



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:	
HB0114 - Revise timelines for water right permit and change process (Vinton, Sue)	
Status:	As Amended in House Committee

- 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</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>
Expenditures:				
General Fund	\$658,703	\$610,551	\$616,399	\$625,645
State Special Revenue	\$638,299	\$604,025	\$616,399	\$625,645
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$25,900	\$51,800	\$51,800	\$51,800
Net Impact-General Fund Balance:	<u>(\$658,703)</u>	<u>(\$610,551)</u>	<u>(\$616,399)</u>	<u>(\$625,645)</u>

Description of fiscal impact: HB 114 proposes to increase efficiencies and transparency in the water right permit and change process and reduce the overall application processing timeline. The existing statutory timeline for application review, decision-making, and public notice of an application is 360 days. This bill reduces that timeframe down to 105 days when the applicant completes a pre-application meeting. HB 114 will also allow for the Department of Natural Resources and Conservation (DNRC) to address comments prior to a final decision, improving agency decisions and reducing the need for hearings and associated hearings costs assumed by applicants. To meet the improved processing timelines associated with the bill, the Water Resources Division (WRD) of DNRC will need additional FTE. As amended, the bill funds the expenses with a combination of general fund and state special revenue. See technical notes.

FISCAL ANALYSIS

Assumptions:

1. WRD will hire 13.00 Full-Time Equivalent (FTE) to improve processing timelines:
 - a. 3.00 FTE hydrologist 2 for technical analysis

- b. 8.00 FTE water conservation specialist 2 for application processing
- c. 2.00 FTE compliance specialist 3 for decision review
- 2. Operating expenses for new employee set up \$36,400 (\$2,800*13.00 FTE), \$50,000 for office cubicles into existing space in FY 2024, \$19,500 (\$1,500*13.00 FTE) ongoing ITSD costs per year, travel of \$6,500 per year, supplies and materials \$6,500 per year, ongoing database operations and maintenance \$144,000 per year.
- 3. The FTE and appropriation will be included as part of the base budget for the DNRC for the biennium beginning July 1, 2025, and will sunset on June 30, 2031.
- 4. Revenue from the permit and change applications fees would double after rule making.
- 5. Rulemaking to increase fees would need to occur in August of 2023 and go into effect January 1, 2024.
- 6. The estimated additional revenue would be \$25,900 in FY 2024 and \$51,800 in FY 2025, FY2026, and FY 2027. This revenue estimate is based on the number of permit and change applications received in calendar year 2022.
- 7. Inflation of 1.5% in FY 2026 and 2027 in operating and personal services.

	<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	13.00	13.00	13.00	13.00
<u>Expenditures:</u>				
Personal Services	\$1,034,102	\$1,038,079	\$1,053,651	\$1,069,455
Operating Expenses	\$262,900	\$176,500	\$179,148	\$181,835
TOTAL Expenditures	<u>\$1,297,002</u>	<u>\$1,214,579</u>	<u>\$1,232,799</u>	<u>\$1,251,290</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$658,703	\$610,551	\$616,399	\$625,645
State Special Revenue (02)	\$638,299	\$604,025	\$616,400	\$625,645
TOTAL Funding of Exp.	<u>\$1,297,002</u>	<u>\$1,214,576</u>	<u>\$1,232,799</u>	<u>\$1,251,290</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$25,900	\$51,800	\$51,800	\$51,800
TOTAL Revenues	<u>\$25,900</u>	<u>\$51,800</u>	<u>\$51,800</u>	<u>\$51,800</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$658,703)	(\$610,551)	(\$616,399)	(\$625,645)
State Special Revenue (02)	(\$612,399)	(\$552,225)	(\$564,600)	(\$573,845)

Technical Notes:

- 1. The Water Rights Bureau is currently funded 90% general fund and 10% state special revenue fund. The revenue in the state special revenue fund is derived from the fee paid to get a new water right.
- 2. The current and projected revenue deposited in the state special revenue fund received for all water rights fees is not enough to fund the proposed amendment. The current net annual balance for all water rights fees is less than \$250,000 annually.

3. HB 114 as amended would not allow DNRC to fund the additional FTE. The Water Rights Bureau would not be able to meet the new statutory deadlines as provided for in HB 114.

NEV
Sponsor's Initials

Date

[Signature]
Budget Director's Initials

2-13-23
Date