

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0586-01
Bill No.: SB 118
Subject: Natural Resources Dept.; Waste - Solid
Type: Original
Date: February 2, 2009

Bill Summary: Modifies duties of the Department of Natural Resources regarding solid waste planning

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	\$0	(\$808,525)	(\$2,492,339)
Total Estimated Net Effect on General Revenue Fund	\$0	(\$808,525)	(\$2,492,339)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Solid Waste Management Fund (0570)	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Solid Waste Management Fund	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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Natural Resources (DNR)** assume the proposed legislation does not provide a source of funds for these efforts in developing a next generation state plan or model plan.

The new operating costs to the department are estimated for FY 2010 - \$146,185, FY 2011-- \$152,444, and FY 2012 - \$154,405 as detailed below. Since current Solid Waste Management Funds are all allocated, the department would need to increase the tonnage fee collected by the permitted solid waste facilities on each ton of solid waste disposed of or transported out-of-state to pay for these new operational costs. The Solid Waste Management Law states at 260.330.5 that "No annual adjustment shall be made to the charge imposed under this subsection during October 1, 2005, to October 1, 2014, except an adjustment amount consistent with the need to fund the operating costs of the department and taking into account any annual percentage increase in the total of the volumetric equivalent of solid waste accepted in the prior year at solid waste sanitary landfills and demolition landfills and solid waste to be transported out of this state for disposal that is accepted at transfer stations. No annual increase during October 1, 2005, to October 1, 2014, shall exceed the percentage increase measured by the Consumer Price Index for all urban consumers for the United States, or its successor index, as defined and officially recorded by the United States Department of Labor or its successor agency and calculated on the percentage of revenues dedicated under subdivision (1) of subsection 2 of section 260.335. Any such annual adjustment shall only be made at the discretion of the director, subject to appropriations." If the tonnage fee is not increased General Revenue would be needed to fund these operation costs. The tonnage fee has not increased since FY 2005. The total increase allowed under this provision would be 34.8 or rounded 35 cents per ton. In CY 2008, 6,354,140 tons were reported by permitted facilities. (6,354,140 tons X 35 cents per ton = \$2,223,949). The tonnage fee is allowed to increase to cover the operational costs of the department's solid waste activities such as planning.

Additionally, State General Revenue would be needed to fund next generation planning grants for cities, counties, and districts totaling in FY 2011 \$808,525 and \$2,492,339 in FY 2012. See detailed assumptions for this estimate below. For purposes of this fiscal note, we do not assume direct grants to cities and counties other than those cities and counties not in districts as detailed below in the request for State General Revenue. The SWMDs were originally formed to be the agency responsible for regional solid waste management planning activities. The districts were provided planning funds (\$90,000 per district) in 1994 and have subsequently conducted routine

ASSUMPTION (continued)

plan updates utilizing existing funds. In regard to the proposal, we assumed this to be a "more than routine update" to the existing plan, the current funding formula allows up to 50% of the funds allocated to a district to be used for district operations or plan implementation. Historically, the routine updates have been completed as plan implementation projects. The districts would be required to reduce other activities to allow for development and implementation of these next generation plans. Therefore, we assumed the districts would be provided funds specifically for the planning process as was done in 1994. Also, Buchanan County and the two cities in Buchanan County with populations in excess of 500 do not currently receive any funds for these types of solid waste planning activities as they are not part of a solid waste management district and funds are requested below for these 3 entities.

Section 260.225.1.(4) "Develop a next generation statewide solid waste management plan in cooperation with local governments, regional planning commissions, districts, and appropriate state agencies;"

Section 260.225.1.(8) "Subject to appropriation by the general assembly, establish criteria for awarding stated funded next generation solid waste management planning grants to, and monitor the proper expenditure of funds;"

Section 260.225.1.(10) "Initiate, conduct and support research, demonstration projects, and investigations with applicable federal programs pertaining to next generation solid waste management systems;"

Section 260.225.2. "The department shall prepare model next generation solid waste management plans suitable for rural and urban areas The plans shall conform with the requirements of section 260.220 and section 260.325 and shall: . . . (3) Be designed to achieve a reduction of . . . an additional ten percent by January 1, 2012, an additional five percent by January 1, 2015, and an additional five percent by January 1, 2018;"

Section 260.225.3. "The model next generation plan shall be distributed to the executive board of each solid waste management district and to counties and cities not within a district by December 1, 2010.

To implement this proposal the department would request two (2) additional staff, one (1) Planner II and one (1) Research Analyst I/II. These staff would be responsible for modifying and maintaining the statewide next generation solid waste management plan, assisting with establishment of criteria for awarding next generation planning grants, assisting to prepare and maintain a model next generation solid waste management plan, as well as researching and

ASSUMPTION (continued)

providing information and training to the solid waste management districts, industry, and the public on next generation solid waste technologies and methods. Additionally, these staff would be responsible for tracking implementation trends, actively working with cities, counties, districts and other businesses and organizations to achieve the new waste diversion goals and tracking and reporting progress and accomplishments.

For plan development, the department assumed a process similar to that used for amending the Statewide Solid Waste Management Plan in 2005. The model next generation plan would be required to be distributed to the executive board of each solid waste management district and to counties and cities not within a district by December 1, 2010. The department would anticipate contracting for the services of a meeting facilitator to work in conjunction with Solid Waste Management Program staff to develop the "next generation" solid waste management plan and model plan (\$8,210 in FY2010 (10 months Aug. 2009 - June 2010) and \$2,537 in FY2011 (3 months July 2010 - Sept. 2010)). The cost estimate is based on the amount paid to the facilitator used for the 2005 Plan with a 3% adjustment per year.

