

EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: February 17, 2023

Agency Submitting: State Department of Conservation and Natural Resources, Division of Water Resources

Items of Revenue or Expense, or Both	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Effect on Future Biennia
As Interpreted Expenses (Personnel) (Expense)		\$646,656	\$660,734	\$1,307,390
As Interpreted Expenses (Operational) (Expense)		\$387,640	\$387,640	\$1,162,919
Expenses if non-classified technical salaries excluded too (Expense)		\$1,123,598	\$1,532,299	\$2,655,897
Expenses if \$2 user maximum is the effect in leu of only non-classified technical salaries excluded (Expense)		\$3,226,903	\$2,698,865	\$5,925,768
Total	0	\$5,384,797	\$5,279,538	\$11,051,974

Explanation

(Use Additional Sheets of Attachments, if required)

The Division of Water Resources (DWR) has reviewed the proposed legislation and find that it will impact to DWR's executive budget account. Due to ambiguity in the proposed revisions to NRS 534.040, the Division is uncertain whether the legislation, as proposed, precludes the employment of non-classified employees presently funded through ground water assessments. If such were the interpretation and application of the legislation, as drafted and adopted, DWR is prohibited from using assessed funds to support technical staff not specifically assigned individual designated hydrographic basins. This would result in an additional fiscal impact to DWR to support the salaries and associated costs of those employees as well as all incidental costs to the agency such as rent and utilities. Finally, DWR interprets the maximum assessment to be based upon a per acre-foot rate not to exceed \$2; however, this is unclear. If the language, as proposed, is intended to establish a \$2 per acre-foot maximum assessment, there would not be an immediate fiscal impact, but would result in a future fiscal impact by preventing DWR to maintain water right assessments in a manner to keep up with the cost of inflation, salary increases, and increased operational costs (including vehicles, fuel, etc.). The time to impact would vary upon the individual basin as well as the rate of cost increases, but there would eventually be a limitation as the ability of the groundwater assessments to fully cover the allowable costs provided for within the statute. Alternatively, if the \$2 maximum is interpreted to be a limitation on the maximum charge per a water user, this would have a significant fiscal impact on the Division as it would restrict the total revenue collected from groundwater assessments to a mere fraction and would result in nearly 100% of DWR's current assessments needing to be replaced with general fund revenue.

Name Micheline N Fairbank

Title Deputy Administrator

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Friday, February 17, 2023

The agency's response appears reasonable.

Name Amy L. Stephenson

Title Director