

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0467-03
Bill No.: Truly Agreed To and Finally Passed HCS for SCS for SB 54
Subject: Natural Resources Dept.; Public Service Commission
Type: Original
Date: June 1, 2007

Bill Summary: Creates renewable energy targets for electric.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(\$5,000)	(\$5,150)	(\$5,304)
Total Estimated Net Effect on General Revenue Fund	(\$5,000)	(\$5,150)	(\$5,304)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Solid Waste Management Fund	\$0	\$20,678	\$20,678
Geologic Resources	\$34,781	\$19,020	\$14,744
Missouri Land Reclamation Fund	\$136,000	\$136,000	\$136,000
Total Estimated Net Effect on Other State Funds	\$170,781	\$175,698	\$171,422

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 11 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Geologic Resources	2	2	2
Total Estimated Net Effect on FTE	2	2	2

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Public Service Commission** and **Department of Natural Resources** assume the proposal will not fiscally impact their agency.

Section 260.200 - Bio Reactor Landfill

Officials from the **Department of Health** assume no fiscal impact to their agency.

Officials from the **Department of Natural Resources** assume the application submitted for review to their program by the City of Columbia would be for a permit modification request on an existing landfill.

According to the **City of Columbia**, they collect approximately 10,000 tons of yard waste annually. If this tonnage was disposed of in a bio reactor landfill, then the department could receive approximately \$20,678 (10,000 x \$2.11 less 2% handling charge) in additional tonnage fees annually beginning in fiscal year 2009.

Section 414.420 - Alternative Fuels

Officials from the **Missouri Senate** and **Missouri House of Representatives** assume no fiscal impact to their agencies.

Officials from the **Department of Agriculture (AGR)** assume this proposal requires the MDA to reimburse commission members for their expenses, which will cost approximately \$500 per meeting. The commission is required to meet at least four times annually. Although the Alternative Fuel Commission in effect replaces the Missouri Ethanol and Other Renewable Fuel Sources Commission (MEORFSC), the MEORFSC has not met regularly in many years and the \$5,000 GR originally appropriated to cover the expenses of the MEORFSC was taken as a core reduction in the AGR's budget several years ago.

ASSUMPTION (continued)

Sections 260.470, 260.1000, 260.1003, 260.1006, 260.1009, 260.1012, 260.1015, 260.1018, 260.1021, 260.1024, 260.1027, 260.1030, 260.1033, 260.1036 and 260.1039 - Uniform Environmental Covenants Acts

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

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 have been remediated to contaminant levels allowing certain types of site uses. These covenants would ensure future uses of sites are consistent with the levels of residual contamination, and allow for further remediation should more protective site conditions be needed to allow uses with higher health or environmental exposures.

This proposal would require MDNR 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.

For purposes of the sections outlined in this proposal, "environmental response project" would not include plans or work performed for environmental remediation of releases from aboveground storage tanks or underground storage tanks as defined in section 319.100, RSMo.

Sections 260.211, 260.212, 260.240, 260.247, 260.249, 260.330, 260.335, 260.360 and 260.800 - Changes to Solid Waste Law

Officials from the **Department of Natural Resources** would not anticipate a direct fiscal impact as a result of this portion of the proposal.

Sections 256.700, 256.705, 256.710 and 444.772 - Geologic Resources Fee

Officials of the Department of Natural Resources assume there would be new fees and revised fees assessed and would be deposited into the Geologic Resources Fund created in Section 256.705. The fees are to be used for the collection, processing, managing, and distribution of geologic and hydrologic resource information. Officials estimate annual revenue generated by fees at \$187,909 in FY 2008; \$187,909 in FY 2009; and \$187,909 in FY 2010.

ASSUMPTION (continued)

The department assumes two geologist positions would be requested to complete the work required by this proposal.

The intent of this legislation is to provide technical support and assistance to the industrial minerals industry. The work to be completed is non-regulatory in nature.

A geologist IV would be required to handle administrative, supervisory and highly technical duties. This employee's duties would involve: coordination with the Industrial Minerals Advisory Council created by this legislation, collecting data, interpreting data, and reporting information in a format useable by the council, industry and general public. Numerous public presentations would be required to share information and in support of industrial minerals in general.

A geologist I/II would collect data and assist in the preparation of written reports to the advisory board, industry, and general public. As experience is gained, this employee would progress into more interpretation and public information activities as needed. Officials estimate cost to the Geologic Resources Fund at \$153, 128 in FY 2008; \$168,889 in FY 2009; and \$173,165 in FY 2010.

Section 444.772 - Land Reclamation Permit Application Fees

Officials from the **Department of Natural Resources** assume this proposal would increase the revenue to the Mined Land Reclamation Fund by approximately \$136,000 and extend the sunset of the fees from December 31, 2007 to December 31, 2013.

Section 643.079

Officials from the **Department of Natural Resources, Department of Revenue** and **Department of Transportation** assume no fiscal impact to their agency.

Section 1

Officials from the **Office of Administration - Division of Budget & Planning and Division of General Services** assume the proposal should not result in additional costs or savings to the Division of Budget and Planning. However, the bill does impact the Office of Administration.

