

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0685S.01I  
 Bill No.: SB 29  
 Subject: Environmental Protection; Department of Natural Resources; Lakes, Rivers and Waterways; Attorney General; Boards, Commissions, Committees, and Councils  
 Type: Original  
 Date: January 29, 2025

Bill Summary: This proposal creates provisions relating to water exportation outside the state.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	(\$98,934)	(\$115,012)	(\$117,312)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$98,934)</b>	<b>(\$115,012)</b>	<b>(\$117,312)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
General Revenue	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>

- 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §640.406 – Water Exportation

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

DNR estimates 1 FTE funded with General Revenue would be needed to support the establishment of the permitting for Water Exportation Program, including rulemaking, permitting, compliance, enforcement, administration and oversight. This estimate is based on department knowledge of permitting program administration.

Anticipated duties of the Environmental Program Analyst include: developing and reviewing administrative rules; improving permit processing efficiency, timely issuance of permits, and maintaining the accuracy and quality of permit related data in state and federal systems used to track permitting actions, generate reports, and monitor state and federal performance metrics and goals; coordinate and participate in public meetings, including present information to and gather feedback from stakeholders, permittees, and the general public on matters relating to water exportation permits and applicable state regulations; coordinate with internal units, sections, programs, and regional offices of the Department as well as external private, state, and federal agencies.

Rulemaking has the potential to result in additional economic impacts that are unknown at this time.

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

Officials from the **Missouri Department of Agriculture, Missouri Department of Conservation, Office of the Governor, Missouri House of Representatives** and **Missouri Senate** 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 **City of Kansas City** assume the legislation has no fiscal impact as long as the City is not required to build any infrastructure to export water. The city recommends that any infrastructure costs to export water should be the responsibility of the permit holder.

The city also has an emergency inter-connect agreement with BPU and Water One in Kansas where the city can supply them with water, and vice versa, in times of extreme shortage. The city is concerned that the bill would require BPU, or any Kansas entity that may wish to export water from the city in emergency cases, to apply for a permit.

Officials from the **South River Drainage District, St. Charles County Public Water Supply District #2, Wayne County Public Water Supply District #2** and **Metropolitan St. Louis Sewer District** each assume the proposal will have no fiscal impact on their respective organizations.

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

**Oversight** is unable to determine any direct fiscal impact to these agencies. Oversight notes the proposal does not indicate a cost for the applicant to request a permit; therefore, Oversight will not reflect a fiscal impact.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other water supply districts and 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>GENERAL REVENUE FUND</b>			
<u>Costs - DNR</u>			
Personnel Service	(\$56,380)	(\$69,009)	(\$70,389)
Fringe Benefits	(\$33,952)	(\$41,557)	(\$42,388)
Expense & Equipment	(\$8,602)	(\$4,445)	(\$4,534)
<u>Total Costs – DNR</u>	<u>(\$98,934)</u>	<u>(\$115,012)</u>	<u>(\$117,312)</u>
FTE Change	1 FTE	1 FTE	1 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$98,934)</u></b>	<b><u>(\$115,012)</u></b>	<b><u>(\$117,312)</u></b>
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

The act creates provisions relating to water exportation outside the state.

Under the act, it shall be unlawful for any person to withdraw water from any water source, as defined in the act, for export outside the state unless such person holds a water exportation permit issued by the Department of Natural Resources. A water exportation permit shall not be required to withdraw water from any water source for export outside the state by a public water system, as described in the act.

It shall be unlawful for any permit exempted from the provisions of the act to be used for any purpose other than a beneficial use, specifically where the withdrawal and ultimate end use of water are within 30 miles of the state border.

During the review process of any water exportation permit, the Director of the Department shall determine from water exportation permit applications and any supporting materials whether certain conditions have been met. Such conditions are described in the act.

Within 180 days after the Department's receipt of a complete application, the Director shall issue a proposed decision to either approve or deny the application and shall hold a 30-day public comment period on the proposed approval or denial as described in the act. The Department's decision for approval shall be sent to the Missouri Soil and Water Districts Commission and the Clean Water Commission for review subject to the conditions under the act. The review process is described in the act.

Absent an appeal, the Director's decision subject to approval or disapproval by the Missouri Soil and Water Districts Commission and the Clean Water Commission is final.

Applications for renewal of a water exportation permit shall be filed at least 180 days prior to the expiration date of an existing permit and the Director shall determine whether the conditions under the act are satisfied for the renewal. The Director's decision to renew the permit shall be subject to the Missouri Soil and Water Districts Commission and the Clean Water Commission's review and approval or denial pursuant to the act.

Before granting water supply for access and use outside the state, the Director shall consider existing and proposed in-state uses in order to guarantee that in-state users will have access to and use of all of water required to adequately supply for beneficial uses.

The Director shall review the needs for water supply export every 3 years to determine whether the water supply continues to be adequate for municipal, agricultural, industrial, domestic, and other beneficial uses within the state.

Provisions regarding the issuance of a water exportation permit are subject to the most recent reports, data, and information in consideration of each permit application, whether the application is for an initial permit or a renewal of an active or expired permit. The review conducted under the act shall not be used to reduce the quantity of water authorized to be transferred pursuant to the active life of a permit issued prior to such review.

On the filing of an application for a water exportation permit, the applicant shall designate an agent in the state for service of process and to receive other notices.

In the event of a conflict between the conditions of use required in Missouri and conditions required in another state, the water permit holder shall consent to conditions imposed by the Director.

A major water user may request the Director to reevaluate any existing permit using the criteria described in the act. The Director shall create a mechanism for a major water user to submit a request for reevaluation and shall send his finding to the major water user within 60 days of the reevaluation request. The Director shall impose additional conditions on the water exportation permit as described in the act.

The act shall not preclude a person from bringing a claim to vindicate or defend the user's water rights. A permit shall not serve as a defense to any claim brought against a water permit holder for the infringement of water rights.

The time-limited, active life of the permit, not to exceed 3 years, requires the Director to determine whether there has been a substantial or material change relating to any matters set forth under the act in response to renewal applications requesting a permit for authorization of the continued export of water outside the state. The Director may impose additional conditions to address any such substantial or material change or may deny the permit renewal applications as necessary to comply with provisions under the act. The Director's decision to renew the permit shall be subject to the requirements under the act.

At the request of the Department or upon receiving a complaint for violations of the provisions of the act, the Attorney General may bring a civil action in any county where the defendant's principal place of business is located or where the violation occurred.

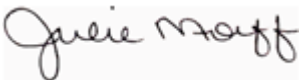
Whenever a person applies for a water exportation permit, the Department shall send a written notice to the County Commissioner of the county where the water for exportation is located.

Whenever the United States Drought Monitor (USDM) indicates a D2 level drought for any county for which an exportation permit has been issued, the Department shall reevaluate the permit, as described in the act.

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  
Missouri Department of Agriculture  
Missouri Department of Conservation  
Missouri House of Representatives  
Office of the Governor  
Missouri Senate  
City of Kansas City  
Metropolitan St. Louis Sewer District  
South River Drainage District  
Morgan County Public Water Supply District #2  
St. Charles County Public Water Supply District #2



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January 29, 2025



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