

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

**L.R. NO.:** 2745-04  
**BILL NO.:** Perfected SS for SCS for SB 577  
**SUBJECT:** DNR; Drycleaning solvent management; Hazardous Waste; Contracts; Rules  
**TYPE:** Original  
**DATE:** April 5, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	\$0	(\$1,335,209)	(\$1,000,000)
Dry-Cleaning Environmental Response Trust Fund	\$0	\$1,050,480 to \$1,365,998	(\$1,681,516) to \$844,680
Hazardous Waste Fund	\$2,502,564	\$2,774,131	\$2,822,316
Hazardous Waste Remedial Fund	(\$4,333)	\$1,008,425	\$1,009,966
Highway Fund	(\$4,000)	(\$4,000)	(\$4,000)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$2,494,231*</b>	<b>\$3,493,827 to \$3,809,345*</b>	<b>\$1,146,766 to \$3,672,962*</b>

\*Does not include unknown costs due to Amendment No. 7 - DNR rulemaking authority (AGO) nor does it include unknown revenues due to Amendment No. 1 - DNR Emergency Response Cost Recovery (DNR)

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	\$0	\$0	\$0

Numbers within parentheses: ( ) indicate costs or losses  
 This fiscal note contains 18 pages.

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Office of Administration - Budget and Planning, Office of the State Treasurer** and the **Department of Economic Development** assume their agencies would not be administratively impacted by this proposed legislation. Officials from the **Department of Revenue** assumes there would be little or no administrative impact to their agency.

#### **SOS's assumptions in reference to the component of the proposal addressing dry cleaning facilities**

Officials from the **Office of the Secretary of State** assume that based on experience with other divisions, the rules, regulations and forms issued by the Hazardous Waste Management Commission could require as many as approximately 18 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the *Code* because cost statements, fiscal notes and the like are not repeated in *Code*. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$22.50. The estimated cost of a page in the *Code of State Regulations* is \$26.50. Therefore, the estimated costs for FY 01 are \$1,084.50. The actual costs could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

#### **DOH's assumptions in reference to the component of the proposal addressing dry cleaning facilities**

Officials from the **Department of Health** will request one-half of an Environmental Specialist III FTE position. This amount was estimated using information provided by the DNR regarding the number of cleanups they estimate to be done each year. In addition, office equipment, computer equipment, rent, travel expenses, and network connection fees will be requested. The costs were estimated using the Missouri Department of Health FY00 Fiscal Note Cost Data Sheet.

ASSUMPTION (continued)

The new employee will conduct risk assessments to determine the risk from exposure to dry cleaner's releases and/or spills. The employee will determine health-protective cleanup levels for cleaning the site. He/she will review risk assessments and cleanup levels determined by the DNR contractors or responsible parties to assure the accuracy and completeness of those assessments. This employee will also consult with DNR staff and responsible parties and/or their representatives to clarify, make recommendations, and redesign risk assessments or reviews of risk assessments at dry cleaning establishments.

**DNR's assumptions in reference to the component of the proposal addressing dry cleaning facilities**

Officials from the **Department of Natural Resources (DNR)** assume approximately 531 facilities (using sic code 7216 - Dry-cleaning plants, except rug cleaning) are located in the state of Missouri. 397 of these facilities submitted 1998 Emission Inventory Questionnaires to the department. Thirty-two (32) of the facilities reported using non-chlorinated solvents with an average of 1,802 gallons used per facility. 365 facilities reported using chlorinated solvents with an average of 167 gallons used per facility.

In addition, the department realizes there are dry-cleaning facilities (using sic code 7215-coin operated laundries and dry-cleaning) that would be subject to the payment of these surcharges. The department assumes there are approximately 336 coin laundries located in Missouri and it is estimated that approximately 15% or 50 of these facilities would have dry-cleaning equipment. Using the same percentage of facilities reporting usage of chlorinated versus non-chlorinated solvents to the department, the department assumes that 92% or 46 of these facilities would be using chlorinated solvents and 8% or 4 of these facilities would be using the non-chlorinated solvents.

