



## Fiscal Estimate Narratives

DNR 1/17/2012

LRB Number	11-3704/1	Introduction Number	AB-0463	Estimate Type	Original
<b>Description</b> Permits for discharges into wetlands; wetland mitigation; wetland mapping and delineation; fees for permits and other authorizations or determinations by the Department of Natural Resources relating to structures, deposits, and other activities in or near navigable waters; making appropriations; and providing penalties					

### Assumptions Used in Arriving at Fiscal Estimate

The bill makes several changes to the regulation of certain activities that occur in or near wetlands.

1. Permit processing provisions - The bill makes various changes to wetland-related permit processing, which are estimated to reduce program costs by an undetermined amount due to increased operational efficiencies for permit reviews.
2. Enforcement provisions – This bill includes additional enforcement options to the current stepped enforcement process, which will result in more efficient handling of wetland enforcement cases. Reduced staff time for enforcement cases will result in an estimated \$50,000 in salary savings annually, and the reduced need for referrals to the Department of Justice will save an estimated \$20,000 in agency chargebacks annually.
3. Fee increases – The bill modifies the existing permit fees for waterway and wetland permits under chapters 30 and 281. Fees under current law are \$50, \$300, or \$500, depending upon the amount of time that staff need to review the permit. This bill will set fees as follows: Waterway general permits-\$300, Waterway individual permits-\$600, wetland general permits-\$500, wetland individual permits-\$800. In addition, the bill removes the "single highest fee" language in ss. 281.22 and 30.28, stats. which requires the Department to collect only the single highest permit fee applicable for a project, if more than one permit fee applies.

DNR processes about 4,000 waterway and wetland permit applications annually. Of that amount, 10% are wetland permits (only individual permits) and 90% are waterway permits (45% general permits and 45% individual permits).

Furthermore, of the 4,000 permits issued annually, approximately 10%, or 400 permits, are exempt from fees because the permittee is either an exempt state or federal government entity or is exempt because they are performing work on behalf of the Department, thus leaving a net total of 3,600 permits. Additional permits are fee exempt because of the "single highest fee" provision, bringing the number of permits to which fees apply to less than 3,600.

Given that the bill repeals the "single highest fee" provision, the Department assumes for this fiscal estimate that it will continue to process about 3,600 waterway and wetland permits annually to which permit fees apply. The following is the estimated revenue that would be generated utilizing the fees provided in the bill:

1. 1,620 (45%) waterway general permits at \$300 each would generate an estimated \$486,000 annually.
2. 1,620 (45%) waterway individual permits at \$600 each would generate an estimated \$972,000 annually.
3. 288 (8%) wetland general permits at \$500 each would generate an estimated \$144,000 annually.
4. 72 (2%) wetland individual permits at \$800 each would generate an estimated \$57,600 annually.

Therefore, under the fee rates provided in the bill, a total of 3,600 permits would generate \$1,659,600 in waterway and wetland fee revenues annually. By comparison, over the past 5 fiscal years, the Department has collected an average of \$661,400 in permit revenues annually. Therefore, through a combination of the new fee rates and the repeal of the "single highest fee" in the bill, it is estimated that annual fee revenues could increase by as much as \$998,200. These additional revenues would be used to cover the cost of additional positions that are provided in the bill, address an estimated \$459,000/yr. structural deficit in the wetlands program, and to facilitate permit streamlining.

5. Supplemental/Other Fees – The bill authorizes the Department to establish a supplemental fee for expedited review of Wetland Identification requests, and to establish fees for other Department

determinations, such as navigability or ordinary high-water mark determinations. These changes will result in an indeterminate increase in fee revenue, depending on the number of requests submitted to the Department.

6. Position changes – The bill provides 2.0 FTE for wetland mitigation work, which are estimated to cost \$141,800 annually. In addition, the bill converts from project to permanent status 3.0 FTE that are authorized to the Department for wetland identification and confirmation work, which are estimated to cost \$212,700 annually.

7. One-time Costs - Bill is expected to result in increased one-time workload related to updating program procedures and databases, developing general permits, revising application materials, training staff, and conducting customer outreach. (This does not include establishment of a state In-Lieu Fee program) Implementation is estimated to require a one-time expenditure of \$194,100 and 2.44 FTE (or 4,400 hours). The detail on this one-time cost estimate is as follows:

- a. 400 hours for policy coordinator to update internal procedures and application materials, General Permit development, conducting staff training and external outreach at an estimated salary/fringe cost of \$17,600.
- b. 1,800 hours for policy coordinator to establish In-Lieu Fee program for Wisconsin at an estimated salary/fringe cost of \$79,300.
- c. 200 hours for a database manager to update internal procedures and conduct staff training at an estimated salary/fringe cost of \$8,800.
- d. 200 hours for a section chief to review program changes, conduct staff training and for external outreach at an estimated salary/fringe cost of \$11,500.
- e. 200 hours for a staff attorney to review program changes and to conduct staff training at an estimated salary/fringe cost of \$11,900.
- f. 200 hours for a database contractor to update program databases at an estimated salary/fringe cost of \$13,600.
- g. 1,400 hours for 35 field water regulation and zoning specialist staff to each attend 40 hours of staff training at an estimated salary/fringe cost of \$51,400.

These one time cost estimates are based upon the following assumptions for hourly salary and fringe rates:

- a. Attorney @ \$59.68/hour
- b. Section Chief @ \$57.30/hour
- c. Policy Coordinator or Database Manager @ \$44.08/hour
- d. Field Water Regulation and Zoning Specialists @ \$36.73/hour
- e. Database Contractor @ \$68.00/hour

## **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

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<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  \$194,100 in one-time costs related to updating program procedures and databases, developing General Permits, revising application materials, training staff, and conducting customer outreach.			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$354,500		\$-50,000
(FTE Position Changes)	(5.0 FTE)		
State Operations - Other Costs			-20,000
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$354,500</b>		<b>\$-70,000</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS	354,500		-70,000
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)</b>			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS	998,200		
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$998,200</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	<u>State</u>		<u>Local</u>
NET CHANGE IN COSTS	\$284,500		\$
NET CHANGE IN REVENUE	\$998,200		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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