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HB 20-1069

**REVISED
FISCAL NOTE**

(replaces fiscal note dated February 11, 2020)

Drafting Number: LLS 20-0329 **Date:** February 17, 2020
Prime Sponsors: Rep. Saine; Titone **Bill Status:** House Appropriations
 Sen. Sonnenberg; Coram **Fiscal Analyst:** Max Nardo | 303-866-4776
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Bill Topic: **ADD WATER WELL INSPECTORS IDENTIFY HIGH-RISK WELLS**

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill establishes a minimum staffing level for the state's Well Inspection Program, increases well permit fees, and requires the identification and prioritization of high-risk wells. It increases state revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2020-21, the bill requires an appropriation of \$143,789 to the Department of Natural Resources.

Fiscal Note Status: The fiscal note reflects the introduced bill, as amended by the House Finance Committee.

**Table 1
State Fiscal Impacts Under HB 20-1069**

		FY 2020-21	FY 2021-22
Revenue	Cash Funds	\$190,750	\$190,750
Expenditures	Cash Funds	\$143,789	\$149,205
	Centrally	\$30,637	\$33,841
	Total	\$174,426	\$183,046
	Total FTE	1.8 FTE	2.0 FTE
Transfers		-	-
TABOR Refund	General Fund	\$190,750	\$190,750

Summary of Legislation

The bill establishes a minimum staffing level for the state's Well Inspection Program, increases well permit fees, and requires the identification and prioritization of high-risk wells.

The bill requires that the Division of Water Resources in the Department of Natural Resources (DNR) employ at least four inspectors to monitor water well construction and pump installation. At least one inspector must be primarily concerned with Water Division 1 (South Platte River), and one inspector must be primarily concerned with Water Division 2 (Arkansas River). It increases permit fees for all types of wells by \$35, and correspondingly increases the portion of each well permit fee that is deposited into the Well Inspection Cash Fund by \$35.

The bill directs the State Board of Examiners of Water Well Construction and Pump Installation Contractors to promulgate rules by November 1, 2020, for identifying high-risk wells that should be prioritized for inspection. The program is directed to follow these rules for identifying high-risk wells and prioritize the inspection of these wells.

Background

Constructing a well requires a permit from the Division of Water Resources. The current statutory permit fee for most well types is \$100, \$40 of which is deposited into the Well Inspection Cash Fund, with the remainder deposited into the Water Resources Cash Fund. In FY 2017-18, about 4,000 new wells were constructed, 310 of which were inspected by the program's staff.

State Revenue

The bill increases state revenue by an estimated \$190,750 in FY 2020-21 and future years to the DNR. The additional revenue is deposited into the Well Inspection Cash Fund. This estimate is based on a 10-year median of 5,450 well permit application fees collected. This revenue is subject to state revenue limits established in TABOR.

State Expenditures

The bill increases state expenditures by \$174,426 and 1.8 FTE in FY 2020-21, and \$183,046 and 2.0 FTE in FY 2021-22 and future years. These expenditures are shown in Table 2 and described below.

Table 2
Expenditures Under HB 20-1069

	FY 2020-21	FY 2021-22
Department of Natural Resources		
Personal Services	\$109,769	\$119,747
Capital Outlay	\$12,400	-
Operating Expenses	\$17,700	\$17,700
Vehicle Lease Payments	\$3,920	\$11,758
Centrally Appropriated Costs*	\$30,637	\$33,841
Total Cost	\$174,426	\$183,046
Total FTE	1.8 FTE	2.0 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Department of Natural Resources. DNR will hire an additional 2.0 FTE at the engineer / physical science technician II job class, prorated for an August hire date in the first year. Each inspector will require a vehicle, costing \$5,879 per vehicle per year, prorated for four months in the first year, which are provided by the Department of Personnel and Administration. Of the operating costs, \$15,000 each year is for vehicle mileage and variable costs. Rulemaking concerning high-risk wells will require a one-time workload increase for DNR that does not require an increase in appropriations. Costs will be paid from the Well Inspection Cash Fund.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$30,637 in FY 2020-21 and \$33,841 in FY 2021-22.

TABOR refunds. The bill is expected to increase state General Fund obligations for TABOR refunds by \$190,750 in FY 2020-21 and FY 2021-22. Under current law and the December 2019 Legislative Council Staff forecast, the bill will correspondingly increase the amount refunded to taxpayers via sales tax refunds made available on income tax returns for tax years 2021 and 2022, respectively. A forecast of state revenue subject to TABOR is not available beyond FY 2021-22.

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2020-21, the bill requires an appropriation of \$143,789 to the Department of Natural Resources from the Well Inspection Cash Fund, and 1.8 FTE. Of this amount, \$3,920 is reapportioned to the Department of Personnel and Administration for state fleet vehicles.

State and Local Government Contacts

Natural Resources