Based on the 1998 Emission Inventory Questionnaires data regarding solvent usage, the dry-cleaning facilities fall into the following categories:

- 61.2 % fall in the category of small facilities (243 facilities out of 397 total)
- 29.2 % fall in the category of medium facilities (116 facilities out of 397 total)
- 9.6 % fall in the category of large facilities (38 facilities out of 397 total)

Based on this information, the department assumes the annual revenues to the Fund would be approximately:

Registration surcharges:

Small facility registration surcharges = \$136,782 per year (based on approximately 447 dry-cleaning facilities x 61.2 % x \$500 surcharge)

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ASSUMPTION (continued)

Medium facility registration surcharges = \$130,524 per year (based on approximately 447 dry-cleaning facilities x 29.2% x \$1,000 surcharge).

Large facility registration surcharges = \$64,368 per year (based on approximately 447 dry-cleaning facilities x 9.6% x \$1,500 surcharge)

\$686,370 per year assuming 411 (365 reported plus 46 - 7215 sic code) facilities using chlorinated solvents with an average of 167 gallons used per facility and a \$10 surcharge per gallon on these solvents (411 facilities x 167 gallons x \$10.00 charge per gallon)

\$32,436 per year assuming 36 (32 reported plus 4 - 7215 sic code) facilities using non-chlorinated solvents with an average of 1,802 gallons per facility and a \$0.50 surcharge per gallon on these solvents (36 facilities x 1802 gallons x \$0.50 charge per gallon)

Estimated annual revenue:

\$	331,674	-	Registration surcharge
\$	32,436	-	Dry-cleaning solvent surcharge @ \$.50 per gallon
\$	<u>686,370</u>	-	<u>Dry-cleaning solvent surcharge @ \$10 per gallon</u>
	\$1,050,480	-	Total estimated annual revenue

If the total universe of 531 facilities (sic code 7216) plus the appropriate percentage of dry-cleaning facilities included in coin-operated laundries (approximately 50 facilities sic code 7215) would be subject to the surcharges proposed in this bill, the department assumes the revenues to the Fund would be approximately:

\$177,786 per year in registration surcharges based on approximately 581 (531 sic code 7216 plus 50 sic code 7215) dry-cleaning facilities x 61.2% x \$500 surcharge.

\$169,652 per year in registration surcharges based on approximately 581 dry-cleaning facilities x 29.2% x \$1,000 surcharge.

\$83,664 per year in registration surcharges based on approximately 581 dry-cleaning facilities x 9.6% x \$1,500 surcharge.

\$893,450 per year assuming 535 (531 total x 92% = 489 plus 46 7215 sic code) facilities using chlorinated solvents with an average of 167 gallons used per facility and a \$10 surcharge per gallon surcharge on these solvents (535 facilities x 167 gallons x \$10.00 charge per gallon)

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ASSUMPTION (continued)

\$41,446 per year assuming 46 (531 x 8% = 42, plus 4 - 7215 sic code) facilities using non-chlorinated solvents with an average of 1,802 gallons per facility and a \$0.50 surcharge per gallon on these solvents (46 facilities x 1802 gallons x \$0.50 charge per gallon)

\$431,102 - Registration surcharge
\$ 41,446 - Dry-cleaning solvent surcharge @ \$.50 per gallon
<u>\$893,450 - Dry-cleaning solvent surcharge @ \$10 per gallon</u>
\$1,365,998 - Total estimated annual revenue

The legislation requires the Hazardous Waste Management Commission to develop performance standards for dry-cleaning facilities. The proposal provides additional requirements beyond existing state and federal laws. The proposal provides that the moneys in the Fund be used for the costs of administering and enforcing these standards. Therefore, the department assumes they would be required to inspect dry-cleaning facilities for compliance with these standards.

