

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4591-06
Bill No.: Truly Agreed To and Finally Passed SS for SCS for HCS for HB 1364
Subject: Department of Agriculture; Emergencies; Environmental Protection; Fees; Insurance - General; Mining and Oil and Gas Production; Motor Fuel
Type: Original
Date: June 4, 2018

Bill Summary: This proposal modifies provisions relating to petroleum products.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2019	FY 2020	FY 2021	Fully Implemented (FY 2022)
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2019	FY 2020	FY 2021	Fully Implemented (FY 2022)
Chemical Emergency Preparedness	\$720,833	\$860,000	\$860,000	\$860,000
Petroleum Storage Tank Insurance Fund	\$0	\$0	\$5,750,000	\$11,500,000
Total Estimated Net Effect on Other State Funds	\$720,833	\$860,000	\$6,610,000	\$12,360,000

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2019	FY 2020	FY 2021	Fully Implemented (FY 2022)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2019	FY 2020	FY 2021	Fully Implemented (FY 2022)
Total Estimated Net Effect on FTE	0	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 2019	FY 2020	FY 2021	Fully Implemented (FY 2022)
Local Government	\$0	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§292.606

Officials from the **Department of Public Safety - State Emergency Management Agency (SEMA)** state this proposal is the continuation of previously passed legislation that funds programs at the local and state levels for the prevention, planning and response to hazardous material (HAZMAT) incidents. Funding collected from HAZMAT facility Tier II fees provides training and resources for first responders as well as local emergency response officials working as part of a Local Emergency Planning Committee (LEPC). Below is a more detailed description of the program.

The Missouri Emergency Response Commission (MERC) was first established in 1987 by Executive Order of the Governor and was later established under statute in 1988 and revised in 1992. The commission resides under the Missouri Department of Public Safety (SEMA).

Businesses and facilities are required to annually submit Tier II forms under Section 312 of the federal Emergency Planning and Community Right-To-Know Act of 1986 (EPCRA). The purpose of this form is to provide State, local officials, and the public with specific information on potential hazards. This includes the locations, as well as the amount, of hazardous chemicals present at a facility during the previous calendar year.

Funds are received by MERC, processed and reallocated back to the local jurisdiction. Ten percent (10%) is allocated to the State Fire Marshall's office to be utilized for HAZMAT training to local responders. Sixty-five percent (65%) is returned to the counties, and twenty-five percent (25%) is retained by the MERC for administrative fees, LEPC planning and training on a state-wide level. The state fund is a restricted revenue account used to carry out the purposes, goals and objectives of SARA Title III and the MERC hazardous material safety program. It consists of several different fee structures with those being as low as \$50 for a retail petroleum facility to \$100 per chemical to a maximum of \$10,000 per company. There is also a fee requirement for pipeline companies of \$250 per county that they travel.

Division 10, Chapter 11 of the Rules of Public Safety title 11 CSR 10-11.210 established a statewide hazardous materials safety program, created the Missouri Emergency Response Commission (MERC) and provided for the creation of Hazardous Materials Emergency Response accounts in each county. It also created a supplemental emergency preparedness funding base for chemical emergency preparedness at the county and state levels based upon the fees collected from facilities. These fees enable the LEPC to prepare offsite response plans,

ASSUMPTION (continued)

acquire response team equipment, develop public "Right-to-Know" education programs, conduct chemical industry awareness and compliance programs, and conduct relevant training, drills and exercises.

Officials from the **Department of Public Safety - Division of Fire Safety** state this proposed legislation extends the sunset of the hazardous waste fees paid to the Missouri Emergency Response Commission and deposits those monies into the Chemical Emergency Preparedness Fund. By statute, the Missouri Division of Fire Safety is appropriated 10% of the fees collected, up to \$100,000 annually. Those fees average \$80,000.

The Division of Fire Safety uses this appropriation to contract with various fire fighter training partners to provide hazardous materials training each year. In FY16, the Division of Fire Safety expended \$81,000 to provide 31 hazardous materials related classes to 1,281 fire fighters across the state. In FY17 the Division of Fire Safety expended \$81,693 to provide 33 hazardous materials related classes to 1,253 fire fighters across the state. In FY18, the Division of Fire Safety has contracted with two training partners for a total of \$79,642 to provide hazardous materials training to the fire fighters of our state. It is projected similar course and student enrollment numbers will result.

Officials from the **Department of Health and Senior Services**, the **Department of Natural Resources**, and the **Department of Transportation** each assume the proposal would not fiscally impact their respective agencies.

Oversight notes that Section 292.604, RSMo, states that "fees collected by the commission under Section 292.606 shall be placed in the chemical emergency preparedness fund." According to the Fiscal Year End Fund Activity report from the Office of the State Treasurer, the receipts into the Chemical Emergency Preparedness Fund (0587) for the last three fiscal years have been:

FY 2017	\$891,355
FY 2016	\$879,050; and
FY 2015	\$823,746

Therefore, Oversight will assume an average annual collection of \$865,000 into the fund. The current statutes state the fees shall be collected "for a period of six years from August 28, 2012." Therefore, authority to collect the fees ends on August 28, 2018. The new language states that the fee shall be collected "for a period of six year from August 28, 2018." Oversight will reflect 10 months of fee collections in FY 2019 (August 28, 2018 - June 30, 2019) and a full year of fees

ASSUMPTION (continued)

in FY 2020 and FY 2021.

