

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1954-07  
Bill No.: Truly Agreed To and Finally Passed CCS for SS for SCS for HB 734  
Subject: Environmental Protection; Natural Resources Dept.  
Type: Original  
Date: May 29, 2009

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Bill Summary: Would extend the expiration date to December 31, 2010 for water pollution control permit fees. Would modify the types of appliances and consumer electronics for which minimum energy efficiency standards must be developed. Would create a Joint Committee on Missouri's Energy Future. Would provide reduced fees for fertilizer consisting of manipulated animal or vegetable manure. Would provide energy efficiency standards for state appliance purchases.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
General Revenue	\$0	\$0	\$0
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Water Permit Fees	(\$188,108)	(\$2,586,074)	(\$5,601,882)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$188,108)</b>	<b>(\$2,586,074)</b>	<b>(\$5,601,882)</b>

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Office of Administration - Division of Budget Planning** and **Division of Facilities Management, Design and Construction** assume there will be no fiscal impact to their agency.

**Sections 644.036 and 644.054 Water Permit Fee Extension**

Officials from the **Department of Natural Resources (DNR)** assume this proposal would extend the fees for wastewater permits imposed under the water pollution statutes until December 31, 2010. Extension of these fees would provide some of the resources needed to administer the state water pollution control efforts.

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.

In FY09 the water permit fee rate structure is expected to generate approximately \$4.4 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 \$12 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.

ASSUMPTION (continued)

	FY 2007	FY 2008	FY 2009 (projected)
Water Permit Fees	\$5,610,085	\$4,903,160	\$4,413,399
Federal Funds	\$4,941,622	\$4,388,471	\$4,449,727
General Revenue	\$1,906,992	\$1,144,821	\$3,096,117
Total	\$12,458,699	\$10,436,452	\$11,959,243

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 FY06 - \$594,389; FY07 - \$400,972; and FY08 - \$248,333. 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 is estimated to generate an estimated \$4.4 million in revenue annually and 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.

In projecting the fiscal impact, 60% is projected to be received prior to December 31, 2009, or FY2010. Fiscal impact will be 40% of fee revenues in FY10 and 50% in FY11. No revenue from permit fees would be received in FY12.

	FY 2010* (July 1, 2009- Dec. 31, 2009)	FY 2010* (Jan. 1, 2010- June 30, 2010)	FY 2011	FY 2012
Water Permit Fees	\$2,664,882	\$1,776,588	\$ 2,664,882	\$ 0
General Revenue	\$1,657,194	\$1,104,796	\$ 2,868,338	\$ 2,979,312
Federal Funds	\$2,720,108	\$1,813,405	\$ 4,561,253	\$ 4,592,974
Total Resources Available	\$7,042,184	\$4,694,789	\$10,094,473	\$ 7,572,286

ASSUMPTION (continued)

\* For FY2010, 60% (\$2,664,882) of the water permit fee revenue would be remitted under the current statute; 40% (\$1,776,588) would be remitted under this proposed legislation. The remaining 60% (\$2,664,882) of this one-year fee extension would be remitted in FY 2011.

Total projected costs are below:

	FY 2010 (July 1, 2009- Dec. 31, 2009)	FY 2010 (Jan. 1, 2010- June 30, 2010)	FY 2011	FY 2012
Water Permit Fees	\$2,947,045	\$1,964,696	\$ 5,250,956	\$ 5,601,882
General Revenue	\$1,657,194	\$1,104,796	\$ 2,868,338	\$ 2,979,312
Federal Funds	\$2,720,108	\$1,813,405	\$ 4,561,253	\$ 4,592,974
Total Costs	\$7,324,347	\$4,882,897	\$12,680,547	\$13,174,168

For purposes of this fiscal note, the department assumed that the General Revenue appropriations and expenditures would remain at the current level to ensure that the state would continue to meet the required match for federal grant dollars awarded to and expended by the department. Without state match dollars, the department cannot receive federal dollars. The federal grant dollars provide funds that cover a portion of the department's permitting, compliance, inspection and enforcement activities. These federal grant dollars provide a significant portion of the funding to support water quality monitoring activities required to analyze and assess the impacts of point-source discharges into waters of the state.

Section 8.305 (Energy Star Appliances)

Officials from the **Department of Natural Resources** would anticipate a direct fiscal impact from this provisions of this proposal.

