



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0681.01: Revise subdivision regulation laws involving determination of water availability**

Primary Sponsor: John Fitzpatrick

Status: As Introduced

☐ Included in the Executive Budget ☒ Needs to be included in HB 2 ☐ Significant Local Gov Impact
☐ Significant Long-Term Impacts ☐ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
General Fund (01)	\$1,259,826	\$927,176	\$951,013	\$963,398
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Net Impact	<u>(\$1,259,826)</u>	<u>(\$927,176)</u>	<u>(\$951,013)</u>	<u>(\$963,398)</u>
General Fund Balance				

Description of fiscal impact

HB 681 provides for coordination between the Sanitation and Subdivisions Act, Subdivision and Platting Act, and the Water Use Act. HB 681 provides clarity on when information from water right applications can be used by the local reviewing authority to satisfy requirements of the Subdivision and Platting Act. Under HB 681, applicants intending to use exempt wells must submit a notice of intent to the Department of Natural Resources and Conservation (DNRC) and receive approval prior to water use. This change in process will authorize DNRC to analyze permit exception eligibility, including evaluation of whether multiple groundwater developments in the same area constitute a combined appropriation. Completing this analysis up front allows applicants to receive a decision from DNRC on whether their project qualifies for a permit exemption prior to moving through the Platting Act process. HB 681 establishes a 10-day timeline for agency review and approval of notices of intent. DNRC will require additional staff to implement the changes in HB 681. These changes will also require updates to the Water Rights Information System (WRIS) database.

FISCAL ANALYSIS

Assumptions

Department of Natural Resources and Conservation

- Enhancements will be necessary to the WRIS due to the changes under HB 681. This database work will occur under the agency's current IT contract. The cost will be \$304,650 in FY 2026 and will be funded out of general fund (2031 hours of work at \$150 per hour).
- The Water Rights Bureau (WRB) in the DNRC will need to map preliminary plats and certificates of survey for efficient and accurate evaluation of water uses meeting the exception due to changes in HB 681.
 - In order for the public to access the information, DNRC will map subdivisions and publish them on the DNRC Water Rights Query System (WRQS). Information on approved notices of intent will also be published on the WRQS so prospective buyers can see what the buyer have been authorized to use.

- b. The anticipated number of subdivisions needing to be mapped is 453 subdivisions per year based on 2014-2024 DNRC subdivision predeterminations reviews.
 - c. It is estimated the evaluation of mapping needs, mapping, and review of subdivision materials will require 40 minutes of staff time per subdivision.
3. Staff will need to evaluate mapped preliminary plats and certificates of survey to ensure any changes are captured and accurately reflected as new divisions of land occur.
4. Current (existing) and prospective parcels (for any pending proposed subdivisions) of land will need to be considered with the processing of notices of intent and combined appropriation evaluations.
5. Quality control checks will be necessary to ensure consistency in how combined appropriations are evaluated by staff.
6. Because a notice of intent to appropriate can be filed for lots within a subdivision prior to the land being subdivided, DNRC will have to track land divisions for approved notices of intent and maintain ownership records on them when land transfers.
7. There will be an increased number of forms processed by staff with the creation of the notice of intent form and request for extension, in addition to the currently required notice of completion form. This will result in additional time spent processing each application.
8. HB 681 implements a 10-day statutory timeline for processing applications under 85-2-306, MCA. This will require additional staff.
 - a. The current average number of notice of completion of groundwater development filings each year is 2628 based on 10-year average.
 - b. The average number of days from receipt of a notice of completion to issuance of a certificate of water right is 116 days based on current staffing.
9. The Water Rights Bureau (WRB) will need additional full-time equivalent (FTE). An additional 1.00 FTE Compliance Technician 1 to track land divisions for approved notices of intent and maintain ownership records when land transfers. An additional 2.00 FTE Compliance Specialist 3 dedicated to questions on combined appropriation, mapping, and on applicability or water use limitations. The regional offices will need an additional 7.00 FTE, Water Conservation Specialist 2 to meet the 10-day statutory timeline as defined in HB 681. The FTEs and associated operating costs will be funded out of general fund.
 - a. 1.00 FTE, Compliance Tech 1, will cost \$68,948 per year in FY 2026 and FY 2027, \$70,648 in FY 2028 and \$71,518 in FY 2029 including salary and benefits. A 1.5% inflationary increase is applied in FY 2028 and FY 2029.
 - b. 2.00 FTE, Compliance Specialist 3, will cost \$217,162 per year in FY 2026 and FY 2027, \$222,958 in FY 2028 and \$225,923 in FY 2029 including salary and benefits. A 1.5% inflationary increase is applied in FY 2028 and FY 2029.
 - c. 7.00 FTE, Water Conservation Specialist 2, will cost \$618,535 per year in FY 2026 and FY 2027, \$634,547 in FY 2028 and \$642,737 in FY 2029 including salary and benefits. A 1.5% inflationary increase is applied in FY 2028 and FY 2029.
 - d. One-time-only costs for office set-up for 10.00 FTE will cost \$28,000 FY 2026 (\$2,800 per FTE).
 - e. The 10.00 FTE will require network service at a cost of \$15,350 in FY 2026 and FY 2027 and phone service at a cost of \$2,680 in FY 2026 and FY 2027. An inflationary rate of 1.5% is applied in FY 2028 and FY 2029 for these operating expenditures for a cost of \$18,300 and \$18,580 respectively.
 - f. Supplies and internal training for these positions will be \$4,500 in FY 2026 and FY 2027. An inflationary rate of 1.5% is applied in FY 2028 and FY 2029 for an operating expense of \$4,560 and \$4,640, respectively.

Fiscal Analysis Table

Department of Natural Resources and Conservation

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
<u>Fiscal Impact</u>				
FTE	10.00	10.00	10.00	10.00
TOTAL Fiscal Impact	10.00	10.00	10.00	10.00
<u>Expenditures</u>				
Personal Services	\$904,646	\$904,646	\$928,153	\$940,178
Operating Expenses	\$355,180	\$22,530	\$22,860	\$23,220
TOTAL Expenditures	\$1,259,826	\$927,176	\$951,013	\$963,398
<u>Funding of Expenditures</u>				
General Fund (01)	\$1,259,826	\$927,176	\$951,013	\$963,398
TOTAL Funding of Expenditures	\$1,259,826	\$927,176	\$951,013	\$963,398
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	(\$1,259,826)	(\$927,176)	(\$951,013)	(\$963,398)

Sponsor's Initials

Date

Budget Director's Initials

3/1/2025

Date