

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1688-05
Bill No.: SB 417
Subject: Boards, Commissions, Committees, Councils; Fees; General Assembly; Natural Resources Department; Waste - Solid; Water Resources and Water Districts
Type: Original
Date: March 25, 2013

Bill Summary: This proposal modifies provisions relating to the Department of Natural Resources.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Hazardous Waste*	\$0	\$0	\$0
Metallic Mineral Waste Management*	\$0	\$0	\$0
Natural Resources Protection*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Revenues and Expenditures net to zero

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 11 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

- 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 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§ 43.543 - Fingerprinting:

Officials from the **Department of Natural Resources (DNR)** state this part of the proposal provides a process for the department to check the person's criminal history through the Missouri State Highway Patrol's Missouri Criminal Records Repository and the Federal Bureau of Investigation's Federal Criminal History Files, if needed.

Oversight assumes the Missouri State Highway Patrol (MHP) receives an appropriation within its annual budget, to collect fingerprints for the purpose of completing background checks and checking the criminal history; from other state agencies. **Oversight** assumes this provision would result in no direct fiscal impact to DNR or MHP.

§§ 260.200 and 260.205 - Solid Waste Management Disclosure Statements:

DNR assumes the part of the proposal related to Violation History Disclosure Statements is intended to clarify the existing statutory language for information to be submitted and allow the department to work with solid waste permitted facilities to reduce the amount of time dedicated to completing the initial submission and annual updates as well as the number of documents submitted by solid waste permitted facilities.

DNR states that every applicant for a permit must file a disclosure statement with the information required by and on a form developed by the Department of Natural Resources at the same time the application for a permit is filed with the department.

DNR assumes if any of the information required to be included in the disclosure statement changes, or if any additional information should be added after the filing of the statement, the person required to file it shall provide that information to the director in writing, within thirty days after the change or addition. It also sets forth the penalty for not filing a required amendment, places a notice requirement on the department and provides the permittee with a period of time to explain why the information was not provided within the required timeframe.

DNR states that no person would be required to submit the disclosure statement required by this section if the person is a corporation or an officer, director, or shareholder of that corporation under certain circumstances.

DNR states that after permit issuance, each facility must annually file an update to the disclosure statement with the Department of Natural Resources on or before March thirty-first of each year.

ASSUMPTION (continued)

Failure to provide such update may result in penalties.

DNR assumes there will be some indeterminable reduction in time spent by staff reviewing and responding to violation history disclosure statements and annual updates once the rulemaking process is complete.

Oversight assumes this part of the proposal would have no direct fiscal impact to DNR.

§§ 260.262, 260.380 and 260.475 - Hazardous Waste and Battery Fee Extension:

DNR assumes this part of the proposal will extend the \$0.50 fee on the sale of lead-acid batteries for five years from December 31, 2013 through December 31, 2018. Less collection costs by the retailer and the Department of Revenue, the department estimates approximately \$700,000 will be collected for the lead-acid battery fee annually as revenue to the Hazardous Waste Fund.

DNR assumes these sections also extend the hazardous waste fees for five years from December 31, 2013 through December 31, 2018. The department estimates approximately \$1.3 million will be collected for land disposal fees, generator registration/annual renewal fees, in-state tonnage fees, and out-of-state tonnage fees annually.

Oversight assumes this is an extension of the land disposal and the lead-acid battery fee and will reflect this as a fee continuance to the Hazardous Waste Fund.

§§ 260.390 and 260.395 - Hazardous Waste Facilities:

DNR states this part of the proposal would eliminate the requirement for the Department to conduct a habitual violator review before issuing a permit for a hazardous waste facility.

DNR assumes this part of the proposal would eliminate the requirement for the Department to issue a post-closure permit to hazardous waste facilities to address required actions upon closure of a permitted hazardous waste facility.

DNR assumes this part of the proposal would eliminate the requirement for applicants for hazardous waste permits to submit a health profile along with their application.

DNR assumes this part of the proposal would eliminate the requirement for DNR to conduct a five-year review of permits issued to hazardous waste land disposal facilities.

ASSUMPTION (continued)

DNR assumes deleting section 260.434 would eliminate the requirement for the Department to assess the transportation system serving the area of applicants for hazardous waste permits.

DNR assumes with department staff no longer having to commit time and resources to conduct the reviews that are proposed to be eliminated in this section, DNR would see an improvement in the efficiency of reviewing and issuing permits.