Section 701.500 - 701.506 Energy Efficiency Requirements

Officials from the **Department of Economic Development** and **Department of Natural Resources** assume there would be no fiscal impact to their agency.

ASSUMPTION (continued)

Officials at the **Office of the Secretary of State (SOS)** stated that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's Office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal not to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's Office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a give year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Section 701.502 (Study of Energy Efficiency of Consumer Electronic Products)

Officials from the **Department of Natural Resources (DNR)** assume this proposal would require DNR to conduct a study of the Energy Efficiency of Consumer Electronic Products and report to the General Assembly no later than July 1, 2010.

The DNR would request one Energy Specialist II to conduct the study of energy efficiency outlined in this proposal, assess energy requirements and energy usage of consumer electronic products, make recommendations to consumers regarding appropriate use of consumer electronic products; and make recommendations to consumers regarding the availability of energy efficient consumer electronic products in Missouri.

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

Section 1 (Joint Committee on Missouri's Energy Future)

This portion of the bill would create a Joint committee of the General Assembly to study and report on strategy alternatives for electric power. The committee would be required to submit a report to the General Assembly by December 31, 2009. Committee members would not be paid, but could be reimbursed for their expenses.

**Oversight** assumes that any cost associated with this committee's operation could be provided from existing resources.

ASSUMPTION (continued)

Section 266.331 (Fertilizer Registration Fees)

This provision would provide a reduced registration fee for fertilizer derived from manipulated animal or vegetable manure.

Officials from the **Department of Agriculture (AGR)** and **University of Missouri - Columbia** assume there will be no fiscal impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
<b>WATER PERMIT FEES FUND (0568)</b>			
<u>Revenue - Department of Natural Resources</u>			
Other Fund Costs (Water Permit Fees)	\$1,776,588	\$2,664,882	\$0
<u>Cost - Department of Natural Resources</u>			
Other Fund Costs (Water Permit Fees)	<u>(\$1,964,696)</u>	<u>(\$5,250,956)</u>	<u>(\$5,601,882)</u>
<b>ESTIMATED NET EFFECT ON WATER PERMIT FEES FUND</b>	<b><u>(\$188,108)</u></b>	<b><u>(\$2,586,074)</u></b>	<b><u>(\$5,601,882)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

Sections 644.036 and 644.054 (Extension of Water Fees)

No additional impact on small business is anticipated. Small businesses that meet the requirements of secure Missouri State Operating Permits for discharge into the waters of the state are currently paying these fees.

## FISCAL DESCRIPTION

This bill changes the laws regarding natural resources. In its main provisions, the bill:

- (1) Extends from December 31, 2009, to December 31, 2010, the authority of the Clean Water Commission within the Department of Natural Resources to charge fees for construction permits, operating permits, and operator certifications related to water pollution control;
- (2) Establishes a new fee schedule for distributors of fertilizer consisting of manipulated animal or vegetable manure based on the nitrogen content of the manure;
- (3) Requires any appliance purchased with state funds to have earned the Energy Star rating under the federally sponsored Energy Star Program. The Commissioner of the Office of Administration is allowed to exempt an appliance from the requirement if the cost of compliance is expected to exceed the projected energy cost savings;
- (4) Establishes the Joint Committee on Missouri's Energy Future which will consist of five members from the Senate appointed by the President Pro Tem of the Senate and five members from the House of Representatives appointed by the Speaker of the House of Representatives. The committee will prepare and submit a report to the General Assembly by December 31, 2009, on Missouri's energy needs and methods to reduce energy costs over the next 25 years; and
- (5) Exempts consumer electronics from the energy efficiency requirements of Sections 701.500 - 701.515, RSMo. The department must prepare and publish on its web site a report and recommendations concerning the energy efficiency of consumer electronics.

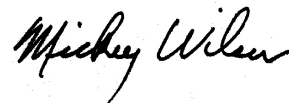
The bill contains an emergency clause for the provisions regarding the joint committee.

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

Office of Administration  
    Division of Budget & Planning  
    Division of Facilities Management, Design and Construction  
Department of Agriculture  
Department of Natural Resources  
Secretary of State's Office  
Department of Economic Development  
University of Missouri - Columbia



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