

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2299 HB	<b>Title:</b> DNR trust asset leasing	<b>Agency:</b> 490-Department of Natural Resources
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: John Wilson-Tepeli	Phone: 360-786-7115	Date: 01/22/2024
Agency Preparation: Zoe Catron	Phone: 360-902-1121	Date: 01/24/2024
Agency Approval: Brian Considine	Phone: 3604863469	Date: 01/24/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 01/24/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section (1) expands leasing to include trust assets.

Section (3) allows assets to be leased for up to 20 years.

The bill does not direct the Department of Natural Resources (DNR) to do any work, it only allows the expansion of leasing to include assets.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

The bill expands leasing to include assets. DNR assumes an increase in revenue for leasing assets but the type, duration, amount, and number of leases is unknown.

DNR has no history of leasing water rights so there are many unknowns for the actual valuation. As an example of potential, the California Nasdaq water trading index shows average prices per acre foot. At the current price, a single 400/acre/ft water right would lease for \$81,200. For this example, most agricultural water rights are on federally granted lands so 69 percent of revenue would go to Fund 113 Common School Construction Account and 31 percent would go to Fund 041 Resource Management Cost Account.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*