

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4407S.12T
 Bill No.: Truly Agreed To and Finally Passed SS for SCS for HCS for HB Nos. 2134 & 1956
 Subject: Agriculture; Department of Natural Resources; Water Resources and Water Districts; Environmental Protection; Lakes, Rivers and Waterways
 Type: Original
 Date: June 7, 2024

Bill Summary: This legislation modifies and creates new provisions relating to water pollution.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	(\$109,402)	(\$98,852)	(\$100,829)
Total Estimated Net Effect on General Revenue	(\$109,402)	(\$98,852)	(\$100,829)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Water Pollution Permit Fee Fund	\$0 to \$28,000	\$0 to \$28,000	\$0 to \$28,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to \$28,000	\$0 to \$28,000	\$0 to \$28,000

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 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 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 644.016, 644.041, 644.051 and 644.145 – Water Pollution

Officials from the **Department of Natural Resources (DNR)** assume the following regarding this proposal:

Proposed changes to §644.041.2 RSMo (new section), the department's Water Protection Program would likely need to contract groundwater impact assessments or monitoring programs with the department's Missouri Geological Survey, for an estimated 10 sites per year, with a cost per assessment site of \$1,468, for a total annual estimated cost of **\$14,678**. Reviewing compliance with the additional requirements of this proposed language would likely be incorporated into the current review with negligible fiscal impact and would be absorbed with current funding.

§644.051.6, codifies the current status of land application for sites and materials that were previously under the fertilizer permit exemption. This is the current regulatory status of permitting land application of materials previously licensed under the Missouri Fertilizer law. The department is currently processing these permits, which has significantly increased the workload of the permitting team in particular, but has also impacted the enforcement, inspection, and engineering teams, resulting in slower process times, and increasing current backlog. In order to maintain statutory requirements and effective permit processes, there is a need for **one FTE (Environmental Program Analyst)** at \$57,768 annually. (NDI was requested for this FTE; does not include fringe and indirect, see fund summary for expense and equipment costs) Revenue increase could range from **\$0 to \$28,000** for these facilities.

Overall Impact: Gain in revenue of \$0 to \$28,000

Absorbed costs of groundwater impact assessments: \$14,678

1 FTE - \$57,768 (does not include fringe and indirect; see fund summary for expense and equipment costs)

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as previously provided by DNR.

Officials from the **Missouri Department of Agriculture** and **Missouri Department of Conservation** 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.

Officials from the **South River Drainage District, Metropolitan St. Louis Sewer District, Wayne County Public Supply Water District #2** and **St. Charles County Public Water Supply District #2** 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.

Officials from the **Morgan County Public Water Supply District #2** assume this proposal will have a fiscal impact but did not indicate what that impact would be.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) 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.

<u>FISCAL IMPACT – State Government</u>	FY 2025	FY 2026	FY 2027
GENERAL REVENUE FUND			
<u>Costs – DNR (\$644.051)</u>			
Personnel Service	(\$57,768)	(\$58,923)	(\$60,102)
Fringe Benefits	(\$34,788)	(\$35,484)	(\$36,193)
Expense & Equipment	(\$16,846)	(\$4,445)	(\$4,534)
Total Costs - DNR	(\$109,402)	(\$98,852)	(\$100,829)
FTE Change	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(\$109,402)	(\$98,852)	(\$100,829)
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE
WATER POLLUTION PERMIT FEE FUND (0568)			
<u>Revenue – DNR – water pollution permit fees (\$644.051)</u>	<u>\$0 to \$28,000</u>	<u>\$0 to \$28,000</u>	<u>\$0 to \$28,000</u>
ESTIMATED NET EFFECT ON THE WATER POLLUTION PERMIT FEE FUND	<u>\$0 to \$28,000</u>	<u>\$0 to \$28,000</u>	<u>\$0 to \$28,000</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Certain small businesses that require a permit could be impacted by this proposal.

FISCAL DESCRIPTION

Under the act, any land application of industrial wastewater, industrial wastewater treatment sludge, and related process wastes, excluding certain animal agricultural wastes, shall be subject to a nutrient management technical standard, including a phosphorus index, as described in the act. Sampling results shall be sent to the Department of Natural Resources. This provision shall not apply to land application conducted in compliance with a land application management plan approved by the Department.

The Clean Water Commission may exempt an entity from the requirement to obtain a fertilizer permit only if the entity is producing products that are commercially sold to an end user and have accurate labeling for each container.

Entities currently storing combined bulk fertilizers in storage basins shall not be exempt from any design requirements for agrichemical facilities established by rule when constructing new agrichemical facilities.

In order to receive an operating fertilizer permit, any point source or operating location seeking an operating permit for a commingled offsite industrial wastewater or wastewater residuals open storage basin or open storage vessel shall meet current design requirements for a wastewater treatment facility's design capacity.

The Department of Natural Resources shall require at least, but no more than, specific buffer distances between the nearest commingled offsite industrial wastewater or wastewater residuals open storage basin and any public building or residence as described in the act, from which a written agreement for operation shall be obtained. Requirements for the written agreement are described in the act.

The Department shall require groundwater monitoring on a site-specific basis when, in the determination of the Division of Geological Survey, the commingled offsite industrial wastewater and wastewater residuals open storage basin or open storage vessel is located in proximity to a geological feature that increases the likelihood of groundwater contamination.

The Department shall establish by rule sampling requirements for commingled offsite industrial wastewater and wastewater residuals open storage basins or open storage vessels based on permitted materials. The Department shall, within 60 days of the effective date of the act, begin the rulemaking process, which will include creating a chain of custody record form to be used by all parties during the handling of testing samples, and establish criteria to require annual sampling and testing of any contents of any commingled offsite industrial wastewater or wastewater residuals open storage basin or open storage vessel, as described in the act. Testing shall be done by a third-party certified laboratory and results of the testing shall be sent to the Department by the laboratory annually.

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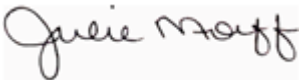
The act creates new definitions for "agricultural facility", "open storage basin", "open storage vessel", and "operating location".

The act contains an emergency clause.

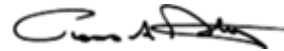
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Office of the Secretary of State
Missouri Department of Agriculture
Missouri Department of Conservation
Joint Committee on Administrative Rules
South River Drainage District
Wayne County Public Supply Water District #2
Metropolitan St. Louis Sewer District
Morgan County Public Water Supply District #2
St. Charles County Public Water Supply District #2



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June 7, 2024



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