



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill # SB0403

Title: Reduce exempt well volume

Primary Sponsor: Hamlett, Bradley

Status: As Introduced

- | | | |
|---|--|---|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input checked="" type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Ground Water Investigations (02)	\$61,500	\$82,000	\$82,000	\$82,000
Water Right Appropriation (02)	\$15,375	\$20,500	\$20,500	\$20,500
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Ground Water Investigations (02)	\$61,500	\$82,000	\$82,000	\$82,000
Water Right Appropriation (02)	\$15,375	\$20,500	\$20,500	\$20,500
Net Impact-General Fund Balance:	\$0	\$0	\$0	\$0

Description of fiscal impact: Due to a new certificate of water right fee, SB 403 will result in an increase in revenue for the Department of Natural Resources and Conservation (DNRC) in the water right appropriation account to purchase and maintain stream gauges. A portion of the revenue will be deposited into the ground water appropriation state special revenue account for the Montana Bureau of Mines and Geology to be used by the Ground Water Investigation Program. SB 403 generates additional revenue for use by the department but it does not include an appropriation for these funds.

FISCAL ANALYSIS

Assumptions:

DNRC

1. Based on the five-year average from FY 2008 through FY 2012, DNRC estimates 2,050 certificates will be filed each fiscal year with the exception of FY 2014. Since the effective date of the bill is October 1, 2013, only 1,538 certificates will be filed in FY 2014.
2. A \$50 fee will be assessed for each certificate.
3. Revenue will increase by a total of \$384,375 over the next two biennia. As per Section 2(3), revenue will be divided between the following accounts:
 - a. \$307,500 will go into the ground water investigations state special revenue account (\$40 out of each \$50 fee); and
 - b. \$76,875 will go into the water right appropriation state special revenue account (\$10 out of each \$50 fee).
4. Operating expenditures are due to increased workload processing the additional certificates and purchasing and maintaining stream gauges.

OCHE – Montana Bureau of Mines and Geology (MBMG)

5. The purpose of the state special revenue account created in section 2 of the bill is to pay costs associated with the ground water investigation program established in 85-2-525, MCA.
6. \$40 of the \$50 fee established in section 2 of the bill would be available to either offset current MBMG expenditures or to provide additional funding for ground water investigation activities.
7. The Montana Bureau of Mines and Geology receives state funding from the legislature through the Office of the Commissioner of Higher Education.
8. For the purpose of this fiscal note it is assumed that funds deposited in the ground water investigation state special revenue account established in section 2 of the bill will be appropriated by the legislature to fund additional ground water investigation activities at the MBMG.

	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses - MBMG	\$61,500	\$82,000	\$82,000	\$82,000
Operating Expenses - DNRC	\$15,375	\$20,500	\$20,500	\$20,500
TOTAL Expenditures	<u>\$76,875</u>	<u>\$102,500</u>	<u>\$102,500</u>	<u>\$102,500</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Ground Water Investigations (02)	\$61,500	\$82,000	\$82,000	\$82,000
Water Right Appropriations (02)	\$15,375	\$20,500	\$20,500	\$20,500
TOTAL Funding of Exp.	<u>\$76,875</u>	<u>\$102,500</u>	<u>\$102,500</u>	<u>\$102,500</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Ground Water Investigations (02)	\$61,500	\$82,000	\$82,000	\$82,000
Water Right Appropriations (02)	\$15,375	\$20,500	\$20,500	\$20,500
TOTAL Revenues	<u>\$76,875</u>	<u>\$102,500</u>	<u>\$102,500</u>	<u>\$102,500</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Ground Water Investigations (02)	\$0	\$0	\$0	\$0
Water Right Appropriations (02)	\$0	\$0	\$0	\$0

Sponsor's Initials

Date

Budget Director's Initials

Date



Dedication of Revenue 2015 Biennium

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17-1-507-509, MCA.

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**
Yes. Any Montana citizen interested in (1) reservoir management; (2) water rights permitting; (3) water rights adjudication; (4) water allocation by court appointed water commissioners; (5) maintaining minimum flows in streams; (6) water availability studies; (7) flood forecasting; 8) irrigation scheduling; 9) floodplain and land use management; and/or (10) recreational activities on rivers and streams will benefit from the dedicated revenue.
- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**
None.
- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**
Yes.
- d) **Does the need for this state special revenue provision still exist? Yes No (Explain)**
The dedicated revenue created in Section 2 of SB 403 would provide a source of funding for the Montana Bureau of Mines and Geology that could be used to offset other state funding or provide funding for additional projects.
- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**
No, the funds will be deposited in a newly created state special revenue account (ground water investigation state special revenue fund).
- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**
Yes, the dedicated funding will be used to pay costs associated with the ground water investigation program established in 85-2-525, MCA.
- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**
\$40 of the \$50 fee established in section 2 of the bill will be deposited in the newly created ground water investigation state special revenue fund for use by the Montana Bureau of Mines and Geology.