

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5456-03
Bill No.: Truly Agreed To And Finally Passed HCS for SB 1165
Subject: Environmental Protection; Fees; Natural Resources Dept.
Type: Original
Date: May 23, 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 **State Senate, Department of Health and Senior Services and Governor's Office** assume no fiscal impact to their agency.

Officials from the **Department of Natural Resources** assume this proposal would extend the fees for wastewater permits imposed under the water pollution statutes until December 31, 2009. Extension of these fees would provide some of the resources needed to administer the state water pollution control efforts.

The proposal would also create a joint committee to consider proposals for restructuring the fees imposed under Sections 644.052 and 644.053 RSMo. The committee would review the state's implementation of the federal clean water program and related state clean water responsibilities, and evaluate the costs to the state for maintaining the program. The committee would prepare and submit a report, including recommendations on funding the state clean water program, to the Governor, the House of Representatives and the Senate no later than December 31, 2008.

Extension of the service connection fees, annual operating fees, general permit fees, construction permit fees and modification fees at current levels would provide a portion of the funding necessary to continue management of the federal water pollution control efforts administered by the department.

ASSUMPTION (continued)

In FY06 the water permit fee rate structure is expected to generate approximately \$3.9 million. These fees support the permitting, engineering, inspection and compliance activities of the department's water pollution control efforts. However the current costs for these efforts is approximately \$8.2 million. The funding needed to cover the difference has come from federal grants, general revenue and managing fund expenditures with available cash, which detracts from the amount of work the department is able to accomplish.

	FY 2003	FY 2004	FY 2005
Water Permit Fees	\$4,386,639	\$4,135,018	\$4,468,517
Federal Funds	\$4,410,999	\$3,036,821	\$2,903,435
General Revenue	\$1,237,302	\$1,601,761	\$911,590
Total	\$10,034,940	\$8,773,600	\$8,283,542

Each fiscal year, the amount of permit revenues deposited into the permit fees subaccount of the Natural Resources Protection Fund, Water Permit Fees subaccount, corresponds to permitting activity. The ending balance in the Permit Fees subaccount for FY03 - \$4,440.77; FY04 - \$327,897.27; and FY05 - \$389,270.38. Each year the total funding from fees, federal funds and general revenue available to support the department's primary water pollution control efforts, including permitting, has decreased.

Extension of the current fee structures would maintain the current level of service in the short term. However as costs continue to rise and federal sources of funds are reduced, there is concern the level of service will decline. The department assumes the level of services would have to be adjusted to match the funds available.

By extending the water permit fee rate structure, this proposal is estimated to generate an estimated \$4.5M in revenue annually. The department assumes that a 20% increase in fees across the board would offset the estimated revenue shortfalls.

Oversight assumes these costs would be considered during the restructuring process by the joint committee. Oversight assumes this proposed legislation extends an existing provision by removing or changing the expiration date. Oversight assumes removing or changing the expiration date will extend any fiscal impact associated with the existing provision. Therefore, Oversight has reflected a zero fiscal impact in the fiscal note.

<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

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

The act extends the fees imposed under the water pollution statutes until December 31, 2009.

The act directs the creation of a joint committee that shall consider proposals for restructuring the fees imposed under Sections 644.052 and 644.053 RSMo, as well as the state's implementation of the federal clean water program. The committee's report shall be due no later than December 31, 2008.

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 Health and Senior Services
Missouri Senate
Governor's Office



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