

Fiscal Estimate Narratives

DNR 2/27/02

LRB Number	01-4560/1	Introduction Number	SB-445	Estimate Type	Original
Subject					
Family farm protection package					

Assumptions Used in Arriving at Fiscal Estimate

Bill Summary:

SB 445 affects the department of natural resources (DNR) in the following ways: prohibits a person from establishing a large animal feeding operation (one over 1,000 animal units) until a permit has been obtained; requires a livestock integrator (defined as a person who provides livestock to an operator and either has an ownership interest in the livestock or establishes management and production standards) to be co-permitted with the operator; eliminates the exception to minimum penalties for violations for animal feeding operations and reduces the maximum penalty to \$1,000 per day; requires DNR to promulgate rules specifying requirements for periodic reports by operators of large feeding operations; establishes a \$250 permit application fee to be used for permitting animal feeding operations and monitoring permit compliance; requires DNR to promulgate rule establishing best management practices for controlling ammonia and hydrogen sulfide air emissions; prohibits operation of manure storage facilities with a capacity of over 3,000,000 gallons before providing proof of financial responsibility; prohibits a person from constructing an animal waste storage lagoon on land hydrologically connected to a trout stream; and provides that financial assistance is not required to be offered to large animal feeding operations before performance standards and prohibitions can be enforced.

Fiscal Estimate: There are an estimated 10 to 20 companies that may qualify as livestock integrators. The integration provision will add an estimated average of 10 additional permitting sites per integrator for a total of 100 to 200 additional permitted facilities. Assuming that 15 of the companies qualify as integrators, an estimated 150 additional sites will be permitted. Currently, 10.5 FTE positions are able to administer 115 permits or 11 permits per FTE position. The additional permit workload of 150 permits will require 13.5 FTE positions. Of the current 10.5 FTE positions, 2.5 FTE positions are water resources engineers and 8.0 FTE positions are water resources specialists. Given the same job distribution, of the 13.5 additional FTE positions 3.0 FTE positions would be water resources engineers and 9.5 FTE positions would be water resources specialists. The annual cost per engineer position is \$16.066 per hour x 2088 hours = \$33,500 + \$12,700 fringe benefits + \$3,000 (supplies and services) = 49,200 per position or \$147,600 for 3.0 FTE positions. For water resources specialists, the base rate is \$14.124 x 2080 = \$29,400 + \$11,200 fringe benefits + \$3,000 (supplies and services) = \$43,600 per position and \$414,200 for 9.5 FTE positions. total cost to administer the integrator component of SB 445 is estimated at \$147,600 + \$414,200 = \$561,800 annually for the first year.

The bill provides an additional requirement to promulgate rules to specify requirements for periodic reports by operators of large animal feeding operations about compliance with discharge permits. Based on previous rule-making efforts that affect the agriculture industry, it is estimated that an equivalent of 4.0 FTEs worth of effort over 2 years will be necessary to promulgate rules of this type. An additional on-going 1.0 FTE position will be required to provide information and education, receive, collate and enter data from the reports and disseminate information regarding this data to staff, public officials and citizens. One time costs are estimated at 4.0 FTE positions x \$60,000 annually per FTE position x 2 years = \$480,000 + \$48,000 supplies and services costs (\$3,000 per FTE for 4 years) = \$528,000. The ongoing costs for 1.0 FTE will total \$63,000 annually for salary, fringe and supplies and services.

The bill requires an operation with a manure storage facility of greater than 3,000,000 gallons to provide proof of financial responsibility to ensure adequate funds are available to clean up spills from the facility. This will require an estimated 1.0 FTE position to develop information and education materials relating to the various proof of financial responsibility forms, work with operators and financial institutions, and evaluate the proofs submitted. This will result in ongoing costs of \$63,000 annually for salary, fringe and supplies and services.

The bill prohibits a person from constructing an animal waste storage lagoon on land that is hydrologically connected to a trout stream. Evaluation of proposed projects will require 1.0 FTE hydrogeologist position. Costs associated with this position will include salary (\$17.78 x 2080 = \$37,000) + fringe of \$14,100 + supplies and services (\$4,000) = \$55,100. Monitoring costs to determine hydrologic connection including wells, soil borings

and lab fees can be expected to total \$25,000 annually. Total costs for this provision are $\$55,100 + \$25,000 = \$80,100$.

The bill requires promulgation of rules establishing best management practices for controlling ammonia and hydrogen sulfide air emissions. This will require 2 existing FTE to work for 3 years to develop the technical standards for best management practices, at an estimated one-time cost of \$439,600. It will also require 2 existing FTE to work for 3 years to develop the administrative rule, at an estimated one-time cost of \$439,600. The bill requires DNR to condition issuance of a water pollution discharge permit to a large animal feed operation in compliance with these required best management practices. It is estimated this will require monitoring and analysis estimated at \$316,200. This includes a one-time cost of \$201,000 for equipment, \$45,000 annually for 1 FTE to operate the equipment and report on data, \$60,200 annually for 1 FTE to collect samples, and \$50,000 annually for environmental sample testing costs.

Revenues: The bill provides that permitted animal feeding operations pay a \$250 fee upon application or renewal of their permit. Currently the state has 117 permitted animal feeding operations. An additional 15 permit applications are expected this year. Permits are issued once every five years. Based on an expected number of 132 permits + 15 integrator permits, revenues will be $\$250 \text{ per permit} \times 282 \text{ permits} / 5 \text{ years} = \$14,100$ annually.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
\$528,000 (4.0 FTE positions over 4 years) to develop reporting rules. \$879,200 (4 FTE over 3 years) to develop and implement best management practice technical standards and rules for air emissions. \$201,000 for air monitoring equipment.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$802,600		
(FTE Position Changes)	(18.5 FTE)		
State Operations - Other Costs	120,500		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$923,100		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S	923,100		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS	14,100		
SEG/SEG-S			
TOTAL State Revenues	\$14,100		\$
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$923,100		\$
NET CHANGE IN REVENUE	\$14,100		\$
Agency/Prepared By		Authorized Signature	Date
DNR/ Joe Polasek (608) 266-2794		Joe Polasek (608) 266-2794	2/27/02