

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4761-02
Bill No.: HCS for SB 659
Subject: Department of Natural Resources; Sewers and Sewer Districts; Utilities; Water Resources and Water Districts; Parks and Recreation; Environmental Protection
Type: Original
Date: April 23, 2018

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 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Technology Fund	(\$70,000)	\$0	\$0
Water Protection Fund	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (Could exceed \$70,000)	\$0 to (Unknown)	\$0 to (Unknown)

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
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§253.147

This section requires the Department of Natural Resources to submit a report to the General Assembly regarding maintenance, repair and construction of state parks.

Officials from the **Department of Natural Resources (DNR)** and **Office of Administration - Facilities Management, Design and Construction** each assume the proposal will have no fiscal impact on their respective organizations.

§260.1150

This section establishes the Environmental Restoration Corporation Act.

In response to a similar proposal from 2018 (SB 978), officials from the **Office of the Secretary of State (SOS)** stated the following regarding this proposal:

SOS is a silo IT department. All changes to software would require working with a third party vendor and/or the Information Technology department.

SOS would have to conduct a business analysis in order to change the automated processes performed by our business software. The IT department would need to create new tables, reports, and software application process to allow "Environmental Restoration Corporations" to be a filing type for creation and amending, change the wording on certain screens through the online application, and update the current merge form. We anticipate a one-time cost to the Office of the Secretary of State of \$70,000 to change the current software operated by the Business Services Division.

This would be a new entity type and thus require employees to learn a new desk. Based on expected use of this entity type, the new duties would be given to existing employees and increase the base compensation for each the amount of work load increase as equated to a .50 FTE. If the new entity type were to receive more use beyond projections, SOS would ask for a full time person to handle the increase in filings.

It is unknown how many Environmental Restoration Corporations will be created. However, each one created would need to register with our office.

ASSUMPTION (continued)

Because this is a new filing type, SOS estimates 1 filing per month at an average filing fee of \$25.00 each. An estimated (without the tech fund fee) of \$200.00 (1 filing x 10 months = 10 filings yearly * \$20.00 average filing fee) would be deposited into General Revenue (GR). As this new filing type becomes more popular an estimated increase of 20% for FY 2020 and 25% increase for FY 2021.

Filing Fee breakdown:
\$20.00 for general revenue (GR)
\$ 5.00 for technology trust fund (TF)

FY2019

\$20 average GR filing fee
1 filing per month x 10 months = 10 yearly filings

10 (2019) filings x \$20 average filing fee = \$200 GR deposit

\$5 Tech Fund Fee per filing x 10 yearly filings = \$50 TF deposit

FY 2020

\$20 average GR filing fee
1 filing per month x 12 months = 12 yearly filings
12 yearly filings x 20% increase = 14 yearly filings (2020 filings)

14 (2020) filings * \$20 average filing fee = \$280 GR deposit
Annual Reports 10 (2019) * \$10 = \$100

\$5 Tech Fund Fee per filing x 14 creation filings = \$70 TF deposit
\$5 Tech Fund Fee per filing x 10 annual report filings = \$50 TF deposit

FY 2021

\$20 average GR filing fee
1 filing per month x 12 months = 12 creation filings
12 yearly filings x 25% increase = 15 yearly filings (2021 filings)

15 (2021) filings * \$20 average filing fee = \$300 GR deposit
Annual Reports 19 (2019=10 & 2020=14) * \$10 = \$240 GR deposit

ASSUMPTION (continued)

\$5 Tech Fund Fee per filing x 15 creation filings = \$75 TF deposit

\$5 Tech Fund Fee per filing x 24 annual report filings = \$120 TF deposit

Oversight notes the provisions in this proposal only apply to properties in seven counties in the state.

Oversight assumes SOS is provided with core funding to handle a certain amount of activity each year. Oversight assumes SOS could absorb the personnel costs related to this proposal. However, Oversight will reflect a fiscal impact of \$70,000 for IT services in FY 2019. Oversight will not reflect the revenue derived from the fees associated with the new filing type as it is minimal.

