



**Fiscal Note Request HB0176, As Amended in House Committee**  
 (continued)

FISCAL IMPACT:

**Dept. of Natural Resources and Conservation**  
**Program 23**

	<u>FY 2004</u> <u>Difference</u>	<u>FY 2005</u> <u>Difference</u>
FTE	1.00	1.00
<u>Expenditures:</u>		
Personal Services	\$39,293	\$39,230
Operating Expenses	<u>291,500</u>	<u>290,000</u>
TOTAL	\$330,793	\$329,230
<u>Funding of Expenditures:</u>		
State Special Revenue (02)	\$330,793	\$329,230
TOTAL		
<u>Revenues:</u>		
State Special Revenue (02)	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
State Special Revenue (02)	(\$330,793)	(\$329,230)

LONG RANGE IMPACTS

**Department of Commerce**

Long term funding of administrative costs could significantly impact the ability of the state to pay its portion of regional water system construction costs since funding of administrative costs represents an additional cash outlay to the fund. For example, if the \$660,023 in administrative costs for the 2005 biennium were carried forward for the following five biennia (10 years), which is highly likely due to the magnitude and long-term nature of the projects, then \$3.3 million in administrative costs would be incurred.

TECHNICAL NOTES:

**Department of Commerce**

1. HB 361, which revises the amount of local match required to receive Treasure State Endowment (TSE) Regional Water System funds from a one to one ratio (\$1.00 local gets \$1.00 TSE) to a one to three ratio (\$1.00 local gets \$3.00 TSE) and eliminates the provision that allows up to 25 percent of the local matching funds to be in the form of debt incurred by local government entities included in the regional water system, when combined with HB 176, could leave the state with a deficit in the TSE Regional Water System fund. If the state is not able to generate sufficient revenues within a biennium to cover the state share of these water projects, it could be forced to sell bonds with the interest earnings from the TSE Regional Water System fund paying off those bonds. The amount of debt the state would incur selling bonds would increase the state share of overall costs.