GRANTS:

PROGRAM SPECIFIC DISTRIBUTION

Similar planning grants were awarded to the twenty solid waste management districts in 1994 totalling \$90,000 per district. (1994 dollars inflated based on the Consumer Price Index to 2008 dollars \$129,003)

In determining the costs of next generation planning grants, we assumed the proposed legislation intended to provide funding for the 20 districts, counties not included in a district, and cities in a county not included in a district with a population over 500

Next Generation Planning Grants:

For districts

$((20 \text{ districts} \times (\$129,003 \times 1.09 \text{ (FY 2009-11)}) \times .25) = \$703,066 \text{ FY 2011}$

$((20 \text{ districts} \times (\$129,003 \times 1.12 \text{ (FY 2012)}) \times .75) = \$2,167,250 \text{ FY 2012}$

For counties not in a district

$((1 \text{ county} \times (\$129,003 \times 1.09 \text{ (FY 2009-11)}) \times .25) = \$35,153 \text{ FY 2011}$

$((1 \text{ county} \times (\$129,003 \times 1.12 \text{ (FY 2012)}) \times .75) = \$108,363 \text{ FY 2012}$

ASSUMPTION (continued)

For cities with a population over 500 in a county not in a district.
 $((2 \text{ cities} \times (\$129,003 \times 1.09 \text{ (FY 2009-11)}) \times .25) = \$70,306 \text{ FY 2011}$
 $((2 \text{ cities} \times (\$129,003 \times 1.12 \text{ (FY 2012)}) \times .75) = \$216,726 \text{ FY 2012}$

Request for State General Revenue = \$808,525 FY 2011
\$2,492,339 FY 2012

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE			
<u>Cost</u> - Department of Natural Resources			
Next Generation Planning Grants	<u>\$0</u>	<u>(\$808,525)</u>	<u>(\$2,492,339)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>(\$808,525)</u>	<u>(\$2,492,339)</u>
SOLID WASTE MANAGEMENT FUND (0570)			
<u>Savings</u> - Department of Natural Resources			
Tonnage Fee Increase	<u>\$146,185</u>	<u>\$152,444</u>	<u>\$154,405</u>
Total	<u>\$146,185</u>	<u>\$152,444</u>	<u>\$154,405</u>
<u>Cost</u> - Department of Natural Resources			
Salaries	(\$75,499)	(\$93,317)	(\$96,116)
Fringe Benefits	(\$36,715)	(\$45,380)	(\$46,741)
Equipment & Expense	(\$33,971)	(\$13,747)	(\$11,548)
Total	<u>(\$146,185)</u>	<u>(\$152,444)</u>	<u>(\$154,405)</u>
ESTIMATED NET EFFECT ON SOLID WASTE MANAGEMENT FUND (0570)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change for Solid Waste Management	2	2	2
 <u>FISCAL IMPACT - Local Government</u>	 FY 2010 (10 Mo.)	 FY 2011	 FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Updating the state plan to include "next generation" technologies could influence types of services made available to small businesses and could result in a decrease in solid waste disposal costs as more materials could be reused, recycled, or recovered.

Solid waste management districts could include in their grant evaluation criteria preference for next generation technologies. By granting preference to these next generation technologies, small businesses seeking grants not utilizing such technologies could be passed over and not receive a grant award. Other small businesses using the next generation technologies could apply and receive grant awards for such usage.

FISCAL DESCRIPTION

The proposed legislation modifies duties of the Department of Natural Resources with regard to solid waste management plans.

Current law requires the department to develop a statewide solid waste management plan in cooperation with other state and local entities. This act adds the requirement that the plan be a "next generation" plan. Similarly, current law requires the department to establish criteria for awarding state solid waste management planning grants; this act requires that the grants be "next generation" planning grants. Research, demonstration projects, and investigations with applicable federal programs currently conducted by the department on solid waste management systems shall be conducted on "next generation" solid waste management systems. "Next generation" refers to innovative technology or methods.

The model solid waste management plans currently required to be prepared by the department shall be "next generation" model solid waste management plans. In developing the model plans, current law requires that the department must consider the findings of "the" resource recovery study under section 260.038, RSMo. This act simply allows the department the option of considering the findings of any such study.

Under current law, the model solid waste management plans are supposed to be designed to achieve a solid waste reduction of 40% by January 1, 1998. The act requires an additional 10% reduction by January 1, 2012, an additional 5% by January 1, 2015, and an additional 5% by January 1, 2018, bringing the total cumulative solid waste reduction to 60% over pre-1998 levels.

FISCAL DESCRIPTION (continued)

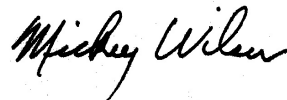
The act modifies, from December 1, 1991 to December 1, 2010, the date by which the model solid waste management plan must be distributed to solid waste districts and counties and cities not in districts.

Current law requires the department to utilize and develop resource recovery programs around existing enterprises; this act requires the programs to be "next generation" programs.

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

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, slightly slanted style.

Mickey Wilson, CPA
Director
February 2, 2009