



January 29, 2024

SUMMARY OF BILL: Expands the service area covered by the West Tennessee River Basin Authority (WTRBA), to include land within Perry, Stewart, Houston, and Humphreys counties.

FISCAL IMPACT:

Increase State Revenue – \$393,400/FY24-25 and Subsequent Years/WTRBA Fund

**Increase State Expenditures – \$303,400/FY24-25 and Subsequent Years/General Fund
\$597,400/FY24-25/WTRBA Fund
\$393,400/FY25-26 and Subsequent Years/WTRBA Fund**

Increase Local Expenditures – \$90,000/FY24-25 and Subsequent Years/Permissive

Other Fiscal Impact – The extent and timing of any increases in expenditures from the WTRBA Maintenance Fund, if any, cannot be determined with reasonable certainty.

Assumptions:

- The authority's objective is to restore, preserve, and maintain natural streams and floodplains in its service area. Currently, the WTRBA service area includes land within 20 counties. All 20 counties have each elected to become full members of the authority.
- Full members of the authority are provided with technical assistance and prioritization with regards to projects in their portions of the service area. To receive such benefits, full members must pay dues to the authority collected via ad valorem taxes on impacted areas and considering factors, such as population.
- This legislation will add four additional counties, therefore increasing the authority's total county presence to 24 counties. It is assumed that all four additional counties will elect to become full members of the authority and pay annual dues into the agency.
- Based on information provided by the Department of Environment and Conservation (TDEC), annual dues of these four additional counties will total \$90,000.
- Pursuant to Tenn. Code Ann. § 64-1-1103(18), this \$90,000 will be deposited with the State Treasurer for use to offset the operations of the authority. This additional state revenue will be allocated to the WTRBA Fund, from which such funds will be used by the authority for its operations.

- Based on information provided by TDEC, the WTRBA Fund essentially functions as the county reserve, receiving funds from WTRBA member counties to aid in covering the costs of the regular operations of the WTRBA.
- Based on the Comptroller of the Treasury’s *September 2019 Performance Audit: River Basin Agencies*, the WTRBA is one of the largest river basin agencies and the sole river basin agency to receive state appropriations.
- Based on information provided by Legislative Budget Analysis, the following represents the amount of state appropriations provided to the authority, per Work Program documents, respective of each fiscal year:

Fund	FY23-24	FY22-23	FY21-22	FY20-21
Maintenance:	\$1,615,500	\$26,615,500	\$1,615,500	\$1,615,500
WTRBA:	\$1,872,300	\$10,518,600	\$1,432,400	\$1,391,900
Total:	\$3,487,800	\$37,134,100	\$3,047,900	\$3,007,400

- The state appropriation in FY22-23 was significantly higher than in other fiscal years listed above due to a one-time increase in state appropriations of \$25,000,000 to match federal funding for the U.S. Army Corps of Engineer projects.
- The WTRBA Maintenance Fund has a balance of \$25,943,735 as of June 30, 2023. However, the balance is inflated due to the abovementioned one-time appropriations relative to federal projects. The WTRBA Maintenance Fund balance was \$2,005,476 as of June 30, 2021, and \$1,332,366 as of June 30, 2022. The extent to which expenditures from the fund will increase as a result of the expansion of the service area of the authority is unknown. However, due to the amount of available reserves relative to average state appropriations, and based on input from TDEC, it is assumed that the proposed legislation will not necessitate additional appropriations to the WTRBA Maintenance Fund.
- Based on information provided by TDEC, the WTRBA currently has four work crews, including, but not limited to one boat crew, two track hoes, and other related equipment.
- Currently, the WTRBA performs routine river maintenance on 5 river systems and more than 140 lakes, representing approximately 90 annual maintenance projects.
- This additional service area will add 3 new river systems and an unknown number of lakes, representing an estimated 20 additional annual maintenance projects.
- Based on information from TDEC, there will be a need for an additional work crew, to consist of two equipment operators-2, one equipment operator supervisor, and one environmental consultant-2.
- The total recurring increase in state expenditures is as follows:

Title	Salary	Benefits	Supplies, Rentals, Travel, Tech.	# Positions	Total
TDEC equipment operator-2	\$71,400	\$19,453	\$2,400	2	\$185,506
TDEC equipment operator supervisor	\$74,604	\$19,985	\$2,400	1	\$96,989
TDEC environmental consultant-2	\$85,704	\$21,826	\$2,400	1	\$109,930
Total:					\$393,425

- Additionally, the state will incur a one-time increase in state expenditures of \$75,000 for a truck and trailer, \$125,000 for a min-excavator with attachments, and \$4,000 for computers (\$1,000 x 4 positions), all totaling \$204,000 (\$75,000 + \$125,000 + \$4,000).
- Expenditures incurred by the addition of such positions will be paid for out of the WTRBA Fund, which is funded by annual county dues and state General Fund appropriations.
- The WTRBA Fund had a balance of \$426,264 as of June 30, 2023; as of December 2023, the balance has increased to approximately \$900,000. The increase in the fund's balance relative to a typical year (\$929 as of June 30, 2021; \$71,754 as of June 30, 2022) is primarily due to a one-time increase in funding in FY22-23 associated with a BlueOval City project which was utilized to cover certain general expenditures and resulted in a decreased draw down of funding from the WTRBA Fund.
- While the WTRBA Fund is generally utilized close to the full extent to fund the authority's operational expenditures, it is reasonably assumed that one-time costs of \$204,000 in FY24-25 can be funded with existing funds of the WTRBA Fund.
- The recurring expenditures from the WTRBA Fund, incurred for the new positions, will be partly offset by the \$90,000 collected from local governments, with all remaining expenditures funded through General Fund appropriations to the WTRBA Fund.
- The remaining expenditures in FY24-25 and subsequent years, after consideration of the \$90,000 in local funding, total \$303,425 (\$393,425 - \$90,000).
- Therefore, there will be an increase in state expenditures from the General Fund and subsequent increases in revenue and expenditures to the WTRBA Fund of \$303,425 in FY24-25 and subsequent years.
- The total increase in revenue to the WTRBA Fund is estimated to be \$393,425 (\$90,000 + \$303,425) in FY24-25 and subsequent years.
- The total increase in expenditures from the WTRBA Fund is estimated to be \$597,425 (\$204,000 + \$90,000 + \$303,425) in FY24-25 and \$393,425 (\$90,000 + \$303,425) in FY25-26 and subsequent years.
- The total permissive increase in local expenditures is estimated to be \$90,000 in FY24-25 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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