



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0642 - Revise exempt wells laws (Knudsen, Casey)

Status: As Introduced

- 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 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
Expenditures:				
General Fund	\$737,592	\$714,999	\$725,724	\$736,610
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$737,592)</u>	<u>(\$714,999)</u>	<u>(\$725,724)</u>	<u>(\$736,610)</u>

Description of fiscal impact: HB 642 proposes to allow modifications to any groundwater certificate issued after October 17, 2014, when Montana's First Judicial District Court, Judge Sherlock invalidated the 1993 rule and reinstated the 1987 rule. The retroactive nature of the bill would require reevaluation of subdivision reviews completed under the Department of Environmental Quality (DEQ)/Department of Natural Resources and Conservation (DNRC) Memorandum of Understanding (MOU); approximately 4,900 reviews have been completed since October 17, 2014. Additionally, there have been 23,200 groundwater certificates issued since 2014 that would be open to reevaluation. The DNRC would be required to go back and track each division of property that has occurred after October 17, 2014. The bill would require tracking and recording all divisions of land moving forward, not just parcels created under 20 acres in size. Any wells evaluated and identified as a combined appropriation previously would have to be reevaluated. Implementation would increase the time needed to review and process new exempt well applications due to the complicated nature of the bill.

FISCAL ANALYSIS

Assumptions:

- Over 4,900 subdivision reviews would be subject to reevaluation under the retroactivity clause in the bill.



2. The 23,200 notices of completion filed since October 17, 2014, would be subject to reevaluation.
3. There is no sunset date for when retroactivity would end, which means that reevaluation has no time limit.
4. The DNRC Water Resources Division (WRD) will hire 9.00 Full-Time Equivalents (FTE) to implement reevaluation and retroactivity, additional workload related to increased complexity of exemptions, and additional tracking required:
 - a. 8.00 FTE Water Conservation Specialist 2s in the regional offices
 - b. 1.00 FTE Compliance Specialist 3 in the central office
5. Operating expenses include \$25,200 (\$2,800*9.00 FTE) for new employee set up, \$5,600 per year for additional office space in the regional offices, \$13,500 (\$1,500*9.00 FTE) ongoing SITSD costs per year, travel of \$9,000 per year, and supplies and materials of \$6,300 per year.
6. Inflation of 1.5% is added to FY 2026 and FY 2027.
7. The expenses will be funded from general fund.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	9.00	9.00	9.00	9.00
<u>Expenditures:</u>				
Personal Services	\$677,992	\$680,599	\$690,808	\$701,170
Operating Expenses	\$59,600	\$34,400	\$34,916	\$35,440
TOTAL Expenditures	<u>\$737,592</u>	<u>\$714,999</u>	<u>\$725,724</u>	<u>\$736,610</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$737,592	\$714,999	\$725,724	\$736,610
TOTAL Funding of Exp.	<u>\$737,592</u>	<u>\$714,999</u>	<u>\$725,724</u>	<u>\$736,610</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(737,592)	(714,999)	(725,724)	(736,610)

Technical Notes:

1. The desired outcome is unclear and has multiple conflicting sections, leading to multiple interpretations for implementation. DNRC does not have the ability to implement the bill as written.

NOT SIGNED BY SPONSOR

Sponsor's Initials	Date	 Budget Director's Initials	 Date
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