



- Possible funding sources for DNR activities are GRF appropriation item 733-321, Division of Water, and/or appropriation item 725-620, Water Management, in the Water Management Fund (Fund 516).
- Any costs associated with the Governor's involvement in the Great Lakes-St. Lawrence River Basin Water Resources Council and other related duties will likely come from the General Revenue Fund.
- Any costs associated with Ohio's role in balancing the budget of the Council, including partially funding the salaries and administrative expenses of any professional and administrative staff hired to assist the Council in implementing the Compact, will likely come from the GRF and/or specific funds from the Department of Natural Resources.

### ***Local Fiscal Highlights***

<b>LOCAL GOVERNMENT</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FUTURE YEARS</b>
<b>Various Political Subdivisions</b>			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Potential minimal increase in administrative costs to assist in implementation of the Compact	Potential minimal increase in administrative costs to assist in implementation of the Compact
<b>Local Courts</b>			
Revenues	- 0 -	Potential minimal gain from court fees	Potential minimal gain from court fees
Expenditures	- 0 -	Potential minimal increase to adjudicate cases related to the Compact	Potential minimal increase to adjudicate cases related to the Compact

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- Depending on when other states ratify the Compact, it is unlikely that any political subdivisions would experience any costs related to its implementation earlier than FY 2009.
- Various political subdivisions may or may not experience additional increases in administrative expenses depending on their involvement in the Compact and assistance provided to the Council. Any additional costs are estimated to be minimal.
- Local court systems may experience a minimal increase in administrative expenses to adjudicate cases where persons or entities have violated any of the provisions of the Compact or felt they have been aggrieved by any action of DNR relative to implementation of the Compact. Any costs are likely to be offset by court costs and/or monetary relief provided by the litigants.

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## ***Detailed Fiscal Analysis***

### ***Background on the Great Lakes-St. Lawrence River Basin Water Resources Compact***

The purpose of the Great Lakes-St. Lawrence River Basin Water Resources Compact is to protect the watershed of the Great Lakes and certain portions of the St. Lawrence River. The parties to the Compact are the eight Great Lakes states of Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Wisconsin, and Pennsylvania. The Canadian provinces of Ontario and Quebec are not parties, but the Compact requires cooperation between the parties and the provinces. The Compact will not become binding and effective until each state ratifies it by enacting identical concurring legislation and Congress consents to it. The bill is the means by which Ohio would ratify the Compact.

Under the Compact the governors of the Great Lakes states are to serve on the Great Lakes-St. Lawrence River Basin Water Resources Council, and along with the premiers of Ontario and Quebec, comprise a regional body that is to be responsible for receiving certain information and for approving or disapproving certain proposals regarding the withdrawal, diversion, or consumptive use of water in the Great Lakes-St. Lawrence River Basin. The Compact prohibits, with certain exceptions, all new or increased diversions of water resources from the watershed of the Great Lakes and certain portions of the St. Lawrence River into another watershed. In addition, it establishes a decision-making standard for the management and regulation of new or increased withdrawals and consumptive uses of such water resources. The decision-making standard is designed to ensure that such withdrawals and consumptive uses will result in no significant individual or cumulative adverse impacts to the quantity or quality of the waters and water dependent natural resources of the source watershed.

### ***Organization and procedure of the Council***

The bill requires the Compact to be implemented by a Council consisting of the governors of each of the eight Great Lakes states. The Council is empowered to adopt a budget, with the amount required to balance the budget to be apportioned equitably among the parties by unanimous vote of the Council. For example, if the annual budget of the Compact were \$500,000, each participating state would presumably pay an equal share of the cost. This would come out to an amount of \$62,500, or one-eighth of the total budget, to be paid by Ohio. This amount could be more or less depending on the annual budget adopted. It is possible that some of the Council's administrative expenses may be offset by other sources of revenue, such as grants or gifts. Ohio's share of these expenses would likely come from the General Revenue Fund or other appropriations to DNR. At this time, it is unknown how much the Council would require for an annual budget or how much would be necessary to pay any professional and administrative staff.

The Council is empowered to employ or appoint personnel, including an Executive Director, to carry out the purposes of the Compact. The Council's costs would likely also include supplies, equipment, rent, and other necessary costs of doing business.

### **Implementation of the Compact**

Each of the Great Lakes states that are a party to the Compact must develop and maintain a water resources inventory regarding the location, type, quantity, and use of water resources in the watershed of the Great Lakes and certain portions of the St. Lawrence River, including withdrawals, diversions, and consumptive uses of the water resources. Each party also must develop and implement a water conservation and efficiency program, either voluntary or mandatory, within its jurisdiction. Prior to development of a mandatory program, the bill requires the Governor to obtain authorization via a concurrent resolution adopted or bill enacted by the General Assembly. The program must be consistent with basin-wide goals and objectives. The Compact also requires the parties, together with the Canadian provinces, to conduct a periodic assessment of the cumulative impacts of withdrawals, diversions, and consumptive uses from waters of the Basin for purposes of future implementation of the Compact. In addition, the Compact provides for public notice and participation in a number of matters.