DNR assumes facilities would continue to see the cost savings in future years as a result of no longer having to complete the activities that are proposed to be deleted. The range of cost savings to each facility cannot reasonably be estimated at this time.

DNR assumes any savings would be largely based on the location (demographics in the vicinity) of the facility and the complexity (or lack thereof) of the facility's hazardous waste operations.

Oversight assumes this part of the proposal could result in future savings to DNR due to increased efficiencies, but for the purpose of the fiscal note, **Oversight** will assume this section will have no direct fiscal impact on DNR.

§ 444.772 - Industrial Minerals Permit Fee Extension:

DNR states this part of the proposal extends the industrial minerals fees for five years from December 31, 2013 until December 31, 2018. All fees remain at current levels. Fees support department permitting actions, inspections, enforcement proceedings and reclamation provisions of all mining laws to ensure the protection of human health and the environment.

The Land Reclamation Program (LRP) administers and enforces sections 444.760 - 444.790. LRP has issued 339 permits and 789 industrial mineral mining sites. Fees range from \$300 to a maximum of \$3,000. Fees consist of permit fees, site fees, and acreage fees. Fees from these permitting activities average approximately \$500,000 annually.

Oversight assumes this is an extension of the industrial minerals permit fee and will reflect this as a fee continuance to the Metallic Mineral Waste Management Fund.

§ 643.079 - Clean Air Fees

DNR states the Air Pollution Control Program has several fee rates that are not sufficient enough to cover the reasonable cost of day to day business. This part of the proposal continues DNR's authority to work with stakeholders and the commission to recommend an adjusted fee structure. DNR would not anticipate a direct fiscal impact from this provision of the proposal.

ASSUMPTION (continued)

§§ 644.054 and 644.057 - Clean Water Fees Extension:

DNR states this part of the proposal would extend the Clean Water Commission's authority to charge fees for construction permits, operating permits, and operator's certifications related to water pollution control to September 1, 2018.

DNR assumes this fee provides resources to maintain the department's delegation for implementation of the federal Clean Water Act, which began with the National Pollution Discharge Elimination System (NPDES) delegation by EPA to the department in 1974. Without funding provided by the permit fees, the state would lack the resources required to sustain this federally delegated program. EPA would then be required to promulgate Missouri's water quality standards, identify all impaired waters, issue all federally-required operating permits, conduct inspections, enforcement actions and perform all of the other functions mandated by the federal Clean Water Act.

DNR states based on the number of active permits and the revenue trends seen over previous years, this proposal is estimated to generate nearly \$4 million annually for state fiscal years 2014 through 2018.

DNR states section 644.057 of this proposal gives the commission the authority to recommend revisions to the clean water fee structure. If voted and approved by the commission, the commission would promulgate and publish the clean water fee structure by December thirty-first of the same year beginning December 31, 2013. If the rules are not disapproved by the General Assembly they would take effect January 1 of the next odd-numbered year.

Oversight assumes this is an extension of the clean water fee and will reflect this as a fee continuance to the Natural Resources Protection Fund.

Oversight assumes the part of the proposal that gives the commission authority to conduct a review of the clean water fee structure would not have a direct result on DNR.

Bill as a Whole:

Officials at the **Office of Administration - Budget and Planning** assume this would not impact them. However, the provisions allowing the Hazardous Waste Commission, Air Conservation Commission and Clean Water Commission to establish fee increases through rule may impact 18e and Total State Revenue.

ASSUMPTION (continued)

Officials at the **Office of Attorney General (AGO)** assume that any potential costs arising from this proposal can be absorbed with existing resources. AGO may seek additional appropriation if there is a significant increase in the number of cases referred to the AGO.

Officials from the **Department of Revenue, Department of Health and Senior Services, Missouri Department of Transportation, City of Columbia, City of Kansas City, Metropolitan St. Louis Sewer District** and **Missouri State University** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the Department of Public Safety - Missouri Highway Patrol did not respond to our request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
HAZARDOUS WASTE FUND			
<u>Revenue - DNR</u>			
§§ 260.262, 260.380 and 260.475 - Lead Battery fee continuance	\$350,000	\$700,000	\$700,000
<u>Revenue - DNR</u>			
§§ 260.262, 260.380 and 260.475 - Land Disposal fee continuance	\$650,000	\$1,300,000	\$1,300,000
<u>Expense - DNR</u>			
§§ 260.262, 260.380 and 260.475 - Hazardous Waste Programs	<u>(\$1,000,000)</u>	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>
ESTIMATED NET EFFECT ON THE HAZARDOUS WASTE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 METALLIC MINERAL WASTE MANAGEMENT FUND			
<u>Revenue - DNR</u>			
§ 444.772 - Industrial Minerals Permit fee continuance	\$250,000	\$500,000	\$500,000
<u>Expense - DNR</u>			
§ 444.772 - Department enforcement of mining laws	<u>(\$250,000)</u>	<u>(\$500,000)</u>	<u>(\$500,000)</u>
ESTIMATED NET EFFECT ON THE METALLIC MINERAL WASTE MANAGEMENT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2014	FY 2015	FY 2016
(continued)	(10 Mo.)		

