

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4373-02
Bill No.: SCS for SB 862
Subject: Environmental Protection; Natural Resources Dept; Property Real and Personal
Type: Original
Date: April 4, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue, Department of Conservation** and **Office of State Court Administrator** assume no fiscal impact to their agency.

Officials from the **Department of Health and Senior Services** assume applying an environmental covenant to a property may require a health risk assessment of contamination left in place. The Department of Health and Senior Services currently provides health risk assessments for many sites within the state. Depending upon the number of sites requiring an assessment, the department's workload may increase.

Oversight assumes this would be accomplished during the normal budgetary process. Therefore, Oversight assumes the initial administrative impact of this proposal is \$0.

Officials from the **Department of Natural Resources (DNR)** assume this proposal would establish the model Uniform Environmental Covenants Act (UECA) creating a specific type of document showing property use restriction for management of contaminated sites that are closed with residual contamination. These restrictions would ensure future uses of sites are limited to those consistent with the levels of residual contamination.

ASSUMPTION (continued)

This proposal would require the Department of Natural Resources to establish a database to maintain a comprehensive list of all covenants in the state. The department assumes the cost and maintenance of this database would not significantly increase current efforts of tracking contaminated sites.

Officials from the **Department of Transportation (MoDOT)** assume this proposal establishes a definition for environmental covenants that would include many of the other environmental covenants that MoDOT currently uses.

MoDOT has environmental covenants with agencies other than DNR. This act makes the DNR the clearing house or department of record for all environmental covenants.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Legislation may have economic impact on small business. Environmental covenants provide enforceable restriction on activity or land use for contaminated properties to limit exposure to the contamination. This legislation may allow for small businesses that have caused environmental contamination to conduct a less than comprehensive cleanup with a lower cost. Environmental covenants may also increase the potential for land transactions or re-use of contaminated properties, with all parties knowledgeable about the contamination. Costs associated with acquiring or using these properties may be lower, which will likely be attractive small businesses.

DESCRIPTION

The act establishes the concept of environmental covenants; a standardized voluntary mechanism by which participants in risk based property clean ups can enter into a covenant to ensure that specific limitations on site usage required by the clean up are maintained in perpetuity or until amended. The act describes the requirements that must be satisfied before a covenant can be approved as such, the powers and restrictions of a covenant, and the process by which such covenants can be amended or terminated.

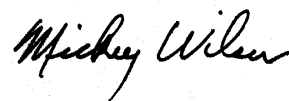
The act directs the Department of Natural Resources to establish a database to maintain a comprehensive list of all covenants in the state.

The act exempts aboveground and underground storage tanks as they are defined in Section 319.100, RSMo, from the provisions in the act.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Department of Revenue
Department of Conservation
Department of Health
Department of Transportation
Office of State Courts Administrator



Mickey Wilson, CPA

L.R. No. 4373-02
Bill No. SCS for SB 862
Page 5 of 5
April 4, 2006

Director
April 4, 2006

VL:LR:OD (12/02)