

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0717-03  
Bill No.: HCS for HB 159  
Subject: Environmental Protection; Natural Resources Dept.; Water Resources and Water Districts  
Type: Original  
Date: February 21, 2007

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Bill Summary: Modifies laws pertaining to dam and reservoir safety

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$0	\$0	\$0
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
General Revenue	7	7	7
<b>Total Estimated Net Effect on FTE</b>	<b>7</b>	<b>7</b>	<b>7</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Natural Resources (DNR)** assume the inspection fee for dams not licensed and operated under the Federal Power Act would be assessed at \$450 per dam per year for high hazard dams and \$250 per dam per year for significant hazard dams. The department would be responsible for reviewing applications for new and high hazard or significant hazard dams constructed after August 28, 2007 and not licensed or operated under the Federal Power Act, and issuing permit application fees of \$3,000 or one percent of the actual total cost for construction of the dam, whichever is lower.

Since this legislation does not indicate a specific fund for the receipt of the fees established by the council, the department assumed the receipts would be deposited into the general revenue fund and payments for the resources used to carry out the legislation would also be from the general revenue fund.

Known revenue calculation: The department determined there were 1,200 high hazard dams that are not agricultural and would be assessed an annual fee of \$450. There are 350 significant hazard dams that are not agricultural and would be assessed an annual fee of \$250. Therefore, inspection revenue would total \$627,500 in the first year of implementation.

It is unknown how many new high hazard or significant hazard dams would be constructed after August 28, 2007. It is also unknown whether the fee for those dams would be \$3,000 or 1% of the actual cost for construction. The fee charged for those newly constructed dams would be whichever amount is less. Revenue from this portion of the proposal is unknown.

The department assumes the council would establish fees for dams operated and licensed under the Federal Power Act in an amount to cover existing and new resources necessary to carry out the dam safety inspections. There are currently 3 dams and reservoirs that would be inspected annually under the proposed legislation.

Number of dams inspected calculation:

The department determined there are 1,200 high hazard dams that are not agricultural and that would be inspected every two years ( $1,200/2=600$  dams/year). There are 350 significant hazard dams that would be inspected once every two years ( $350\text{ dams}/2\text{ years} = 175\text{ dams/year}$ ). Therefore, the department will inspect approximately 775 dams per year (600 high hazard dams plus 175 significant hazard dams total 775 dams/year).

ASSUMPTION (continued)

Based upon the estimated existing dams and reservoirs, the department has determined it will require 6 FTE, in addition to the existing 4.5 FTE, to perform the dam inspections. Additionally, one program administrative assistant would be required to maintain the database, issue billings and deposit fees.

Number of FTE calculation for civil and dam safety engineers:

The department estimates that a two-man inspection crew can inspect 150 dams per year. Therefore five crews will be required to inspect 775 dams per year ( $775 \text{ dams} / 150 \text{ dams/crew} = 5$ ). The department currently has two dam inspection crews. Therefore, the department estimates an additional 6 FTE will be required to implement the inspection portion of the proposed legislation. Five crews, consisting of civil engineers, which are registered professional engineers ( $3 \text{ crews} \times 2 \text{ fte/crew} = 6 \text{ FTE}$ ).

Costs for inspections and exemptions are estimated at \$480,558 in personal services, including fringe, and \$195,374 in expense and equipment, including \$127,124 in one-time expenditures. Administrative costs would also be incurred as a result of the additional resources. Annual inspection fees totaling approximately \$627,500 for known, existing high and significant hazard dams and reservoirs would offset costs. Revenue from construction applications is not known.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>GENERAL REVENUE</b>			
<u>Revenue - Department of Natural Resources</u>			
Fees for New Construction Applications	Unknown	Unknown	Unknown
Inspection Fees	\$627,500	\$627,500	\$627,500
<u>Cost - Department of Natural Resources</u>			
Salaries	(\$330,826)	(\$408,901)	(\$421,168)
Fringe Benefits	(\$149,732)	(\$185,069)	(\$190,621)
Equipment & Expense	<u>(\$195,374)</u>	<u>(\$84,357)</u>	<u>(\$86,888)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
Estimated Net FTE Change for General Revenue	7	7	7
 <u>FISCAL IMPACT - Local Government</u>	 FY 2008 (10 Mo.)	 FY 2009	 FY 2010
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

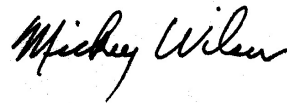
FISCAL DESCRIPTION

The proposed legislation modifies laws pertaining to dam and reservoir safety and could have an effect on General Revenue.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, stylized 'M' and 'W'.

Mickey Wilson, CPA  
Director  
February 21, 2007