### **Fiscal impact on the state**

After the General Assembly provides authorization, the bill requires the Director of Natural Resources to adopt rules to enforce the Compact and take appropriate actions to effectuate its purposes and intent. The bill also requires any appropriate state agency or governmental officer to enforce the Compact and take appropriate actions to effectuate its purpose and intent. The bill also requires the governors of participating states to assist in administration of the Great Lakes-St. Lawrence River Basin Water Resources Council.

### **Department of Natural Resources (DNR)**

DNR could incur costs associated with the following duties and activities under the Compact:

- Creating a program for management and regulation of withdrawals and consumptive uses of water in the Basin (within five years);
- Maintaining a water resources database of the water resources in the state (within five years);
- Developing water conservation and efficiency goals and objectives regarding a water conservation program and submitting annual reports (within two years);
- Reviewing and approving proposals for applicants to withdraw, divert, or conduct consumptive use of water in the Basin;
- Studying the cumulative impacts of withdrawals from the Basin and developing a mechanism to assess any impacts;
- The Director of Natural Resources attending Great Lakes-St. Lawrence River Basin Water Resources Council meetings;
- Providing staffing and technical assistance to the Council and the Great Lakes-St. Lawrence River Basin Water Resources Compact Advisory Board;
- Adopting and enforcing rules to implement the Compact; and

- Managing and regulating new or increased withdrawals, consumptive uses, and diversions from the Basin.

Initially, the primary costs to DNR would be involved with adopting rules and implementing the provisions of the Compact. These could likely be handled with DNR's current budgeted resources and staff. Many of the costs associated with the implementation of the Compact will not be required until two to five years after the Compact's effective date. These include implementing a consumptive use program, creating a water resources database, and submitting annual reports. It is possible that, by that time, DNR may receive additional budgetary appropriations or reallocate existing program funds to cover such costs.

Any costs will likely be covered by the Division of Water's GRF appropriations or non-GRF appropriations through the Water Management Fund (Fund 516). The Division of Water is already using existing funds to develop assessments of water supplies in principal drainage basins to identify the source of supply needs for all uses, deficiencies, and alternative solution recommendations. The Department also currently maintains a Water Withdrawal Facility Registration Program database and is engaged in various water education and awareness programs. These current activities may help in fulfilling any of the Department's responsibilities in implementation of the Compact.

### **Office of the Governor**

The Governor's office may experience costs associated with the following duties:

- Attending Great Lakes-St. Lawrence River Basin Water Resources Council meetings;
- Consulting with, advising, and aiding Ohio, other states, and political subdivisions in the formulation of such agreements;
- Making any recommendations to the General Assembly, legislatures of other states, governmental agencies, and political subdivisions that the Governor considers desirable in order to effectuate the purposes of the Compact; and
- Consulting with and cooperating with the Compact administrators of other states that are parties to the Compact.

Any expenses associated with the Governor's duties are likely to be paid for from the GRF. The Office of the Governor is supported by GRF appropriation item 040-321, Operating Expenses, which would likely be used as a source of funding to support at least a portion of the Governor's duties.

### **Fiscal impact on local governments**

Presumably the local governments most affected by the Compact would be those located in the Northern Ohio region. Local governments may experience costs associated with the following:

- Attending, assisting, and or providing information for Council advisory committees;
- Submitting an application if the local government withdraws, diverts, or conducts consumptive use of water in the Basin;

- Cooperating with DNR and providing information for a statewide water resources database;
- Annually reporting on the volumes of water withdrawn, consumed, or diverted from the Basin;
- Assisting in DNR's cumulative impact assessment of withdraws from the Basin; and
- Adjudicating any cases related to enforcement and implementation of the Compact.

It is uncertain how many local governments would actually be involved in implementation of the Compact and the associated fiscal impacts, if any, from that association. At this time it appears that any additional administrative expenses would likely be minimal. Any costs to local court systems for cases filed regarding an action related to the Compact may be offset by court costs and/or any relief provided by the prevailing party.

### **Water Resources Compact Advisory Board**

The bill establishes the Great Lakes-St. Lawrence River Basin Water Resources Compact Advisory Board. The Board will consist of the Director of Natural Resources or the Director's designee, the Director of Environmental Protection or the Director's designee, various experts and representatives from the private sector, two members from the Senate who are not members of the same political party, two members of the House of Representatives who are not members of the same political party, and one representative of a municipal government in the Lake Erie Basin.

The bill requires the Advisory Board to meet on a regular basis and requires its members to serve without compensation. The purpose of the Board is to develop recommendations for the legislation that is necessary to implement and effectuate the requirements and purposes of the Compact. The bill requires the Advisory Board to present its final recommendations to the Governor and the General Assembly no later than 18 months after the effective date of the section creating the Board.

The bill requires DNR to provide technical support to the Advisory Board. Any administrative expenses such as filing, printing, and copying documents are expected to be minimal. It is unknown which DNR fund will cover these minimal costs.

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