Fiscal Note 2015 Biennium

GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Bill #	SB0355	**Title:**	Water court review of claims exempt from filing
Primary Sponsor:	Hamlett, Bradley	**Status:**	As Introduced-Revised

- ☐ 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

	FY 2014 Difference	FY 2015 Difference	FY 2016 Difference	FY 2017 Difference
Expenditures:				
General Fund				
State Special Revenue		- - - - - - - - - - unknown - - - - - - - - - -		
Revenue:				
General Fund				
State Special Revenue	$600,000	$600,000	$600,000	$600,000
Net Impact-General Fund Balance:		- - - - - - - - - - unknown - - - - - - - - - -		

Description of fiscal impact: The Water Court is unable to estimate the fiscal impact of this bill.

FISCAL ANALYSIS

Assumptions:

Judicial Branch – Water Court

1. This bill creates a petition process to judicially determine claims for existing water rights that were exempt from the adjudication filing requirements and were not voluntarily filed by the 1982 filing deadline.
2. The number of water right claims in the adjudication effort will increase as a result of this legislation; however, the Water Court is unable to estimate the impact on workload or the fiscal impact because it cannot precisely forecast the number of additional claims which will be filed. There is no empirical data to provide a reliable estimate of the total number of outstanding exempt claims. The Water Court must rely on its subjective judgment based on the following limited facts.
3. 73,892 exempt from filing claims have already been voluntarily filed. The DNRC has provided the Water Court with a rough estimate that 15,000 additional claims might be filed if SB 355 passes, but the Water Court believes far fewer claims will be filed.
4. The Water Court assumes the majority of water rights owners who thought their exempt rights needed recognition have already filed their claims.

5. The Water Court estimates less than 5,000 additional claims will be filed. These claim filings will likely take place over the next ten plus years and more likely toward the later years of the ten year period. The adjudication of these claims will be integrated into the general adjudication effort.

Department of Natural Resources and Conservation (DNRC)

6. As indicated in Assumption #3, approximately 15,000 petitions for determination will be filed between FY 2014 and 2017. Existing DNRC water adjudication staff would be responsible for examining the petitions under 85-2-243, MCA.
7. The estimated per claim cost for the existing staff to examine the petitions is $160. Therefore, DNRC would charge $160 for each application filing to cover the costs (Section 1 of the bill).
8. If 3,750 petitions were filed each year between FY 2014 and FY 2017 (15,000/4), the department would recover $600,000 through the application fee to cover the cost of examining the petitions. It is assumed the fees would provide revenue to the existing state special fund used for water adjudication.

Long-Term Impacts:

1. The cumulative impact of this legislation may extend the existence of the Water Court beyond its' current life expectancy. If 5,000 claims are filed, that extension might be about one additional year. If 500 claims are filed, the extension will be less than two months.
2. If petitions increase significantly, future requests for funding may be necessary at the end of the adjudication.

	FY 2014 Difference	FY 2015 Difference	FY 2016 Difference	FY 2017 Difference
Fiscal Impact:				
Expenditures:				
Personal Services	$0	$0	$0	$0
TOTAL Expenditures	$0	$0	$0	$0
Funding of Expenditures:				
State Special Revenue (02)	$0	$0	$0	$0
TOTAL Funding of Exp.	$0	$0	$0	$0
Revenues:				
State Special Revenue (02)	$600,000	$600,000	$600,000	$600,000
TOTAL Revenues	$600,000	$600,000	$600,000	$600,000
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):				
State Special Revenue (02)	$600,000	$600,000	$600,000	$600,000

Sponsor's Initials	*Date*	*Budget Director's Initials*	*Date*