FISCAL NOTE

Bill #:	HB0591	**Title:**	Revise major facility siting act
Primary Sponsor:	Dennis Himmelberger	**Status:**	Second Reading

____ Sponsor signature Date

____ Chuck Swysgood, Budget Director Date

Fiscal Summary

	FY2002 Difference	FY2003 Difference
Expenditures:		
General Fund	10,400	9,241
State Special Revenue	607,915	605,570
Revenue:		
State Special Revenue	607,915	605,570
Net Impact on General Fund Balance:	**($10,400)**	**($9,241)**

Yes	No		Yes	No	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

Department of Environmental Quality

1. The number of applications for energy generation and conversion projects is expected to increase over the next few years due to increase in energy demand. The department is currently processing one application for a large generation facility, pipeline and an upgraded electricity transmission line. The department has been contacted about 4 other generation facilities, 2 linear projects, and 2 amendments of existing

certificates in the past 6 months. It is assumed that 3 applications will be submitted each year of the next biennium, one for a large-scale facility and two applications for small facilities.

2. There will be a slight increase in workload due to the preparation of reports for and response to the legislative oversight initiated in this bill.
3. Other state agencies will continue the level of cooperation shown in the past. However, because this bill does not require the communication from the other agencies to the department for renewals, more department staff time will be needed to ensure the timelines are met (see Technical Note 2).
4. The shortened timeframes for completeness review of an application, certification of renewal applications, and issuance of generation certificates will increase the need for contracted services because not all of the disciplines required for an application review are currently available in house. The current engineering, hydrology and socioeconomics staff cannot absorb any more workload and no one is consistently available in house to review cultural resources.
5. In order to accommodate the previous four assumptions, one additional half-time FTE would be required. Depending on availability of applicants, the new FTE would be a grade 15 engineer, hydrologist, or socioeconomist. This FTE would absorb the workload in the specific discipline(s) as well as additional duties stemming from assumptions 1, 2, and 3. Additional workload resulting from assumption 4 that cannot be covered by the new position will be contracted and paid for out of the filing fee.
6. The additional FTE time would be split 1/3 to the general fund to cover pre-application consultation and response to legislative oversight and 2/3 to MFSA fees for application review and MFSA report preparation.
7. Operating expenses are estimated to be $12,736 in FY 2002 and $9,236 in FY 2003 for the new FTE. These numbers are based on a 24% indirect cost, $742 for phone charges, $2505 for rent, and $1482 for network charges. These numbers were calculated by using MFSA expenditures in FY 2000. The additional costs in FY 2002 are for a new computer ($2000) and office set up ($1500) for the new FTE. Travel is not included in the cost estimate because it is difficult to determine the distances and amount of travel that will be incurred. However, travel would be billed towards the MFSA fees collected to complete the environmental analysis.
8. Based on the previous two assumptions, the total charged to MFSA fees would be $21,115 in FY 2002 and $18,770 in FY 2003. This amount is absorbed in the estimated project cost and, therefore, not listed separately. The portion of the split that is charged to the general fund is listed separately.
9. Any additional operating expense would be split in the same proportion as the FTE's time.
10. MEPA documents would be optional but a MFSA report would still be required. Consequently, the department workload would not decrease significantly.
11. Section 75-20-226(6)(b) is assumed to mean changes in environmental conditions are not to be reviewed in the renewal process, only changes in statute. This has no significant impact to workload.
12. An application for a large-scale generation facility is already being processed. It has been received by the department, is under contract, and is subject to the fee schedule in current law rather than the fee schedule proposed in this bill.
13. The fiscal impacts in this note are based on the projected costs for an application the department holds for a large-scale generation facility (see assumptions 14 and 15) and a small MFSA project, a 27 mile long 100 kV transmission line built about 15 years ago (see assumption 16).
14. Total project cost of the large-scale generation facility project is estimated to be $300 million for planning, construction, engineering, etc. Under the revised fee schedule, the fee would be $620,000.
15. The preparation of the MFSA report for the large-scale generation facility is estimated to be $500,000 based on bid submittals by contractors and department experience in MFSA costs.

16. The total project cost for the 100kV line was estimated to be $2.2 million. Under the proposed filing fee schedule, the fee would be $52,000. Records indicate department costs were about $48,400.
17. When the proposed fee schedule will not cover expected costs, the amount not covered will be paid from the general fund.
18. The analysis of impact to water rights would likely result in a separate MEPA document being prepared by DNRC when its act is triggered (85-2-124, MCA) if, under the proposed MFSA fee schedule, funds are insufficient to cover both MFSA review and the water rights analysis. The expense of the MEPA document could be passed on to the applicant under the DNRC fee schedule. Current law incorporates DNRC expenses into the MFSA fee schedule.
19. Per law, any additional fee collected that is not expensed will be returned to the applicant. When this occurs, the net impact to the state special account will be zero.

FISCAL IMPACT:

	FY2002 Difference	FY2003 Difference
FTE	0.50	0.50
Expenditures:		
Personal Services	18,779	18,779
Operating Expenses (staff)	12,736	9,236
Operating Expenses (project)	586,800	586,800
TOTAL	$618,315	$614,815
Funding:		
General Fund (01) (staff)	10,400	9,241
State Special Revenue (02)	607,915	605,570
TOTAL	$618,315	$614,815
Revenues:		
State Special Revenue (02)	$607,915	$605,570
Net Impact to Fund Balance (Revenue minus Expenditure):		
General Fund (01)	($10,400)	($9,241)

TECHNICAL NOTES:

1. There is no definition of 'standard.' It is unclear whether 'standard,' as used in 75-20-301(3)(b)(i and ii), is referring to rules or to other state standards.
2. Other agencies are no longer required to report to the department for renewals, yet it appears the department is required to determine compliance with all other state laws. [75-20-226(4) as it refers to 75-20-301(3)(b)(i), MCA]