ASSUMPTION (continued)

We consulted OA Division of General Services on Section 1 of the HCS, regarding the state vehicle fleet. Currently Chapter 414 requires fifty percent of eligible vehicle purchases to be qualified alternative fuel vehicles. Assuming this language refers to the state's passenger vehicle fleet there should be no additional cost to the state. Currently, flex fuel vehicles are available on statewide contract for most vehicle classes.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE			
<u>Cost</u> - Department of Agriculture Equipment & Expense	<u>(\$5,000)</u>	<u>(\$5,150)</u>	<u>(\$5,304)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$5,000)</u>	<u>(\$5,150)</u>	<u>(\$5,304)</u>
SOLID WASTE MANAGEMENT FUND			
<u>Revenue</u> - Tonnage Fees	<u>\$0</u>	<u>\$20,678</u>	<u>\$20,678</u>
ESTIMATED NET EFFECT ON SOLID WASTE MANAGEMENT FUND	<u>\$0</u>	<u>\$20,678</u>	<u>\$20,678</u>
GEOLOGIC RESOURCES FUND			
<u>Income</u> - Department of Natural Resources (DNR) - GRS Fund. From fees allowed (Sections 256.700 - 256.710, and 444.772)	\$187,909	\$187,909	\$187,909
<u>Cost</u> - Department of Natural Resources (DNR) Administration of geologic and hydrologic information			
Personal Service (2 FTE)	(\$88,109)	(\$108,374)	(\$111,083)
Fringe Benefits	(\$39,878)	(\$49,050)	(\$50,276)
Equipment and Expense	<u>(\$25,141)</u>	<u>(\$11,465)</u>	<u>(\$11,806)</u>
<u>Total Costs</u> - DNR - GRS Fund	(\$153,128)	(\$168,889)	(\$173,165)
FTE Change - DNR	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT TO GEOLOGIC RESOURCES FUND	<u>\$34,781</u>	<u>\$19,020</u>	<u>\$14,744</u>

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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**MINED LAND RECLAMATION
 FUND**

Revenue - Department of Natural
 Resources

Restructured Permit Fees	<u>\$136,000</u>	<u>\$136,000</u>	<u>\$136,000</u>
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**ESTIMATED NET EFFECT ON
 MINED LAND RECLAMATION
 FUND**

	<u>\$136,000</u>	<u>\$136,000</u>	<u>\$136,000</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Yes. All electrical corporations would be required to make a good faith effort to generate renewable energy technologies. The objective of the legislation is to ensure that by 2012, 3% of electrical energy is generated by renewable energy technologies, increasing to 7% by 2015, and 105 generated by eligible renewable technologies by 2020.

Electrical suppliers would be required to provide documentation to the Department and the Public Service Commission demonstrating good faith efforts to reach the goal of renewable energy use.

Section 260.200

Businesses that use wood waste to make a product such as compost or mulch could be impacted if they rely on yard waste as feedstock.

Section 414.420

Probably a positive economic impact. The committee is charged with making recommendations to facilitate the sale and distribution of alternative fuels, which are produced primarily from

FISCAL IMPACT - Small Business (continued)

renewable agricultural products. Increased production and consumption of these alternative fuels will most likely lead to increased agricultural production and higher prices paid for the fuel feedstock, thereby benefitting Missouri farmers and farm suppliers.

Renewable Energy Targets

Yes. All electrical corporations would be required to make a good faith effort to generate renewable energy technologies. The objective of the legislation is to ensure that by 2012, 4% of electrical energy is generated by renewable energy technologies, increasing to 8% by 2015, and 11% generated by eligible renewable technologies by 2020.

Electrical suppliers would be required to provide documentation to the Department and the Public Service Commission demonstrating good faith efforts to reach the goal of renewable energy use.

Air Pollution Emission Fee

This proposal would allow small business to know what the emission fee would be set at for a longer period of time. This could be beneficial when forecasting upcoming budgets and planning future operations.

Bio Reactor Landfill

Businesses that use wood waste to make a product such as compost or mulch could be impacted if they rely on yard waste as feedstock.

Geologic Resources Fee (Sections 256.700, 256.705, 256.710, and 444.772)

Yes. There are about 327 mineral producers who could be affected by the geologic resources fee. About 89 of these producers would be classified as small operators (less than 5000 tons/year gravel production) and would be exempt from the geologic resources fees. The fees are graduated with the smaller operators paying lower fees while larger operators pay larger fees. The largest amount of money required by any producer is capped at \$3,500. It should also be noted that some of the smallest producers will likely be the entities that will benefit the most from technical assistance to be provided by these funds.

FISCAL IMPACT - Small Business (continued)

Net Metering and Easy Connection Act

Electric consumers, including small businesses, that are capable of participating in a net metering relationship with their local electric supplier may realize increased revenues through the sale of excess self-generated electricity to their supplier.

FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

Section 414.420

The proposed legislation appears modify the Missouri Ethanol and Other Renewable Fuel Sources Commission and could have require the reimbursement of member expenses.

Sections 260.211, 260.212, 260.240, 260.247, 260.249, 260.330, 260.335, 260.360 and 260.800 - Changes to Solid Waste Law

The proposed legislation appears to have no fiscal impact.

Sections 256.700, 256.705, 256.710 and 444.772 - Geologic Resources Fee

This proposal would require the department's Division of Geology and Land Survey (DGLS) to provide technical assistance to the industrial minerals industry on a statewide basis. DGLS would provide the industry with maps, analyses, and detailed information to assist in locating viable resources that would be used in construction, industry and agriculture. The proposal would also create an Industrial Minerals Advisory Council (Council) whose purpose would be to advise DGLS on the types of work products desired by the industry as well as prioritization of regions within the state where geological work by the division would be focused.

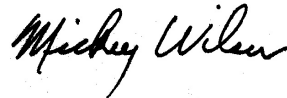
Section 444.772 - Land Reclamation Permit Application Fees

The proposed legislation changes the land reclamation permit application fees.

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 Economic Development -
 Public Service Commission
Department of Natural Resources
Department of Health
Missouri Senate
Missouri House of Representatives
Office of Administration
 Division of Budget & Planning
 Division of General Services



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Director
June 1, 2007