Department of Natural Resources and Conservation
Draft Fiscal Assumptions - Ownership Update Bill Draft Modified PD009
Prepared for Water Policy Interim Committee Geocode Working Group
September 28, 2020

Assumptions

1. The average fee per ownership update is $62.25 (2.25 water rights per ownership update)
2. The Department currently receives an average of 12,435 ownership updates annually. Of these, the Department sends an average of 5,733 fee letters annually for unpaid ownership update fees. This equates to approximately 46% of ownership updates that the Department must illicit payment, an average of $356,765 of potential lost revenue.
    a. Following fee letters, the Department still does not receive payment on an average of 1,704 (30%) of ownership updates.
    b. The proposed legislation would require the Department to update ownership at a lost revenue of approximately $106,000 or pursue collection of those fees.
3. While the proposed legislation allows the Department to recover its costs, as drafted, the Department must first bring an action to the District Court in order to do so.
4. The Department does not currently have the staff with the expertise or capacity to take on collections. The Department anticipates 5-10 hours per transaction to prepare an action for the District Court. If the Department were to pursue all the unpaid fees, this work would require between 4 to 8 new FTE.
5. The Department anticipates that compliance with payment of fees will decrease over time due to the lack of incentive to pay the fee if the ownership is already updated.
6. Without the additional resources to pursue the unpaid fees and associated penalties, the Department anticipates fee compliance will continue to decrease and the associated loss of revenue would therefore increase over time.
7. This anticipated loss of revenue will lead to an inability to maintain the existing resources required to meet the deadlines as drafted in Modified PD009.

WATER POLICY INTERIM
COMMITTEE 2019-20

October 13, 2020 Exhibit 4