

FISCAL NOTE

Requested by Legislative Council
01/21/2011

Bill/Resolution No.: SB 2274

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2009-2011 Biennium | | 2011-2013 Biennium | | 2013-2015 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Expenditures | \$0 | \$0 | \$1,400,000 | \$0 | \$1,456,000 | \$0 |
| Appropriations | \$0 | \$0 | \$1,400,000 | \$0 | \$1,456,000 | \$0 |

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

| 2009-2011 Biennium | | | 2011-2013 Biennium | | | 2013-2015 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill establishes the surface rights board to mediate disputes involving surface damage caused by oil and gas exploration and production. The board consists of at a minimum 3 members appointed by the Governor with staff services provided by the Dept. of Mineral Resources.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Fiscal impacts relate to board member compensation and expense reimbursements and staff services provided by the Dept. of Mineral Resources. The Dept. of Mineral Resources estimates that, based on the costs that another state agency experiences with a reclamation program and the costs of the Manitoba Surface Rights Board in 2010, there will be a need for 9 additional employees at costs between \$1,200,000 and \$1,400,000.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The legislation does not provide for reimbursement to the State for its expenses in administering this program.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

To prepare an estimate we obtained information on the Manitoba Surface Rights Board (MSRB) 2010 activity. Board member compensation was \$46,000; registration fees for filing and posting freely negotiated agreements were 736 agreements x \$100 = \$73,600; agreements settled through mediation or hearing were 313 x \$1,600 average cost = \$500,800. Total MSRB costs for one year were \$620,400. We believe an additional field inspector would also be needed at a cost of \$90,000. Total annual costs of \$710,400. Biennial costs of \$1,420,800. We also looked at the costs of one of the Public Service Commission's reclamation programs and their costs were \$1.2 million. We anticipate the need for 9 additional FTEs.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and*

appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

The bill does not include an appropriation to pay expenses incurred by the board or does it include an appropriation for the expenses of the Department of Mineral Resources. Funding for this program has not been included in the Executive budget.

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