

**FISCAL NOTE**  
**Requested by Legislative Council**  
**02/02/2021**

Bill/Resolution No.: HB 1401

- 1 A. **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.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$14,523,000	\$0	\$18,141,000	\$0
<b>Appropriations</b>	\$0	\$0	\$14,523,000	\$0	\$18,141,000	\$0

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

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
<b>Counties</b>	\$0	\$0	\$0
<b>Cities</b>	\$0	\$0	\$0
<b>School Districts</b>	\$0	\$0	\$0
<b>Townships</b>	\$0	\$0	\$0

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

House Bill 1401 requires the Department of Environmental Quality (DEQ) to monitor “legacy waste pits” and other “special waste”, implement “appropriate mitigation activities” to prevent groundwater contamination from special waste and develop standards for “special waste” in groundwater.

- 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.*

Sections 1, 2 and 3 of House Bill 1401 have a fiscal impact.

- Monitoring of ?Legacy Waste Pits? is assumed to mean monitoring of each individual saltwater evaporation pit, based on the testimony of the bill sponsor. In the testimony of Lynn Helms, it is estimated there are 150 legacy waste pits.
- Monitoring of other ?special waste? is assumed to mean monitoring of oil and gas exploration and production waste disposed of in reserve pits on the well site prior to 2011. It is unknown how many of these reserve pits exist but could be as high as one for each well drilled in North Dakota.
- Appropriate mitigation measures? for legacy waste pits is assumed to be brine pond remediation techniques as identified in the North Dakota Industrial Commission (NDIC) study.
- Appropriate mitigation measures? for other special waste based on NDIC remediation of other reserve pits conducted using the Abandoned Well Plugging and Site Restoration Fund (AWPSRF) Program.
- Annual expenditures are based on a five-year timeframe to monitor and mitigate all Legacy waste pits, and monitoring 15 additional reserve pits per year, and mitigating five reserve pits per year. Monitoring would continue until sites are mitigated.

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.*

Not Applicable

**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.*

The expenditure estimates are for the Department of Environmental Quality (DEQ) for implementing HB1401. The DEQ has estimated staff time, travel and equipment needed to provide oversight for the project and estimated associated contracts for monitoring and mitigation of sites.

The DEQ anticipates the need for two FTE (2 FTE) which would include an Environmental Engineer II and an Environmental Scientist II. To support the two FTE the department has estimated Salaries and Wages Line of \$369,295 per biennium and associated Operating Line expenses of \$54,705 per biennium.

The majority of expenditures estimated would be in the Operating Line to contract with environmental consultants to perform the monitoring and mitigation of Evaporation Pits and Reserve Pits (special waste). Costs for monitoring of at pit are broken down by cost to set up a new monitoring site and costs to continue the monitoring of a site. The estimates are based on similar projects and include the installation of monitoring wells, electromagnetic conductivity survey (EM31), confirmatory soil borings and soil and water sample analysis.

For a new monitoring site, the DEQ estimated \$66,700 per monitoring site. For the 2021-23 Biennium and the 2023-25 Biennium we estimate a total of 90 new monitoring sites per biennium (60 Evaporation Pits and 30 Reserve Pits) for a total estimated cost of \$6,003,000 per biennium.

For continued monitoring of a site the DEQ estimated \$17,400 per site per biennium. For the 2021-23 Biennium a total of 40 sites would require continued monitoring (30 Evaporation Pits and 10 Reserve Pits) for a total of \$696,000. For the 2023-25 Biennium we estimate a total of 110 sites would require continue monitoring (60 Evaporation Pits and 50 Reserve Pits) for a total of \$1,914,000. Total cost of monitoring for new and continued monitoring for the 2021-23 is \$6,699,000 and for the 2023-25 is \$7,917,000.

Costs for mitigation of the legacy waste pits are based on estimates provided in testimony by Lynn Helms. Costs for mitigation of the other special wastes (Reserve Pits) based on similar projects completed by NDIC. Mitigation for Evaporation Pits is estimated at \$80,000 per pit and for Reserve Pits is estimated at \$500,000 per pit. For the 2021-23 Biennium we estimated the mitigation of 30 Evaporation pits and 10 Reserve Pits for a total of \$7,400,000. For the 2023-25 Biennium we estimated the mitigation of 60 Evaporation pits and 10 Reserve Pits for a total of \$9,800,000.

The total estimated for the 2021-23 Biennium is \$14,523,000 of which \$369,295 is requested in the Salaries and Wages Line and \$14,153,705 in the Operating Line. The total estimated for the 2023-25 Biennium is \$18,141,000 of which \$369,295 is requested in the Salaries and Wages Line and \$17,771,705 in the Operating Line.

**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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The appropriation amounts requested in this fiscal note are for the Department of Environmental Quality and are requested as general funds. The total for the 2021-23 Biennium is \$14,523,000 of which \$369,295 is requested in the Salaries and Wages Line and \$14,153,705 in the Operating Line. The total for the 2023-25 Biennium is \$18,141,000 of which \$369,295 is requested in the Salaries and Wages Line and \$17,771,705 in the Operating Line. This appropriation is not reflected in the executive budget nor is it a continuing appropriation.

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