative 1). However, in the unlikely situation that revenues are available beyond the levels authorized for administration and research, and if DNR requires mitigation or wants to provide assistance to local governments, with the approval of DOA, DNR could spend any available money from the appropriation, regardless of the amount shown in the appropriations schedule.

6. If the Committee takes no action (Alternative 2), it is expected that the amount appropriated for mitigation and local assistance will not be spent.

## **ALTERNATIVES**

1. Delete \$432,600 PR annually to reestimate, to \$0, the amount that will be spent from the appropriation for groundwater mitigation and local assistance during 2013-15.

<b>ALT 1</b>	<b>Change to Bill Funding</b>
PR	- \$865,200

2. Take no action.

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