

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4287-01
Bill No.: HB 1994
Subject: Environmental Protection; Natural Resources Dept.; Water Resources and Water Districts
Type: Original
Date: March 10, 2008

Bill Summary: Changes the requirements for registering reservoirs, dams and lagoons and obtaining operating and construction permits for these structures.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund*	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Dam Safety Subaccount	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

***Net of Revenues and Expenditures**

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Dam Safety Subaccount	5	5	5
Total Estimated Net Effect on FTE	5	5	5

☐ 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Natural Resources (DNR)** assume 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.

The department assumed the receipts would be deposited into the dam safety subaccount and payments for the resources used to carry out the legislation would also be from the subaccount.

Based upon the estimated existing dams and reservoirs, the department has determined it will require 4 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.

Costs for inspections and exemptions are estimated at approximately \$400,000 in personal services, including fringe, and \$142,000 in expense and equipment, including \$107,000 in one-time expenditures. Administrative costs of approximately \$110,000 would also be incurred as a result of the additional resources. Annual inspection fees totaling approximately \$540,000 for known, existing, high hazard dams and reservoirs would offset costs. Revenue for construction applications is not known.

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. Therefore, inspection revenue would total \$540,000 in the first year of implementation.

Number of dams inspected calculation:

The department determined there are 1,200 high hazard dams that would be inspected every two years. Therefore, the department will inspect approximately 600 dams per year (1,200 high hazard dams/2 years totals 600 dams/year).

Number of FTE calculation for civil and dam safety engineers:

ASSUMPTION (continued)

The department estimates that a two-man inspection crew can inspect 150 dams per year. Therefore four crews will be required to inspect 600 dams per year (600 dams / 150 dams/crew = 4). The department currently has two dam inspection crews. Therefore, the department estimates an additional 4 FTE will be required to implement the inspection portion of the proposed legislation. Two crews, consisting of civil engineers, which are registered professional engineers (2 crews X 2 fte/crew = 4 FTE).

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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DAM SAFETY SUBACCOUNT

Revenue - Department of Natural Resources

Fees for New Construction

Applications	Unknown	Unknown	Unknown
Inspection Fees	<u>\$540,000</u>	<u>\$540,000</u>	<u>\$540,000</u>
Total	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

Cost - Department of Natural Resources

Salaries (5 FTE)	\$228,959	\$282,993	\$291,483
Fringe Benefits	\$113,930	\$140,817	\$145,042
Equipment & Expense	<u>\$252,329</u>	<u>\$154,186</u>	<u>\$155,512</u>
total	<u>\$595,218</u>	<u>\$577,996</u>	<u>\$592,037</u>

ESTIMATED NET EFFECT ON DAM SAFETY SUBACCOUNT*

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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Estimated Net FTE	5	5	5
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***Net of Revenues and Expenditures**

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

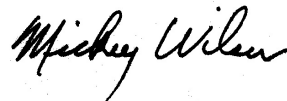
FISCAL DESCRIPTION

The proposed legislation modifies laws pertaining to dam and reservoir safety.

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, flowing style.

Mickey Wilson, CPA
Director
March 10, 2008