



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill # HB0831

Title: Revise water use laws

Primary Sponsor: McNutt, Walter

Status: Third Reading

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$507,995	\$496,965	\$253,590	\$260,379
State Special Revenue	\$18,000	\$18,000	\$18,000	\$18,000
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$18,000	\$18,000	\$18,000	\$18,000
Net Impact-General Fund Balance	(\$507,995)	(\$496,965)	(\$253,590)	(\$260,379)

Description of Fiscal Impact:

The legislation provides a mechanism in closed basins to allow the appropriation of groundwater if a hydrologic report and mitigation plan (if necessary), are provided. Hydrologic assessments and mitigation plans will require additional changes in use applications to be submitted and evaluated requiring more resources. The application process will increase litigation requiring more legal resources. Participation in the Case Study will require more technical and hydrologic resources. This bill appropriates \$500,000 to the Montana bureau of mines and geology.

FISCAL ANALYSIS

Assumptions:

Department of Natural Resources and Conservation (DNRC)

1. Assume an average of 50 groundwater applications are received per year requiring mitigation through a change in use application.
2. Assume 90% of the groundwater applications will result in 45 change applications received per year.
3. Assume the remaining 5 applications will use some other method of mitigation using sewage effluent for aquifer recharge or the use of return flows.

4. A groundwater hydrologist is required to review each net depletion analysis, aquatic recharge and mitigation plans for adequacy of data and to determine whether the plan satisfies net depletion requirements.
5. The groundwater hydrologist will visit application sites.
6. Assume 60% or 30 of the applications received will litigate the department decisions concerning their assessment of net depletion, offset mitigation and adverse affect.
7. The department would require an additional 4.00 FTE including: 2.00 FTE water resource specialists at a cost of \$88,634 to process the increase in change applications; 1.00 FTE groundwater hydrologist at a cost of \$57,626 for hydrologic review of mitigation and recharge plans; and 1.00 FTE, attorney at a cost of \$62,760 to handle litigation. Personal services total \$209,020.
8. Operating expenses are estimated in FY 2008 at \$46,975 including network hookups, computers, office equipment, software, supplies, phone, postage, travel, rent, and one lease vehicle. In FY 2009, operating expenses total \$35,945 for all of the prior listed expenses, excluding computers, software, and office equipment.
9. The department would require \$20,000 to contract for surface water monitoring.
10. A 2.5% inflation factor has been applied in FY 2010 and 2011.
11. Water right filing fees will fund an amount equal to the revenue received.
12. Assume this legislation will increase the number of applications received by 45 at \$400 per application, generating additional state special revenue of \$18,000 each year.

Office of the Commissioner of Higher Education (OCHE)

13. Section 25 appropriates \$500,000 to the Montana Bureau of Mines and Geology for the biennium beginning July 1, 2007. See Technical Notes.
14. Estimated personal services costs are of \$196,300 in FY 2008 and FY 2009 for 1.63 FTE: 0.13 FTE senior hydrogeologist, 0.50 FTE associate hydrogeologist, 0.75 FTE research assistants, and 0.25 FTE research assistant.
15. Operating costs are estimated at \$294,200 in FY 2008 including travel (\$18,000), per diem (16,200), drilling of wells (35 wells x 200 feet x \$35/ft = \$245,000), and analysis of samples \$15,000 (20 samples x \$350 inorganic analysis + 20 x \$400 organic/pharmaceuticals).
16. Estimated equipment costs of \$9,500 in FY 2008 for monitoring, testing, and sampling.

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	4.00	4.00	4.00	4.00
<u>Expenditures:</u>				
Personal Services	\$209,020	\$209,020	\$214,246	\$219,602
Operating Expenses	\$66,975	\$55,945	\$57,344	\$58,777
TOTAL Expenditures	<u>\$275,995</u>	<u>\$264,965</u>	<u>\$271,590</u>	<u>\$278,379</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$257,995	\$246,965	\$253,590	\$260,379
State Special Revenue (02)	\$18,000	\$18,000	\$18,000	\$18,000
TOTAL Funding of Exp.	<u>\$275,995</u>	<u>\$264,965</u>	<u>\$271,590</u>	<u>\$278,379</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$18,000	\$18,000	\$18,000	\$18,000
TOTAL Revenues	<u>\$18,000</u>	<u>\$18,000</u>	<u>\$18,000</u>	<u>\$18,000</u>
OCHE				
FTE	1.63	1.63	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$98,150	\$98,150	\$0	\$0
Operating Expenses	\$147,100	\$147,100	\$0	\$0
Operating Expenses	\$4,750	\$4,750	\$0	\$0
TOTAL Expenditures	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$250,000	\$250,000	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$507,995)	(\$496,965)	(\$253,590)	(\$260,379)
State Special Revenue (02)	\$0	\$0	\$0	\$0

Office of the Commissioner of Higher Education (OCHE)

- The bill needs to indicate the funding source of the appropriation in Section 25. For purposes of this fiscal note, it is assumed the appropriation is from the general fund.

Sponsor's Initials

Date

Budget Director's Initials

Date