

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1626S.01I
 Bill No.: SB 383
 Subject: Department of Labor and Industrial Relations; Mining and Oil and Gas Production
 Type: Original
 Date: April 21, 2023

Bill Summary: This proposal modifies provisions relative to the collection of fees by the division of mine inspection.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
State Mine Inspection Fund (0973)*	More or Less than \$70,000	More or Less than \$70,000	More or Less than \$70,000
Total Estimated Net Effect on <u>Other</u> State Funds	More or Less than \$70,000	More or Less than \$70,000	More or Less than \$70,000

*Oversight notes the fund would experience slight increase due to the change of fee payment from \$10 to \$25 per each inspection, and late fees assessed for a failure to submit a payment within the thirty days after the end of each quarter-annual period.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	0	0	0

- 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 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOLIR)** note the proposal would add Rhyolite mineral to the existing tonnage fee schedule. Additionally, this proposal increased fee amounts per ton of mineral being mined reflect the fee established January 1, 1988, and currently used. DOLIR notes the steps taken will allow an increase to the Mine Inspection Fund of \$70,000 annually.

Officials from the **Office of Administration – Budget & Planning (B&P)** note the proposal will raise the quarter annual minimum mine inspection fee from \$10 to \$25 and creates a late payment fee of 10% of the unpaid amount. The bill will also give the director of the Department of Labor and Industrial Relations authority to add new minerals to the list of minerals being mined and the mine inspection fee is based upon. Based on information supplied by DOLIR, this may increase TSR by an estimated \$75,000.

Officials from the **Department of Revenue** defer to the DOLIR for the potential fiscal impact of this proposal.

Oversight notes this proposal allows for increases in tonnage fees for the mining, or production, of minerals for commercial purposes. For informational purposes, DOLIR Annual Report notes:

	Clay	Coal	Copper	Iron	Lead	Zinc	Granite	Shale	Silica
2022 Production in Tons	1,572,804	42,845	19,820	0	179,893	33,920	1,267,064	340,989	3,760,538

<https://labor.mo.gov/media/pdf/2022annualreportpdf>

Additionally, DOLIR provided average collection in last 10 years as follows:

FY	Fees Paid
2012	\$ 70,235.05
2013	\$ 65,127.16
2014	\$ 62,522.17
2015	\$ 63,283.58
2016	\$ 54,805.19
2017	\$ 62,792.86
2018	\$ 58,153.55
2019	\$ 41,703.51
2020	\$ 57,187.00
2021	\$ 68,402.51
2022	\$ 61,268.80

Oversight notes DOLIR collects on average \$60,498 in tonnage fees annually from 2012 to 2022.

Oversight notes the DOLIR and B&P both assume the proposal will have a positive fiscal impact on the Mine Inspection Fund, therefore, Oversight will reflect the amount in the fiscal note starting FY 2024. However, the amount of potential impact will not surpass the \$250,000 threshold.

Lastly, **Oversight** notes the proposal allows for collection of 10% late fee late fee assessed for a failure to submit a payment within the thirty days after the end of each quarter-annual period. Therefore, **Oversight** will note potential increase in revenue to the State Mine Inspection Fund beginning FY 2024 that could be more or less than \$70,000 annually.

Officials from the **Missouri Department of Conservation**, the **Department of Revenue**, the **Office of the State Courts Administrator** and the **Department of Natural Resources** both 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.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
STATE MINE INSPECTION FUND (0973)			
Increase in Revenue – Section 293.030 (\$25 fee from previous \$10)	<u>More or Less than \$70,000</u>	<u>More or Less than \$70,000</u>	<u>More or Less than \$70,000</u>
NET EFFECT ON THE STATE MINE INSPECTION FUND	<u>More or Less than \$70,000</u>	<u>More or Less than \$70,000</u>	<u>More or Less than \$70,000</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small mining businesses would pay more for said inspection as a result of this proposal. Additionally, the business would have to adhere to the new tonnage schedule.

FISCAL DESCRIPTION

This act changes the tonnage fees on various minerals which are mined or produced for commercial purposes. The act additionally adds rhyolite and cobalt to the list of minerals that are required to be assessed a tonnage fee.

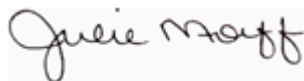
The act allows the Director of the Division of Mine Inspection to announce a fee when any new mineral is mined in the state.

Failure to pay a fee listed in this act within 30 days after the end of each quarter-annual period, may result in the imposition of a late fee equal to 10% of the unpaid amount. The Director may bring an action in the appropriate circuit court to collect any unpaid fee, late fee, interest, or attorney's fees and costs incurred directly in fee collection. Such action may be brought in the circuit court of the county in which the mine is located, or in the circuit court of Cole County.

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 Labor and Industrial Relations
Department of Revenue
Office of Administration – Budget & Planning
Department of Natural Resources
Missouri Department of Conservation
Office of the State Courts Administrator



Julie Morff
Director
April 21, 2023



Ross Strobe
Assistant Director
April 21, 2023