# Senate Finance Committee

*Deb Martone 271-4980*

**HB 1088-FN-A,** transferring funding for the water well board from the general fund to a special nonlapsing fund.

**Hearing Date**: March 10, 2026

**Time Opened**: 1:37 p.m. **Time Closed**: 1:53 p.m.

**Members of the Committee Present**: Senators Gray, Birdsell, Pearl, Rosenwald and Watters

**Members of the Committee Absent**: Senators Innis, Carson and Lang

**Bill Analysis**: This bill transfers funding for the water well board from the general fund to a special nonlapsing fund.

This bill is a request of the department of environmental services.

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**Sponsors**:
Rep. Donnelly

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**Who supports the bill**: Stephen Roy; Brandon Kernen; Cory Stone;

**Who opposes the bill**: Tami Lanzillo Zeimetz

**Summary of testimony presented in support**:

Stephen Roy and Brandon Kernen, New Hampshire Department of Environmental Services, Drinking Water and Groundwater Bureau:

- Senator Rosenwald introduced the bill on behalf of Representative Donnelly.
- This bill establishes a nonlapsing fund into which the New Hampshire Water Well Board fees or fees related to that licensing board will go. It will correct a long-standing issue that the Board and the Department has talked about over the last couple of years.
- The current statute that forms the Water Well Board states it is self-funded with General Funds, and their fees will go into the General Fund. Unfortunately, the case for many years has been that the amount of fees that go into the General Fund have been substantially less than their expenditures. It's a net negative on the General Fund. The Board has proceeded via their administrative rules to modify fees. This bill is the companion piece, establishing the fund into which those fees will go. The staffing requirement would be funded directly from the fees, and will no longer be reliant upon the General Fund.

- Senator Watters expressed this is a good idea, but questioned the fiscal note on the bill. Is the expenditure of the $103,000 for the current employee? Mr. Roy replied it was. Senator Watters continued is this going to be $242,000 annually? Mr. Roy agreed. That is based on the average associated with the number of records that the fee will be charged against. The Board is going to charge a $100 fee for each well record received. The 8-year average is approximately 2,400 records per year. The Department is estimating two positions funded by this fee. Senator Watters stated that clarifies things because otherwise it looks like they'd be taking in more than was needed. Do you need any authorization for hiring, or would that be in the next budget?
- Senator Gray followed up on Senator Watters' line of questioning with more concerns on the fiscal note. Mr. Roy attempted to explain. Currently, the General Fund is paying approximately $100,000 per year for one position. They are bringing in about $50,000 per year in fees. The fees were changed; now they hope to bring in $240,000, which would go into this dedicated account. Initially, they'll be spending $100,000 for the position, but the Board envisions a second position.
- Senator Gray continued to maintain the fiscal note needs revising. He suggested the Department work with the Office of the Legislative Budget Assistant (LBA) to further clarify the financial impacts of the bill.
- LBA Analyst Melissa Rollins offered an additional explanation. Currently, the fee amount was increased as the Department stated. Starting in FY 2027, $242,600 would be deposited into the General Fund and $103,000 would be deducted out of the General Fund for the position costs. The General Fund would get an additional $140,000 per year. HB 1088-FN-A creates this new Water Well Board Fund. Instead of the revenue being deposited into the General Fund, it will now be deposited into the Well Water Fund. The General Fund will no longer receive revenue of $242,000. That money will stay in the dedicated fund. Additionally, the $103,000 expenditure that was deducted out of the General Fund will no longer come out of the General Fund. It will come out of the Well Water Fund. The General Fund is going to lose $242,000, but you have to net that against the expenditure because the General Fund is currently paying for that position.
- Senator Watters indicated one of the rationale for increasing this fee was to have an additional employee to handle things more efficiently. Even if we didn't do this, if the position were authorized in the next budget and wherever the funding comes from, whether it's from the General Fund or from this new fund, basically everything evens out. Wouldn't it make more sense to clarify this in the fiscal note? Senator Watters understands it is hard to clarify the assumption of the hiring because it's in the next budget. Wherever the money is going it's going to be spent, whether it's coming out of the General Fund or out of this new fund.
- Mr. Kernen explained under the existing conditions, there is a net loss to the General Fund of about $50,000 per year because they collect $50,000 without the new fees. They spend $100,000 for the existing staff person, They really need two positions and the Water Well Board developed fees to be able to afford

the two positions. The Department is not actually getting the $240,000 right now because they don't have the staff to collect the new fees. This is assuming they have a new account and the new position to administer the new fee collection program that the Board previously approved.

- Senator Watters wondered if maybe the effective date should be July 1, 2027. That would relieve some of the concerns. Senator Gray added he has the same concerns for 2028.
- Senator Birdsell questioned if we pushed the July 1, 2026 effective date out, would that push out the increase in the fees coming into 2027? Or does it allow us to try and collect the additional increase in fees as of July 1st this year? Mr. Kernen stated they're able to collect the fees right now, and they'd go to the General Fund. If this bill passed, the fees would going to the dedicated account to ensure the Board meets its statutory requirement of being self-sustainable.
- It seemed to Senator Rosenwald that in FY 2027, they were going to collect much more money. The General Fund would lose $140,000 basically, but the Department is still only going to have one position. Isn't there still a hiring freeze? Mr. Kernen acknowledged that is the challenge right now, not having the position filled to administer the new fee program. What this fiscal note doesn't do is a good job of showing that currently the state is subsidizing the program with a $50,000 General Fund appropriation. When the two positions are in place, it'll be an increase of $50,000 a year to the General Fund. Trying to show that transition on the fiscal note is kind of clunky. Senator Rosenwald agreed. Nothing in here authorizes a new position. Mr. Kernen stated the one position for the program is a General Fund position. It's vacant, and external postings of General Fund positions are very limited right now. This leaves the program being run using staff funded to do public water system work. It's all they can do right now. They're trying to pull it all together with this dedicated account and the two positions. They also want to stop having the General Fund subsidize the program.
- Senator Rosenwald sought clarification the $242,000 currently going into the General Fund, there is not a person whose salary is being paid by that money. That money might lapse. Mr. Kernen reiterated that money doesn't exist yet. The new fees were approved in October, but they need people to administer the new fee collection program. When all of this eventually happens it'll be a net gain of $50,000 per year to the state.

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