The department assumes that they would inspect 581 dry cleaning facilities every 7.5 years. An average inspection time is 40 hours based on the EPA standard for RCRA inspections (file searches, travel time, inspection, report preparation). The department also assumes ten percent of the facilities inspected would result in enforcement activities. Assuming that each enforcement case would take approximately 90 hours, the department would request two (2) Environmental Specialist III's to perform these activities [(581 facilities/7.5 yr. x 40 hours per inspection/1,800 hrs. per year) + (77 inspections x 10% x 90 hours per enforcement case/1,800 hrs. per year)].

The department assumes the Dry-Cleaning Environmental Response Trust Fund will participate in the department's Cost Allocation Fund.

The proposed legislation states that moneys in the Fund cannot be expended until July 1, 2002. Since the legislation requires the department to administer and enforce these standards, the department will be requesting general revenue for the first year to cover these costs. The department assumes general revenue will not be used for site remediation. The bill specifies the money in the fund can be used for cleanups effective July 1, 2002. Therefore, the department will need the resources to do site remediation beginning in FY 2003.

The department has estimated between 447 and 581 active Missouri drycleaning facilities. For the following analysis, the department will use an average 514 dry cleaners ((447 + 581)/2). Based on the experience of other states with similar programs, the department assumes that of the 514 facilities, 23% or 118 facilities will make application to the fund over the first four years.

Also based on other states information, the department assumes that 90% of the dry cleaning facilities in Missouri making application have existing contamination that would be eligible to be

ASSUMPTION (continued)

cleaned up using the fund. Therefore, the department assumes 106 facilities with documented contamination in Missouri, will be eligible to be cleaned up by the fund within the first four years. (118 drycleaning facilities making application x 90%).

The department assumes it will take approximately 2.5 years to complete a site remediation. Assuming a universe of 106 facilities / 4 years x 2.5 years to complete, the department would be managing approximately 26.5 projects per year. Therefore, the department would need to request two (2) Environmental Engineer III's, .5 Geologist II, and .5 Environmental Specialist III to perform these duties. These estimates do not take into consideration any sites that may make application after the fourth year.

The department assumes that they would be providing management of the Fund cleanups. The department proposes to contract the remediation activities related to the contaminated sites.

**DNR's assumptions in reference to the component of the proposal addressing Hazardous Waste - Senate Amendment Number 1**

**Summary of New or Revised Fee Provisions**

<b><u>Anticipated continuing revenue</u></b>	<b>Total Revenue</b>	<b><u>HWRF</u></b>	<b><u>HWF</u></b>
Land Disposal Fees	\$ 76,000	*\$ 22,800	\$ 53,200
Generator Fees	\$ 308,979	\$ -	\$ 308,979
Cost Recovery	\$ 136,500	\$136,500	
Interest	\$ 102,543	\$ 41,017	\$ 61,526
Engineering Review	\$ 130,000	\$	\$ 130,000
Permit Fees	\$ 9,000	\$ -	\$ 9,000
Voluntary Cleanup Program	\$ 177,679	\$177,679	
Commercial Facility Inspections	\$ 124,086	\$ -	\$ 124,086
<u>Miscellaneous</u>	<u>\$ 45,900</u>	<u>\$ -</u>	<u>\$ 45,900</u>
<b>Total</b>	<b>\$ 1,110,687</b>	<b>\$377,996</b>	<b>\$732,691</b>

**Anticipated new/modified revenue**

		<b><u>HWRF</u></b>	<b><u>HWF</u></b>
Corrective Action Oversight	\$ 579,197	\$	\$ 579,197
Resource Recovery Fees & Engineering Review	\$ 24,760	\$	\$ 24,760
General Revenue	\$ 1,000,000	\$1,000,000	
Hazardous Waste Trucks	\$ 600,000***	\$	\$ 600,000

ASSUMPTION (continued)

Railroads transporting hazardous waste or hazardous substances	\$	2,100	\$	\$	2,100
Generator Registration Fee	\$	591,400	\$	\$	591,400
Generator Category Tax	\$	2,800,000***	**\$1,540,000	\$	1,260,000
<u>Emergency Response Cost Recovery</u>		<u>unknown****</u>			<u>unknown</u>
<b>Total</b>	<b>\$</b>	<b>5,597,457</b>	<b>\$2,540,000</b>	<b>\$</b>	<b>3,057,457</b>

**GRAND TOTAL REVENUE GENERATED \$6,708,144**

\*Per bill, these revenues are to be split 70% to the Hazardous Waste Fund and 30% to the Hazardous Waste Remedial Fund.