In addition, officials from the **Office of the Secretary of State (SOS)** assume 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 Health and Senior Services** assume the proposal will not have a fiscal impact on their organization.

Officials from the **Office of the State Auditor (SAO)** assume a small number of public benefit corporations would be formed. The SAO assumes costs associated with audits resulting from this section could be absorbed through current appropriations. If a significant number of audits result, the SAO may request additional future appropriations.

ASSUMPTION (continued)

Oversight assumes SAO is provided with core funding to handle a certain amount of activity each year. Oversight assumes SAO could absorb the costs related to this proposal.

§640.620

This section changes the maximum amount of a grant that may be issued by the Department of Natural Resources for financing certain utility projects from \$1,400 per connection to \$3,000 per connection.

Officials from the **Department of Natural Resources (DNR)** assume the proposal will have no fiscal impact on their organization.

DNR states the Rural Sewer Grant (RSG) program had previously been funded by State Water Pollution Control Bond Funds authorized by Missouri Constitution, Article III, Sections 37 (e) and (g). The RSG program as it is today began in SFY 2015 and is funded by Clean Water Administration fees. DNR was aware of communities who would be faced with upgrades to meet more stringent permit requirements. These grants can be utilized for two types of wastewater construction projects: construct facilities to connect unsewered areas to a central wastewater treatment and collection system, or to fund the costs to upgrade improvements to meet more stringent requirements. These grants are limited to public sewer districts, public water districts, and communities with less than 10,000 population with geographical restrictions.

DNR notes that five of the grants were issued during CY 2015, six during CY 2016 and four during CY 2017. The average amount of these grants is approximately \$256,000 and can range from \$19,000 to \$500,000.

Officials from the **Department of Revenue, Office of the Secretary of State, Joint Committee on Administrative Rules** and **Metropolitan St. Louis Sewer District** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight assumes a \$0 to Unknown negative impact related to the increase in grant money available for certain individual water and sewer system projects.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
TECHNOLOGY FUND			
<u>Cost</u> - SOS - IT services \$260.1150	<u>(\$70,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE TECHNOLOGY FUND	<u>(\$70,000)</u>	<u>\$0</u>	<u>\$0</u>
WATER PROTECTION FUND			
<u>Cost</u> - DNR - Possible increase in grant totals due to increase in per connection grant limit from \$1,400 to \$3,000 \$640.620	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE WATER PROTECTION FUND	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2019 (10 Mo.)	 FY 2020	 FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation changes the maximum amount of a grant that may be issued by the Department of Natural Resources for financing certain utility projects from \$1,400 per connection to \$3,000 per connection.

FISCAL DESCRIPTION (continued)

The proposed legislation allows a public benefit nonprofit corporation to hold, manage or own environmentally impaired property that is subject to ongoing cleanup or remedial action under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Missouri Hazardous Waste Management Law, the Federal Water Pollution Control Act, or the Missouri Clean Water Law for the purpose of facilitating efforts to restore and redevelop such property. Such nonprofit corporation shall have certain powers, and be managed by a board, as set forth in this act . If any such corporation receives public funds with restoration activity, the corporation shall also allow for reasonable periodic audits and shall provide an annual report to the General Assembly concerning the receipt and use of such public funds.

Prior to acquiring any interest in real property, such nonprofit corporation shall undertake all reasonable and appropriate due diligence activities in accordance with U.S. Environmental Protection Agency regulations in order to qualify as a purchaser. If such nonprofit qualifies as a purchaser, such corporation shall be immune from any liability under the Missouri Hazardous Waste Management Law, provisions relating to solid waste, or the Missouri Clean Water Law for any conditions that may exist on such property. Such corporation shall also have no duty of care or liability for any trespasser on such property.

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
Office of Administration - Facilities Management, Design and Construction
Department of Revenue
Office of the Secretary of State
Joint Committee on Administrative Rules
State Auditor's Office
Department of Health and Senior Services
Metropolitan St. Louis Sewer District

Ross Strobe

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

Acting Director
April 23, 2018