COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4622S.02P
Bill No.: Perfected SB 984
Subject: Lakes, Rivers, and Waterways; Department of Natural Resources; Political Subdivisions; Water Resources and Water Districts
Type: Original
Date: April 21, 2022

Bill Summary: This proposal creates provisions relating to environmental protection.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue*	(Unknown, could exceed $3,603,821)	(Unknown, could exceed $3,672,943)	(Unknown, could exceed $3,684,330)
Total Estimated Net Effect on General Revenue	**(Unknown, could exceed $3,603,821)**	**(Unknown, could exceed $3,672,943)**	**(Unknown, could exceed $3,684,330)**

*§256.800 - Subject to appropriation. Oversight assumes an appropriation from General Revenue to the new Flood Resiliency Improvement Fund, if any, would exceed the $250,000 threshold.
*§166.070 - Subject to appropriation. Oversight notes this total **does not** include any remediation costs (filtration, replace drinking water outlets, replace pipes, etc.). Also, Oversight assumes some of the testing & remediation efforts could potentially utilize federal funding.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Flood Resiliency Improvement Fund*	$0	$0	$0
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**

*Transfer in and costs net to zero.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Federal Funds	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
Total Estimated Net Effect on <u>All</u> Federal Funds	**$0 or (Unknown)**	**$0 or (Unknown)**	**$0 or (Unknown)**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	Could exceed 7 FTE	Could exceed 7 FTE	Could exceed 7 FTE
Total Estimated Net Effect on FTE	**Could exceed 7 FTE**	**Could exceed 7 FTE**	**Could exceed 7 FTE**

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	**(Unknown, could be substantial)**	**(Unknown, could be substantial)**	**(Unknown, could be substantial)**

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints, **Oversight** was unable to receive some agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

§256.800 – Flood Resiliency

Officials from the **Department of Natural Resources (DNR)** and **Office of the State Treasurer (STO)** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies for this provision.

Officials from the **City of Kansas City**, **City of O'Fallon** and **City of Springfield** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in the Missouri Legislative Information System database is available upon request.

Oversight notes a new fund has been established, the "Flood Resiliency Improvement Fund" as a result of this proposal. This fund could issue grants or offer financial assistance to entities for the development, construction or renovation of a flood resiliency project. The DNR could also develop its own plans with the funds.

Oversight notes this fund is subject to appropriation by the General Assembly; therefore, Oversight will range the revenue from "$0" (the General Assembly does not appropriate funds to the new program) to an "Unknown" amount (the General Assembly appropriates funds to the new program). Oversight will also reflect an "Unknown" amount of costs in the form of grants/financial assistance.

§99.847 – TIF Projects and Flood Plains (SA 1)

Oversight assumes this amendment will not have a direct fiscal impact on the state.

§§260.221 & 644.060 – Asphalt Shingles Recycling (SA 2)

In response to a similar proposal from 2022 (SB 910), officials from the **Department of Natural Resources** assumed the proposal would have no fiscal impact on their organization.

Oversight notes that the above mentioned agency has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for this section.

§160.077 – Get the Lead Out of School Drinking Water Act (SA 3)

In response to a similar proposal from 2022 (HCS for HB 2532), officials from the **Department of Natural Resources (DNR)** stated the following:

Section 160.077.6 will authorize the DNR, subject to appropriation, to provide funding to schools for the filtration, testing, and other remediation techniques to remove lead from school drinking water systems.

Section 160.077.7 will require the Safe Drinking Water Commission, through the DNR to work in conjunction with the Department of Elementary and Secondary Education to develop and publish a biennial report based on the findings from water testing conducted under 160.077.4(5).

Section 160.077.8 will require the Safe Drinking Water Commission, through the DNR to provide guidance to schools regarding the maintenance of filters and filtration systems and the development and implementation of flushing plans.

Section 160.077.9 will require the Safe Drinking Water Commission, through the DNR to ensure compliance with provisions of 160.077. 160.077.9(2) specifically states "[t]he commission shall take enforcement action authorized by law including, but not limited to, issuing administrative orders and assessing penalties in accordance with sections 640.100 to 640.140."

