

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0217-04
Bill No.: HCS for SCS for SB 152
Subject: Auditor, State; Boards, Commissions, Committees, Councils; Natural Resources
 Department; Waste - Solid
Type: Original
Date: April 13, 2015

Bill Summary: This proposal modifies provisions relating to solid-waste.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Solid Waste Management Fund*	\$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 7 pages.

* Cost avoidance equal to the loss of revenue in FY18.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Solid Waste Management Districts	\$0	\$0	\$0 or up to (\$1,000,000)

FISCAL ANALYSIS

ASSUMPTION

§§ 29.380, 260.325 - Solid Waste Management District Audits:

Officials from the **Office of the State Auditor (SAO)** assume the proposal would not fiscally impact their agency.

Oversight assumes this provision could have a financial impact on solid waste management districts. Districts would be required to reimburse the SAO for costs of conducting an audit of the district if requested by the SAO.

Oversight assumes costs of conducting an audit and moneys collected from Solid Waste Management Districts would be deposited in the Petition Audit Revolving Trust Fund. Audit reimbursement costs will be limited to 2% of the Solid Waste Management District's annual monetary allocation.

In response to the previous version of this proposal, officials from the **Southwest Missouri Solid Waste Management - District N** assumed a savings could incur from the bi-annual financial audit currently required for all districts receiving \$200,000 or less. District N pays \$3,800 every two years for a financial audit.

District N assumed this proposal could result in a cost of \$5,000 - \$6,000 from the Office of the State Auditor to audit the District based upon audit costs from other minimum funded Districts.

Oversight is unable to determine how many audits would be completed for solid waste management districts, and of those audits, how many audits the Office of the State Auditor would request reimbursement from the district. Therefore **Oversight** will not reflect any additional cost or savings to solid waste management districts from this provision.

§ 260.330 - Landfill Tipping Fees:

Officials from the **Department of Natural Resources (DNR)** note currently, the moratorium on increasing the demolition landfill tipping fee and the transfer station tipping fee is set to expire in 2017. This provision would extend the moratorium to 2027.

ASSUMPTION (continued)

Officials from the **St. Louis-Jefferson Solid Waste Management District (SWMD)** assume this proposal extends the cap on the solid waste management fund for an additional 10 years.

SWMD assumes this would have a negative fiscal impact on resources available for local recycling programs and solid waste management district administration due to the lack of annual CPI inflation adjustment. This has been suspended for the last ten years, which led to a loss of approximately \$1,000,000 per year to the statewide solid waste management fund.

SWMD assumes based on an annual CPI inflation adjustment of 2%, and an annual disposal estimate of 5 million tons, extending the cap for an additional 10 years would result in the loss of an additional \$1,000,000 per year for local recycling programs.

Oversight assumes this provision extends the moratorium on increasing the demolition landfill tipping fee and the transfer tipping fee to the year 2027. These fees could be adjusted annually under current law, beginning in FY18, by the same percentage as the increase in the general price level as measured by the Consumer Price Index (CPI) if the moratorium on increasing the tipping fee were to expire.

Oversight assumes a direct fiscal impact of \$0 (DNR may choose not to increase the fee) or a loss up to (\$1,000,000) per year to the Solid Waste Management Fund passed on to Solid Waste Management Districts, beginning in FY18, if the moratorium would be allowed to expire and the tipping fee adjusted by the CPI.

§ 260.335- Allocation of Solid Waste Management Fund Moneys & Grants:

Officials from the **Department of Natural Resources (DNR)** assume this provision would provide that DNR may allocate up to \$200,000 each year to those solid waste management districts receiving fewer funds than under the previous district funding formula.

DNR assumes this provision appears to provide a funding mechanism for the newly defined "solid waste management projects" in years when insufficient or inadequate district grant applications are received by a district.

ASSUMPTION (continued)

DNR assumes the current statutory language provides for up to 50% of a solid waste management district's allocation to be used for implementation of a solid waste management plan and district operations and for at least 50% of a solid waste management district's allocation to be allocated to cities, counties, persons or entities providing various solid waste management services. This provision sets forth criteria that may be considered in establishing the order of district grant priority.

Bill as a Whole:

Officials from the **Department of Natural Resources (DNR)** assume the department's Solid Waste Management Program anticipates the streamlining of the grant review and approval process will off-set any additional hours required to complete the biennial fiscal monitoring of the solid waste management districts.

Officials from the **Department of Economic Development** and **Office of the State Auditor** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
SOLID WASTE MANAGEMENT FUND			
<u>Loss - DNR</u>			
§ 260.330 - Tipping fee CPI adjustment: moratorium moved from 2017 to 2027	\$0	\$0	\$0 or up to (\$1,000,000)
<u>Cost Avoidance - DNR</u>			
§ 260.330 -Tipping fee CPI adjustment revenue sent to Solid Waste Management Districts	<u>\$0</u>	<u>\$0</u>	<u>\$0 or up to \$1,000,000</u>
ESTIMATED NET EFFECT ON THE SOLID WASTE MANAGEMENT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
SOLID WASTE MANAGEMENT DISTRICTS			
<u>Loss - SWMD</u>			
§ 260.330 - Tipping fee CPI adjustment: moratorium moved from 2017 to 2027	<u>\$0</u>	<u>\$0</u>	\$0 or up to <u>(\$1,000,000)</u>
ESTIMATED NET EFFECT ON SOLID WASTE MANAGEMENT DISTRICTS	<u>\$0</u>	<u>\$0</u>	<u>\$0 or up to (\$1,000,000)</u>

FISCAL IMPACT - Small Business

§ 260.330 - Landfill Tipping Fees:

Small business solid waste management companies could expect to see a cost avoidance as a result of this proposal.

FISCAL DESCRIPTION

§ 260.330 - Landfill Tipping Fees:

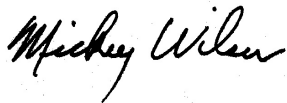
Currently, the moratorium on increasing the demolition landfill tipping fee and the transfer station tipping fee is set to expire in 2017. This provision extends the moratorium to 2027.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

L.R. No. 0217-04
Bill No. HCS for SCS for SB 152
Page 7 of 7
April 13, 2015

SOURCES OF INFORMATION

Department of Natural Resources
Department of Economic Development
Office of the State Auditor
St. Louis-Jefferson Solid Waste Management District
Southwest Missouri Solid Waste Management - District N



Mickey Wilson, CPA
Director
April 13, 2015

Ross Strope
Assistant Director
April 13, 2015