

Fiscal Estimate Narratives

DNR 2/19/2018

| | | | | | |
|---|-----------|---------------------|--------|---------------|----------|
| LRB Number | 17-4749/1 | Introduction Number | SB-785 | Estimate Type | Original |
| Description providing funding, creating an individual income tax credit, and providing a levy limit exception for lead service line replacement and making an appropriation | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a DNR program to provide financial assistance to municipalities for the replacement of public water system service lines containing lead. In addition, it creates a non-refundable state income tax credit and levy limit exception related to the replacement of lead service lines.

Fiscal Effect

1. Grants

The bill provides \$20 million annually for grants to municipalities. Local government costs would increase by \$5 million in order to meet the 25% match requirement identified in the bill.

2. Program Implementation

The bill would require 1.0 FTE to implement the program. Administrative rules will need to be developed, as will forms and processes for program implementation. Outreach activities will be needed, including web site development and maintenance, as well as computer database development and maintenance.

After initial program development, it is anticipated that the position will continue to be needed to manage the program, including review and processing of applications, web site maintenance, database entry, and payment processing - including entering requisitions and disbursing funds as costs are reimbursed.

Assuming a salary plus fringe rate of \$43.20/hr., annual costs for the position are estimated at \$89,900.

In addition to the position costs, an estimated \$12,500/yr. would be needed for transactional costs, contractor costs for programming, file storage and supplies, computer and monitor purchases, and maintenance costs.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

| | | | |
|---|---------------------|--|-----------------|
| LRB Number 17-4749/1 | | Introduction Number SB-785 | |
| Description providing funding, creating an individual income tax credit, and providing a levy limit exception for lead service line replacement and making an appropriation | | | |
| I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): | | | |
| II. Annualized Costs: | | Annualized Fiscal Impact on funds from: | |
| | | Increased Costs | Decreased Costs |
| A. State Costs by Category | | | |
| State Operations - Salaries and Fringes | \$89,900 | | \$ |
| (FTE Position Changes) | (1.0 FTE) | | |
| State Operations - Other Costs | 12,500 | | |
| Local Assistance | 20,000,000 | | |
| Aids to Individuals or Organizations | | | |
| TOTAL State Costs by Category | \$20,102,400 | | \$ |
| B. State Costs by Source of Funds | | | |
| GPR | 20,102,400 | | |
| FED | | | |
| PRO/PRS | | | |
| SEG/SEG-S | | | |
| III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.) | | | |
| | Increased Rev | | Decreased Rev |
| GPR Taxes | \$ | | \$ |
| GPR Earned | | | |
| FED | | | |
| PRO/PRS | | | |
| SEG/SEG-S | | | |
| TOTAL State Revenues | \$ | | \$ |
| NET ANNUALIZED FISCAL IMPACT | | | |
| | <u>State</u> | | <u>Local</u> |
| NET CHANGE IN COSTS | \$20,102,400 | | \$5,000,000 |
| NET CHANGE IN REVENUE | \$ | | \$20,000,000 |
| Agency/Prepared By | | Authorized Signature | Date |
| DNR/ Joe Polasek (608) 266-2794 | | Joe Polasek (608) 266-2794 | 2/19/2018 |