\*\*Per bill, these revenues are to be split 45% to the Hazardous Waste Fund and 55% to the Hazardous Waste Remedial Fund.

\*\*\*For calculation of impact to Total State Revenues:

Hazardous Waste Trucks = \$200,000 increase over current revenues

Generator Category Tax = \$1,300,000 increase over current revenues

\*\*\*\*We would expect increased revenues from emergency response cost recovery; however, the department is unable to determine what the increased revenues would be from future emergency response cost recoveries.

**Anticipated continuing revenue**

These are fees and revenue sources to the Hazardous Waste Remedial Fund and the Hazardous Waste Fund authorized under current law and not affected by the bill. The bill does split revenue from the Land Disposal Fee between both funds, whereas current law deposits this fee to the Remedial Fund.

**Anticipated new/modified revenue**

These are new or modified revenue sources to the Hazardous Waste Remedial Fund and the Hazardous Waste Fund under the bill. Assumptions used to estimate revenue for each one are listed below:

CORRECTIVE ACTION OVERSIGHT – Authorized at Section 260.375 in the bill. Estimated revenue is based on actual and projected engineering staff time required to review corrective action plans, reports, documents, and conduct associated field work. Engineering staff time is multiplied by 2.5 to cover indirect costs of this work. This is consistent with current methods for recovering the department’s costs to review permit applications for hazardous waste facilities.

ASSUMPTION (continued)

RESOURCE RECOVERY FEES & ENGINEERING REVIEW – Authorized at Section 260.395 in the bill. Estimated revenue for the application fee is based on the current number of resource recovery facilities that recover their own waste and the number of facilities that recover waste from off-site. It is assumed that current regulations requiring these facilities to renew their applications every two years will remain in effect. Estimated revenue for reviewing these applications is based on actual and projected engineering staff time multiplied by 2.5 to cover indirect costs.

GENERAL REVENUE – Authorized at Section 260.479 in the bill which specifically directs that the department director shall annually request \$1 million in General Revenue to be deposited in the Hazardous Waste Remedial Fund. The department has assumed that this GR will be appropriated annually.

HAZARDOUS WASTE TRUCKS – Authorized at Section 260.395 in the bill which assesses an annual application fee and an annual tonnage/mileage fee on transporters of hazardous waste sufficient to generate \$600,000. Railroads are exempted from these fees. The department assumes that regulations to implement these fees will generate as close as possible to \$600,000 annually. Current fees on hazardous waste transporters have historically generated about \$400,000 per year, but are based on the number of vehicles and are limited to a statutory maximum of \$100 per vehicle. Therefore, the department assumes that the \$600,000 revenue target in this bill will increase fees for some transporters and reduce fees for others.

RAILROADS TRANSPORTING HAZARDOUS WASTE OR HAZARDOUS SUBSTANCES – Authorized at Section 260.395 in the bill which establishes a \$350 annual fee for any railroad corporation that transports any hazardous waste or hazardous substance. There were six railroads certified to transport hazardous waste in FY99, but the department has no information regarding how many additional railroads might transport hazardous substances. Therefore, it is assumed that at least six railroad corporations will pay \$350 per year, totaling \$2,100 in revenue for these fees.

GENERATOR REGISTRATION FEE – Authorized at Section 260.380 in the bill. This is a new fee of \$100 due when each hazardous waste generator first registers with the department, and \$100 annually thereafter to maintain an active registration. It is estimated there will be new and renewal registrations for 4,089 Missouri generators each year, and new and renewal registrations for 1,825 out-of-state generators each year. This totals 5,914 registrations and revenue of \$591,400 per year.