As stated by DPS-SEMA, these funds are distributed to various state and local governmental agencies. For simplicity in the fiscal note, Oversight will only show the continuation of the funding into the state fund and not the annual distributions.

§319.129

Officials from the **Petroleum Storage Tank Insurance Fund Board of Trustees** assume the following:

Revenues - It is assumed revenues from the transport load fee and from participation fees would continue for five more years. I.e., Revenues would be received from 1/1/21 through 12/31/25.

Cost Impact from Extension of "Sunset Date" - Cost savings for FY19-FY21 due to claim filings being delayed and/or spread over a larger number of future years were estimated as follows: The Board currently insures 2,540 tank sites where there has never been a claim or cleanup; its actuary estimated the liability for future claims at these sites as of January 1, 2018 at ~\$45 million, or ~\$18,000 per site. If the Fund "sunset" on 12/31/20, as currently specified in state law, it is assumed all of these claims will be filed prior to that date, and that payout of that liability would occur over seven years. I.e., It is assumed 70.5 claims per month will be filed for 1/1/18 through 12/31/20, that the total cost for each claim is \$18,000, and that those costs will be paid out over a 7-year period.

If, however, operations are extended for five more years, many of those claims will not be filed in the next 36 months, (i.e., in calendar years 2018-2020), but instead will be filed in future fiscal years. Specifically, it is assumed only 10% of those claims would be filed in FY19, 10% in FY20, and 10% in FY21, resulting in savings for each of those fiscal years. Again, it is assumed costs for each claim would be paid over a seven-year period. Please note all \$45 million in claims costs would still be incurred and it is unknown whether fees collected prior to 12/31/25 will be sufficient to fund all liabilities.

Current expenditures for salaries and expenses in the Departments of Revenue and Natural Resources, and in the Attorney General's Office, were assumed for the last six months of FY 2021. Presumably these expenses would be incurred in later fiscal years also.

ASSUMPTION (continued)

Oversight notes the Petroleum Storage Tank Insurance Fund (0585) balance as of June 30, 2017 was \$49,752,551. Over the past three calendar years (2015 - 2017), an average of \$11.5 million was collected for transport load fees. Oversight will reflect this average as a revenue extension for FY 2021 (6 months) through FY 2022.

§319.140

Officials from the **Missouri Senate** anticipate that any potential travel costs associated with Task Force meetings can be absorbed using existing resources.

§414.032

In response to a previous version, officials from the **Department of Agriculture** assumed no fiscal impact from this section.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021	Fully Implemented (FY 2022)
CHEMICAL EMERGENCY PREPAREDNESS				
<u>Income - Extension</u> of fee collecting authority in §292.606 from 8/28/18 to 8/28/2024	<u>\$720,833</u>	<u>\$860,000</u>	<u>\$860,000</u>	<u>\$860,000</u>
ESTIMATED NET EFFECT TO THE CHEMICAL EMERGENCY PREPAREDNESS	<u>\$720,833</u>	<u>\$860,000</u>	<u>\$860,000</u>	<u>\$860,000</u>
 PETROLEUM STORAGE TANK INSURANCE				
<u>Revenue - PSTIF</u> Board of Trustees - Extension of transport load fee from 12/31/2020 to 12/31/2025 (\$319.129)	<u>\$0</u>	<u>\$0</u>	<u>\$5,750,000</u>	<u>\$11,500,000</u>
ESTIMATED NET EFFECT ON THE PETROLEUM STORAGE TANK INSURANCE	<u>\$0</u>	<u>\$0</u>	<u>\$5,750,000</u>	<u>\$11,500,000</u>

<u>FISCAL IMPACT -</u> <u>Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021	Fully Implemented (FY 2022)
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that pay these fees would be impacted by this proposal.

FISCAL DESCRIPTION

This act modifies provisions relating to petroleum products.

DISTRIBUTION OF PETROLEUM PRODUCTS (Section 292.606)

Under current law, certain provisions relating to fees collected relating to the transportation and delivery of petroleum products are due to expire on August 28, 2018. This act extends this expiration date to August 28, 2024.

PETROLEUM STORAGE TANK INSURANCE FUND (Section 319.129)

Currently, the Petroleum Storage Tank Insurance Fund is set to expire on December 31, 2020, after which claims made prior to such date may continue to be paid. This act extends such expiration to December 31, 2025.

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

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Page 9 of 9

June 4, 2018

SOURCES OF INFORMATION

Department of Public Safety


Department of Transportation

Department of Natural Resources

Department of Health and Senior Services

Department of Agriculture

Ross Strope

A handwritten signature in black ink, appearing to read "Ross Strope".

Acting Director

June 4, 2018