The DNR estimates the need for one additional FTE in the Public Drinking Water Branch to meet the requirements of 160.077.7, 160.077.8 and 160.077.9. This position will be needed to develop guidance, coordinate the biennial report, and provide case management for any enforcement cases as a result of noncompliance with the law. In addition, the DNR will need one FTE in each of the five Department Regional Offices and the Central Field Operations to meet the requirements of 160.077.9. These staff would be needed to perform inspections of schools to ensure compliance, provide compliance assistance, and respond to complaints or concerns from the public. To meet the requirements of 160.077.6, additional FTEs are anticipated in the Financial Assistance Center. However, without knowing the size of the appropriation or how many schools would require funding, the DNR is unable to estimate the exact number of FTEs that will be needed at this time and currently have no established funding for these activities. Positions will be needed to develop a new grant program, solicit and review applications, oversee

the award of grant funds to recipients, issue grant payments, and to coordinate with staff in the Public Drinking Water Branch and regional offices who handle monitoring, compliance and field responses related to the law.

In summary
At this time, the DNR can identify a need for seven (7) Environmental Program Analysts at $57,768* (7 x $57,768 = $404,376). *Using midpoint salary from OA Uniform Classification and Pay System Basic Compensation Plan. The DNR will not be able to absorb the costs related to this proposed legislation with the current level of budget authority and funding sources, therefore, the DNR is reflecting a need for General Revenue.

Oversight will show the costs as estimated by DNR.

In response to a similar proposal from 2022 (HCS for HB 2532), officials from the **Department of Elementary and Secondary Education**, **Office of Administration - Administrative Hearing Commission** and **Department of Health and Senior Services** each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a similar proposal from 2022 (HCS for HB 2532), officials from the **Kansas City Public Schools (KCPS)** indicated they did 290 samples over 38 sites at a cost of $133 per sample last year. This was for lead and copper. This was doing an average of 7.6 tests at 38 locations. Not every outlet was tested. KCPS paid an average of approximately $1,025 per location for the testing only. To test every outlet the cost per location would be about $2,700 per location. For all locations for KCPS that would cost $102,500 each testing round.

Remediation costs will vary by building with older/larger buildings coming at a higher cost. Replacement of lines is one remediation. There will not be issues in buildings constructed after 1986. That is when the mandate for lead free solder was put in place. If the lines are too costly to replace, a school district could filter at that line.

Oversight assumes this proposal requires school districts to test drinking water outlets for lead levels and to engage in remediation efforts if elevated lead levels are discovered. Oversight assumes this proposal provides additional funding for school districts to fund the filtration, testing, and remediation of drinking water systems, subject to appropriation.

In addition, this proposal allows school districts to seek federal funds for reimbursement for compliance incurred under this proposal. **Oversight** will show a range of impact to Federal Funds of $0 (none available) to an unknown negative transfer from Federal Funds to school districts.

Oversight notes, per a report by the U.S. Government Accountability Office (GAO) titled Lead Testing of School Drinking Water Would Benefit from Improved Federal Guidance:

> "In our survey, the median amount spent by school districts to test for lead in school drinking water during the past 12 months varied substantially, depending on the number of schools in which tests were conducted (see table 1). School districts may have paid for services such as collecting water samples, analyzing and reporting results, and consultants. For example, an official in a small, rural school district—with three schools housed in one building—told us his district spent $180 to test all eight fixtures. In contrast, officials in a large, urban school district told us they spent about $2.1 million to test over 11,000 fixtures in over 500 schools. Some school districts, especially larger ones, incurred costs to hire consultants to advise them and help design a plan to take samples, among other things."

Based on this information, **Oversight** estimates the cost of the testing ranges from $23 to $191 per fixture. There are 518 school districts in Missouri with 2,357 public and charter school buildings, plus an estimated 650 private schools. Assuming a cost of $100 per test x 10 drinking water outlets per building x 3,007 school buildings total testing costs would be over $3 million per year.

Oversight notes, per a local news report, a school district in Lancaster County, Pennsylvania, "installed around 100 filters throughout the school, which cost about $200,000." Based on this, Oversight estimates the cost per filter at approximately $2,000.

Per the GAO report, approximately 37% of school districts tested found elevated lead levels. Oversight assumes if 37% of school buildings in Missouri were required to install three filters the cost is estimated at $4,735,260. In addition, Oversight assumes there would be annual maintenance costs.

