



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0704.01: Generally revise ground water laws

Primary Sponsor: Mike Vinton

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</u> <u>Difference</u> | <u>FY 2027</u> <u>Difference</u> | <u>FY 2028</u> <u>Difference</u> | <u>FY 2029</u> <u>Difference</u> |
|-----------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Expenditures | | | | |
| General Fund (01) | \$1,351,464 | \$627,724 | \$637,973 | \$634,725 |
| Revenues | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| Net Impact | <u>(\$1,351,464)</u> | <u>(\$627,724)</u> | <u>(\$637,973)</u> | <u>(\$634,725)</u> |
| General Fund Balance | | | | |

Description of fiscal impact

HB 704 establishes site specific policy recommendations for exempt wells, aquifer closures, and aquifer monitoring. The Department of Natural Resources and Conversation (DNRC) will require monitoring wells, equipment, and additional staff to implement the changes in HB 704. These changes will also require updates to the Water Rights Information System (WRIS) database.

FISCAL ANALYSIS

Assumptions

Department of Natural Resources and Conservation (DNRC)

- Enhancements will be necessary to the Water Resource Information System (WRIS) due to the changes under HB 704. This database work will occur under the agency's current IT contract. The cost will be \$267,180 in FY 2026 and will be funded from the general fund. (approximately 1,781 hours of work at \$150 per hour)
- The Water Sciences Bureau (WSB) at the DNRC will require one-time-only monitoring equipment for three real-time wells for each of six aquifers at a cost of \$234,000. (18 units x \$13,000 per unit)
- The WSB will need to construct a monitoring well for each of six aquifers. This will cost approximately \$183,870. (6 aquifers x \$30,645 per monitoring well)
- Additional staff will be required in the Water Rights Bureau (WRB), WSB, and Regional Water Offices of the DNRC to meet the requirements of HB 704, with duties as follows:
 - 1.00 FTE, Compliance Specialist 3, in WRB will be the point of contact for any questions staff have on combined appropriation, applicability of the exception, or water use limitations. DNRC receives on average 2,600 filings under the permit exception per year. This position will map subdivisions using GIS for efficient and accurate staff evaluation of water uses meeting the exception in HB 704.
 - 2.00 FTE, Hydrologist 3, in WSB are required as described in HB 704 to:

- c. 3.00 FTE, Water Conservation Specialist 2, are required in the Regional Offices to ensure existing statutory application processing timelines can be met by the DNRC.
- 5. The required 6.00 FTE (1.00 FTE, Compliance Specialist 3, in the Water Rights Bureau (WRB), 2.00 FTE, Hydrologist 3, in WSB, and 3.00 FTE, Water Conservation Specialist, 2 in the Regional Office) will be funded from the general fund.
 - a. 1.00 FTE, Compliance Specialist 3, will cost \$108,581 per year in FY 2026 and FY 2027, \$110,395 in FY 2028 and \$109,649 in FY 2029 including salary and benefits. A 1.5% inflationary increase is applied in FY 2028 and FY 2029.
 - b. 2.00 FTE, Hydrologist 3, will cost \$208,658 per year in FY 2026 and FY 2027, \$212,122 in FY 2028 and \$210,696 in FY 2029 including salary and benefits. A 1.5% inflationary increase is applied in FY 2028 and FY 2029.
 - c. 3.00 FTE, Water Conservation Specialist 2, will cost \$265,087 per year in FY 2026 and FY 2027, \$269,377 in FY 2028 and \$267,610 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 and computers for 6.00 FTE will cost \$16,800 FY 2026 (\$2,800 per FTE) and an additional field heavy duty laptop for \$3,000 in FY 2026.
 - e. The 6.00 FTE will require network service at a cost of \$9,210 in FY 2026 and FY 2027 and phone service at a cost of \$2,208 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 \$16,989 and \$11,163 respectively.
 - f. Supplies and internal training for these positions will be \$2,700 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 \$2,741 and \$2,782, respectively.
 - g. One-time-only costs for small equipment will be required, including 18 pressure transducers at a cost of \$17,640 and one depth to water meter at a cost of \$1,250 for a total of \$18,890 in FY 2026 (\$980 per pressure transducer x 18 = \$17,640).
 - h. Travel is estimated for hydrologist staff to conduct monitoring of the wells and oversee installation at a cost of \$11,280 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 \$11,449 and \$11,621, respectively. (Average \$235 per trip x eight trips x six basins)
 - i. Annual licensing fees for groundwater modeling and monitoring software are required [KH5] [GM6] at a rate of \$20,000 in FY 2026 and FY 2027 with an inflationary rate of 1.5% in FY 2028 and FY 2029 \$20,300 and \$20,605, respectively.

Fiscal Analysis Table

Department of Natural Resources and Conservation

| | <u>FY 2026</u> <u>Difference</u> | <u>FY 2027</u> <u>Difference</u> | <u>FY 2028</u> <u>Difference</u> | <u>FY 2029</u> <u>Difference</u> |
|----------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <u>Fiscal Impact</u> | | | | |
| FTE | 6.00 | 6.00 | 6.00 | 6.00 |
| TOTAL Fiscal Impact | 6.00 | 6.00 | 6.00 | 6.00 |
| <u>Expenditures</u> | | | | |
| Personal Services | \$582,326 | \$582,326 | \$591,894 | \$587,955 |
| Operating Expenses | \$535,138 | \$45,398 | \$46,079 | \$46,770 |
| Equipment | \$234,000 | \$0 | \$0 | \$0 |
| TOTAL Expenditures | \$1,351,464 | \$627,724 | \$637,973 | \$634,725 |
| <u>Funding of Expenditures</u> | | | | |
| General Fund (01) | \$1,351,464 | \$627,724 | \$637,973 | \$634,725 |
| TOTAL Funding of Expenditures | \$1,351,464 | \$627,724 | \$637,973 | \$634,725 |
| <u>Revenues</u> | | | | |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u> | | | | |
| General Fund (01) | (\$1,351,464) | (\$627,724) | (\$637,973) | (\$634,725) |


 Sponsor's Initials


 Date


 Budget Director's Initials

 3/1/2025
 Date