

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6131

BILL NUMBER: SB 43

DATE PREPARED: Nov 9, 1999

BILL AMENDED:

SUBJECT: Lake and River Enhancement Fund.

FISCAL ANALYST: Bernadette Bartlett

PHONE NUMBER: 232-9586

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires that 75% of the money in the Lake and River Enhancement Fund be used for enhancement projects that are located on lakes and rivers and not more than 25% of the money be used for watershed enhancement projects.

Effective Date: Upon passage.

Explanation of State Expenditures: The allocation of funds for watershed enhancement projects and lakes and streams projects for the past five years are outlined below.

Lake and River Enhancement Fund

Funds Allocated Annually by the State Soil Conservation Board

Fiscal Year	Watershed Land Treatment Projects	Lake and Streams Projects	Total	% Allocated to Lakes and Streams
1994-1995	\$446,000	\$383,840	\$829,840	46%
1995-1996	\$484,000	\$346,053	830,053	42%
1996-1997	\$551,000	\$432,477	983,477	44%
1997-1998	\$462,245	\$367,755	830,000	44%
1998-1999	\$483,800	\$346,200	830,000	42%
1999-2000	\$531,825	\$657,003	1,188,828	55%
Totals	\$1,990,870	\$1,776,325	\$5,492,198	32%

As the table above indicates, the **annual** percent of revenue allocated specifically for lake and stream projects, has ranged from a low of 42% in 1995-1996 and 1998-1999 to a high of 55% in 1999-2000. The proposal requires that 75% will be allocated for lake projects. If revenues remained constant, this requirement would shift funding allocations and increase revenues for lake projects while decreasing that portion of the revenue that could be spent on watershed projects. If \$1,188,828 were available for the 2000-2001 year, watersheds would receive \$297,207, as opposed to the current \$531,825, for a decrease of \$234,618, or about 44%. Lake projects, on the other hand, would receive \$891,621, as opposed to the current \$657,003, for an increase of \$234,618, or 36%.

Background Information. Revenue from the \$5 boat fee collected by the Bureau of Motor Vehicles is deposited into the Lake and River Enhancement Fund. As of September 29, 1999, the Fund had a balance of \$3.4 million. The Fund receives on average over \$1.1 million annually from the fee; however, for three of the past five years, the fund was only allowed to spend \$830,000, which contributed to the \$3.4 million balance.

The Division of Soil Conservation with the Department of Natural Resources (DNR) administers the Fund. The Fund provides matching grants to evaluate or fund mechanism to improve the quality of public-access lakes and streams by reducing soil erosion and nutrient input. The matching grants are provided to local lake associations for diagnostic, feasibility, or design studies and for construction or remediation work. Matching grants are also provided to soil and water conservation districts for watershed studies, erosion control practices, and land treatment applications. Watershed land treatment provides funding to farmers to prevent eroded soil and nutrients from getting into streams and lakes. Watershed land treatments are designed to prevent sediment from being deposited into the lakes.

Since its inception in 1990, the Lake and River Enhancement Program has funded 208 projects in 44 counties. Revenue from the fund was also used to finance the 26-member Lake Management Work Group.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: See Above.

State Agencies Affected: Department of Natural Resources' Division of Soil Conservation.

Local Agencies Affected: Soil and Water Conservation Districts and Local Lake Associations.

Information Sources: Budget Overview for the Lake Enhancement Fund and Jim Ray, Chief, LARE, Division of Soil Conservation (317) 233-3871.