**NATURAL RESOURCES
 PROTECTION FUND**

<u>Revenue - DNR</u>			
§ 644.054 - Clean Water fee continuance	\$3,333,333	\$4,000,000	\$4,000,000
<u>Expense - DNR</u>			
§ 644.054 - Implementation of the federal Clean Water Act	<u>(\$3,333,333)</u>	<u>(\$4,000,000)</u>	<u>(\$4,000,000)</u>

ESTIMATED NET EFFECT ON THE NATURAL RESOURCES PROTECTION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2014	FY 2015	FY 2016
	(10 Mo.)		
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

§§ 260.200 and 260.205 - Solid Waste Management Disclosure Statements:

Requires that retailers collect at the time of sale a fee of fifty cents for each lead-acid battery sold. The fee shall be added to the total cost to the purchaser at retail after all applicable sales taxes on the battery have been computed. The retailer retains six percent of fees collected as collection costs and remits the remaining collections to the Department of Revenue along with a report of the number of batteries sold.

Since some landfills and transfer stations are small businesses, they could see a reduction in the amount of resources required to complete the violation history disclosure statement and annual update process.

FISCAL IMPACT - Small Business (continued)

§§ 260.262, 260.380 and 260.475 - Hazardous Waste and Battery Fee Extension:

Retail facilities that sell lead-acid batteries will continue to collect the fee as allowed under this legislation and transfer the fees and remittance reports to the Department of Revenue. They will continue to retain 6% of the fees for collection costs.

Small businesses that purchase lead-acid batteries will continue to be subject to the \$.50 fee on each battery purchased.

Section 260.380 requires that all hazardous waste generators pay a one hundred dollar registration fee upon initial registration, and a one hundred dollar registration renewal fee annually thereafter to maintain an active registration.

Generators pay annually a fee of five dollars per ton or portion thereof of hazardous waste registered with the department not to exceed fifty-two thousand dollars per generator site per year nor be less than one hundred fifty dollars per generator site per year.

Missouri treatment, storage, or disposal facilities pay annually a fee equal to two dollars per ton or portion thereof for all hazardous waste received from outside the state.

Registered hazardous waste generators subject to the hazardous waste fees would be impacted. There would be no change to the current system, except that the fee expiration is extended from December 31, 2013 to December 31, 2018.

Section 260.475 requires every hazardous waste generator located in Missouri to pay, in addition to the fees imposed in section 260.380, a fee of twenty-five dollars per ton annually on all hazardous waste which is discharged, deposited, dumped or placed into or on the soil as a final action, and two dollars per ton on all other hazardous waste transported off site.

FISCAL DESCRIPTION

§§ 260.262, 260.380 and 260.475 - Hazardous Waste and Battery Fee Extension:

Extends from December 31, 2013, to December 31, 2018, the 50 cent fee that is collected on the retail sale of a lead-acid battery as well as the fees for any hazardous waste generated.

§ 444.772 - Industrial Minerals Permit Fee Extension:

Extends from December 31, 2013, to December 31, 2018, the industrial mineral permit fees utilized to regulate and ensure reclamation of surfaced mined lands.

FISCAL DESCRIPTION (continued)

§ 644.054 - Clean Water Fees Extension:

Extends from September 1, 2013, to September 1, 2018, the Clean Water Commission's authority to charge fees for construction permits, operating permits, and operator's certifications related to water pollution control.

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 Revenue
Department of Health and Senior Services
Department of Natural Resources
City of Kansas City
City of Columbia
Missouri State University
Metropolitan St. Louis Sewer District
Office of the Secretary of State
Office of Attorney General
Missouri Department of Transportation
Office of Administration
 Budget and Planning

Not Responding:

Department of Public Safety - Missouri Highway Patrol



Ross Strope
Acting Director
March 25, 2013