

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2128-01
Bill No.: SB 462
Subject: Emergencies; Environmental Protection; Fire Protection; Natural Resources
 Dept.; Waste - Hazardous
Type: Original
Date: April 8, 2009

Bill Summary: Modifies provisions pertaining to hazardous substance spills and emergencies.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Up to \$8,072,872)	(Up to \$8,136,465)	(Up to \$8,158,260)
Total Estimated Net Effect on General Revenue Fund	(Up to \$8,072,872)	(Up to \$8,136,465)	(Up to \$8,158,260)

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

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 6 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
General Revenue	9.5	9.5	9.5
Total Estimated Net Effect on FTE	9.5	9.5	9.5

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 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Lake Saint Louis Fire Protection District** assume the annual losses caused by the proposed changes in this proposal are impossible to calculate as each incident varies in severity and size and therefore the cost to clean up. A small incident may only cost a thousand dollars or so of non-ordinary expenses as where a large incident may cost hundreds of thousands of dollars. A moderate to large incident may literally bankrupt a number of fire districts and volunteer departments if the spiller is only held liable for 25% of our non-ordinary expenses and not 100% as is the current law.

Officials from the **Creve Coeur Fire Protection District** would incur a significant financial burden from this proposal. At this time the "Spiller Pay" would allow the ability to recoup up to 100% of the eligible cost to the Creve Coeur Fire Protection District for the mitigation of a Haz-Mat incident. With this proposal they would only be allowed to recoup up to 25% of the eligible cost to their district for the mitigation of a Haz-Mat incident. The cost to the district could be significant.

Officials from the **Department of Natural Resources (DNR)** assume this proposal could decrease the Petroleum Storage Tank Insurance Fund (PSTIF) costs slightly by reducing the number of incidents subject to the provisions of the law and reducing the costs that can be billed by local governments to our insureds. The estimated savings to the PSTIF would be from \$5,000 to \$15,000 per year.

This proposal would change the definition of a hazardous substance emergency and the extent to which political subdivisions and volunteer fire protection associations may recover costs for a response to a hazardous substance release. In the event of release, notification to the department would be required when the release exceeds 3,000 gallons rather than the current threshold of 50 gallons. The different reporting requirement could reduce the number of reports received by the department. However, the response needs of the department are not anticipated to change significantly from that provision. The department would still be called upon to address many of the releases not reported, and the late response due to the absence of a prompt reporting could require a more extensive response than needed presently. In addition, the reduced portion of costs (25%) political subdivisions or volunteer fire protection associations are allowed to recover could increase the number of requests for assistance to the department, which does not have this limitation.

Since July 2007 the department has received reports of 987 petroleum related releases. A review of the MEERTS (spill reporting database) data during this time period shows only 8 of these

ASSUMPTION (continued)

were greater than 3,000 gallons. This would equate to approximately 658 incidents annually. Reducing the portion of costs political subdivisions or volunteer fire protection associations are allowed to recover to 25% could increase the number of requests for assistance to the department, which does not have this limitation. Therefore, it is assumed the department would respond and clean up all incidents between 50 and 3,000 gallons in order to keep Missouri's environment from deteriorating from its current status - 75% of total incidents or 494. The average cleanup cost per site is \$15,000 x 494 sites = \$7,410,000.

The department assumes the average time to oversee cleanup and provide contractor oversight at 32 hours. 32 hours x 494 sites = 15,808 hours of work. 15,808 work hours divided by 2080 hours per year per FTE = 7.6 Field Staff (ESIII) needed. The department would request 7.5 additional Environmental Specialist III's to provide inspection and oversight of the contractors responsible for the additional incidents and cleanup, one Management Analyst Specialist review and manage additional invoicing and payments and one Executive I to process the additional invoicing and payments generated.

Officials from the **State Emergency Management Association** assume there will be no fiscal impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE			
<u>Cost - Department of Natural Resources</u>			
Salaries	(\$365,238)	(\$451,434)	(\$464,977)
Fringe Benefits	(\$177,615)	(\$219,532)	(\$266,118)
Equipment & Expense	(\$120,019)	(\$55,499)	(\$57,165)
Other Fund Costs	<u>(Up to</u>	<u>(Up to</u>	<u>(Up to</u>
	<u>\$7,410,000)</u>	<u>\$7,410,000)</u>	<u>\$7,410,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Up to</u>	<u>(Up to</u>	<u>(Up to</u>
	<u>\$8,072,872)</u>	<u>\$8,136,465)</u>	<u>\$8,158,260)</u>
Estimated Net FTE	9.5	9.5	9.5

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
LOCAL GOVERNMENT - Fire Protection districts	<u>\$0 to</u>	<u>\$0 to</u>	<u>\$0 to</u>
	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

Yes, to the extent small business may be involved in releases of hazardous substances.

FISCAL DESCRIPTION

Under current law, when more than 50 gallons of petroleum, natural gas, natural gas liquids, liquified natural gas, or synthetic gas are spilled or released, it is considered a hazardous substance emergency. This act changes the minimum threshold to 3,000 gallons.

Under current law, if a political subdivision or volunteer fire protection district provides services in response to a hazardous substance emergency, the person who controls the hazardous substance is liable for reasonable and necessary costs incurred by the political subdivision or fire protection district. This act limits the person's liability to 25% of the reasonable and necessary costs.

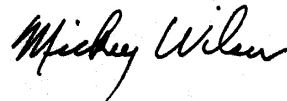
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FISCAL DESCRIPTION (continued)

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
Lake Saint Louis Fire Protection District
Creve Coeur Fire Protection District
State Emergency Management Association



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Director
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