FISCAL IMPACT STATEMENT

LS 7231
BILL NUMBER: HB 1279
NOTE PREPARED: Feb 5, 2019
BILL AMENDED: Jan 31, 2019
SUBJECT: Conservancy District Petition.
FIRST AUTHOR: Rep. Wolkins
FIRST SPONSOR: Sen. Zay
BILL STATUS: As Passed House
FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL
IMPACT: State & Local

Summary of Legislation: The bill makes changes to the minimum number of freeholders owning land in a proposed conservancy district who must sign a petition to establish the conservancy district. It provides that
• 30% of the freeholders must sign the petition if the proposed conservancy district contains not more than 5,000 freeholds; that
• 15% (but not less than 1,000) of the freeholders must sign the petition if the proposed conservancy district contains more than 5,000 but not more than 25,000 freeholds; and that
• 10% (but not less than 3,000) of the freeholders must sign the petition if the proposed conservancy district contains more than 25,000 freeholds.

The bill provides that the change does not apply to a petition filed with a clerk of circuit court before July 1, 2019.

Effective Date: July 1, 2019.

Explanation of State Expenditures: Summary: Natural Resources Commission: This bill will have no fiscal impact on conservancy districts already established (or for which a petition is filed before July 1, 2019), but may lessen future responsibilities of the Natural Resources Commission (NRC) in reviewing petitions and making recommendations regarding district activities.

Additional Information: The Process: The bill increases the number of petition signatures required to initiate proceedings with the circuit court to establish a conservancy district. Circuit courts refer petitions to the NRC to conduct public hearings, gather input, and prepare reports to the court. The NRC provides the court with
technical reviews and recommendations regarding district activities. According to statute, the district plan prepared by the district’s board of directors is to be approved by the NRC, which they have delegated to the director of the Division of Water.

*Purposes of Conservancy Districts:* Conservancy districts are formed to address the following water issues: flood prevention and control, drainage, irrigation, water supply and treatment, sewage control, forest and wildlife areas in connection with water management, erosion, augmentation of stream flow, and water-based recreation.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Establishment of Conservancy Districts:* This bill will have no fiscal impact on conservancy districts already established or for which a petition is filed before July 1, 2019. The bill increases the number of petition signatures required to initiate proceedings with the circuit court to establish a conservancy district making the formation of future districts more difficult. This could result in fewer filings of petitions for circuit court clerks and courts to review. Any impact will depend upon local situations.

<table>
<thead>
<tr>
<th>Number of Freeholders in Proposed Conservancy District</th>
<th>Current</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of signatures</td>
<td>min. signatures</td>
</tr>
<tr>
<td>&gt;=1,000</td>
<td>30%</td>
<td>n/a</td>
</tr>
<tr>
<td>1,001 - 5,000</td>
<td>15%</td>
<td>300</td>
</tr>
<tr>
<td>5,000 - 25,000</td>
<td>10%</td>
<td>750</td>
</tr>
<tr>
<td>25,001 +</td>
<td>5%</td>
<td>2,500</td>
</tr>
</tbody>
</table>

*Additional Information:* Conservancy districts’ board of directors establish budgets to cover employee, administrative, and project expenses. The law also allows for certain compensation and travel expense reimbursement for the directors on conservancy district boards. Budgets must be approved by the Department of Local Government Finance. Districts are also subject to periodic audits by the State Board of Accounts.

**Explanation of Local Revenues:** *Certified Levies:* This bill will have no fiscal impact on conservancy districts already established (or for which a petition is filed before July 1, 2019), but would make it more difficult to receive future levies of special taxes for the water-conservation needs of communities by making conservancy districts more difficult to form. All real property in a conservancy district constitutes a taxing district for the purpose of levying special benefit taxes to pay for administrative and project expenses. Any impact will depend upon local situations. There are 96 active conservancy districts in the state. For tax year 2017, there were 61 conservancy districts with a certified property tax levy total of $7.9 M.

**State Agencies Affected:** Department of Local Government Finance; Department of Natural Resources, Division of Water; State Board of Accounts.

**Local Agencies Affected:** Circuit courts.

**Information Sources:** Department of Local Government Finance; Department of Natural Resources.