Ultimately, **Oversight** is uncertain how many school districts currently test for lead levels or how many would have elevated lead levels. Additionally, Oversight is uncertain what type of remediation efforts would be used to address elevated lead levels.

Oversight will show an unknown cost to school districts that could be substantial.

In addition, per section 160.077.9 (2), **Oversight** assumes school districts could incur penalties for non-compliance.

Oversight received a limited number of responses from school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Oversight only reflects the responses received from state agencies and political subdivisions; however, school districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System database is available upon request.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 $5,000. 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 its 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.

FISCAL IMPACT – State Government	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE FUND			
Transfer Out – to the Flood Resiliency Improvement Fund §256.800 (p. 1)	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
Costs - DNR - §160.077 (p. 4-5)	Could exceed…	Could exceed…	Could exceed…
Personnel Service	($336,980)	($412,464)	($420,713)
Fringe Benefits	($199,272)	($241,837)	($244,602)
Expense & Equipment	($15,231)	($18,643)	($19,015)
Total Costs - DNR	($603,821)	($672,943)	($684,330)
FTE Change	7 FTE	7 FTE	7 FTE
Costs – reimburse public and private schools to test water (roughly 3,000 school buildings x 10 water sources each x $100 per test) annually §160.077 (p. 6)	(Could exceed $3,000,000)	(Could exceed $3,000,000)	(Could exceed $3,000,000)
Costs – to school districts for funding for filtration and other remediation efforts - §160.077.6 (1) (p. 5)	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	**(Unknown, could exceed $3,603,821)**	**(Unknown, could exceed $3,672,943)**	**(Unknown, could exceed $3,684,330)**
Estimated Net FTE Change on General Revenue	Could exceed 7 FTE	Could exceed 7 FTE	Could exceed 7 FTE
FLOOD RESILIENCY IMPROVEMENT FUND			
Transfer In – from General Revenue §256.800 (p. 1)	$0 or Unknown	$0 or Unknown	$0 or Unknown
Cost – DNR – grants and/or financial assistance for flood resiliency plans §256.800 (p. 1)	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON THE FLOOD RESILIENCY IMPROVEMENT FUND	**$0**	**$0**	**$0**
FEDERAL FUNDS			
Transfer Out - to school districts for funding for filtration, testing, and other remediation efforts - §160.077.6 (2) (p. 5)	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	**$0 or (Unknown)**	**$0 or (Unknown)**	**$0 or (Unknown)**

FISCAL IMPACT – Local Government	FY 2023 (10 Mo.)	FY 2024	FY 2025
SCHOOL DISTRICTS			
Transfer In - from General Revenue §166.070 (p. 5)	$0 or Unknown	$0 or Unknown	$0 or Unknown
Transfer In - from Federal Funds §166.070 (p. 5)	$0 or Unknown	$0 or Unknown	$0 or Unknown
Costs - penalties for non-compliance - §160.077.9 (2) (p. 6)	$0	$0 or (Unknown)	$0 or (Unknown)
Costs - to school districts for lead filtration, testing, and other remediation efforts - §160.077 (p. 6)	(Unknown, could be substantial)	(Unknown, could be substantial)	(Unknown, could be substantial)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	**(Unknown, could be substantial)**	**(Unknown, could be substantial)**	**(Unknown, could be substantial)**

FISCAL IMPACT – Small Business

§256.800 - Small business contractors of flood improvement plans could be impacted as a result of this proposal.

§§260.221 & 644.060 - Small businesses that recycle asphalt shingles could be affected by this proposal.

§166.070 - Oversight assumes this proposal would require private schools to test drinking water outlets for lead levels and to engage in remediation efforts if elevated lead levels are discovered. Oversight assumes this could result in additional costs for small businesses.

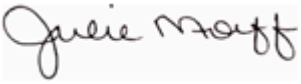
FISCAL DESCRIPTION

This proposal creates provisions relating to environmental protection.

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 the Secretary of State
Joint Committee on Administrative Rules
Office of the State Treasurer
Department of Elementary and Secondary Education
Department of Health and Senior Services
Kansas City Public Schools
City of Kansas City
City of O'Fallon
City of Springfield



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