GENERATOR CATEGORY TAX – Authorized at Section 260.479 in the bill. This increases the target revenue for this tax from \$1.5 million to \$2.8 million, establishes a \$50 minimum category tax per generator, removes the tax exemption for fuel blenders, but imposes the



ASSUMPTION (continued)

category tax on blended fuel at the kiln and caps it at \$80,000 per kiln. It also increases the tax site caps from \$25,000 and \$50,000, to \$40,000 and \$80,000 respectively and raises the company tax cap from \$50,000 to \$80,000. The department assumes that the new tax rates will generate \$2.8 million annually.

EMERGENCY RESPONSE COST RECOVERY - Authorized at Section 260.500 in the bill. This allows the department to recover a proportionate share of the administrative costs associated with emergency response cost recoveries. While the revenues are expected to increase with this added provision in the bill, the department is unable to determine how much the cost recovery revenues would increase since future emergency response activities cannot be predicted.

The legislation ensures the continuation of services that protect the public and the environment from unsafe hazardous waste management practices and exposure to contaminated sites. These services include:

- Registering hazardous waste generators
- Tracking the transportation of hazardous waste and licensing hazardous waste transporters
- Permitting and certifying facilities that treat, store, dispose or recycle hazardous waste
- Ensuring compliance with hazardous waste requirements
- Responding to environmental emergencies
- Identifying and investigating hazardous substance releases
- Overseeing cleanups at contaminated sites and facilities
- Maintaining and publishing a Registry of sites contaminated with hazardous waste

The increased fees would allow the department to request resources that would be responsible for estimating the economic cost of damages to the state's natural resources from contamination so that these damages can be recovered from the parties responsible for the contamination.

In addition, the department would also be able to request resources that would be responsible for developing and implementing an electronic geographic information system that consolidates and maps data on hazardous waste facilities and contaminated sites, so that this information is available to the public.

**SOS's assumptions in reference to the component of the proposal addressing Hazardous Waste - Senate Amendment Number 1**

Officials from the **Office of the Secretary of State** assume that based on experience with other boards, the rules, regulations and forms issued by the Department of Natural Resources could require as many as approximately 38 pages in the *Code of State Regulations*. For any given rule,  
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ASSUMPTION (continued)

roughly half again as many pages are published in the *Missouri Register* as in the *Code* because cost statements, fiscal notes and the like are not repeated in *Code*. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$22.50. The estimated cost of a page in the *Code of State Regulations* is \$26.50. Therefore, the estimated costs for FY 01 are \$2,289.50. The actual costs could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

**MoDOT's assumptions in reference to Senate Amendment Number 1**

Officials from the **Department of Transportation** (MoDOT) assume Section 260.380.1.(1) requires the payment of \$100 per year for any hazardous waste generators. MoDOT currently has 40 of these generators, for an additional cost of \$4,000. Other provisions of this legislation may cause additional impact; however, the impact can not be determined. One such provision is 260.395, which bases the fees on tonnage, mileage, or a combination of tonnage and mileage.

**DNR's assumptions in reference to Senate Amendment Number 5**

There would be no direct fiscal impact to the department. However, this bill would cause delays in the process of entering into a contracts, written agreements or letters of intent for payment reductions to allow review time for the Office of the Attorney General.

**AGO's assumptions in reference to Senate Amendment Number 5**

Officials from the **Office of the Attorney General** assume that under this amendment costs could be absorbed.

**AGO's assumptions in reference to Senate Amendment Number 7**

Officials from the **Office of the Attorney General** assume costs are unknown because they anticipate a significant increase in litigation challenging DNR rulemaking authority under this amendment.

**SOS's assumptions in reference to Senate Amendment Number 7**

Officials from the **SOS** assume they would not be fiscally impacted as a result of this amendment.

ASSUMPTION (continued)

**DNR's assumptions in reference to Senate Amendment Number 7**

The department assumes additional staff time and resources would be required when promulgating new rules which would be stricter than the federal rule. In addition, the department estimates extensive staff time and resources would be required to document and substantiate (to the level in this legislation) if existing rules which may not have comparable federal rules are challenged. When promulgating new or revised rules, the department would be responsible for proving a specific circumstance or condition in the state is causing or has the potential to cause harm to human health or the environment.

Depending upon the interpretation of "stricter than" or "comparable to" the department already has approximately 160 rules which have been promulgated to meet specific Missouri needs that may be considered "stricter than" federal law. The department estimates it could possibly take between 120 hours and 450 hours per rule to review, document, substantiate, and possibly promulgate revised state rules. Assuming 1,800 available hours per year, it would take approximately 10 fte (assuming 120 hours per rule) or approximately 40 fte (assuming 450 hours per rule) to implement this legislation.

The department assumes additional staff time and resources would be required when promulgating new rules. The department is unable to determine the number of rules which would be promulgated in later years which would be considered stricter than the federal law.

These provisions specify that the fiscal notes required by Section 536.200 and 536.205, RSMo. to contain information of the effects on human health and the environment, economics, pollution prevention, and the effectiveness and cost of reasonably available control methods for the proposed more restrictive rule. The department assumes additional staff time and resources would be required to meet these criteria; however, the impact is unknown.

In addition, the department is unable to determine the legal costs associated with challenges to existing rules from the passage of this legislation.

**Oversight's assumptions in reference to the component of the proposal addressing dry cleaning facilities**

**Oversight** assumes the annual DNR expenses for professional positions, with travel, to be \$5,400 per employee. Additionally, Oversight assumes the annual ongoing expenses for clerical positions to be \$1,000 per employee. These computations are based on projections of annual expenses received from other state agencies.

ASSUMPTION (continued)

Oversight has also adjusted DNR staffing costs to reflect amounts in their fiscal estimate for a similar proposal from the 1999 session, plus 1%.

Additionally, Oversight has adjusted DOH's Personal Services to reflect a more reasonable starting salary for the one-half FTE requested. DOH requested that this one-half FTE commence in FY01, but since DNR will not start their FTE until FY02, Oversight deferred the one-half FTE requested by DOH until FY02. Oversight also adjusted DOH's Expense and Equipment by eliminating the rental space. Furthermore, DOH requested all such expenses to be paid from the Dry-Cleaning Environmental Response Trust Fund. Oversight has reflected these expenses to be paid from the General Revenue Fund for FY 01 and then from the Dry-Cleaning Environmental Response Trust Fund for FY 02 since expenses can be made from that fund beginning 7/1/02.

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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

**Oversight's assumptions in reference to the component of the proposal addressing Hazardous Waste - Senate Amendment Number 1**

**Oversight** assumes the FTE requested by Department of Natural Resources represent an expansion of current duties; therefore, such request should be made through the normal budgetary process. Oversight has not included these cost in the fiscal impact for this proposal.

In reference to the Generator Category Tax, the Corrective Action Oversight and the Resource Recovery Fees and Engineering Review, Oversight assumes these revenues will increase by 2.5% in FY's 02 and 03 and has computed such fees using this percentage.

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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

**Effect on General Revenue Fund - Dry cleaning solvent management component of proposal**

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		
<b>GENERAL REVENUE FUND</b>			
<u>Cost - Department of Natural Resources</u>			
Personal Service - (5 FTE)	\$0	(\$185,894)	\$0
Fringe Benefits	0	(\$57,162)	\$0
Expense and Equipment	0	(57,428)	\$0
<b>Total Cost - DNR</b>	<b>\$0</b>	<b>(\$300,484)</b>	<b>\$0</b>
<u>Cost - Department of Health</u>			
Personal Service - (0.5 FTE)	\$0	(\$16,888)	\$0
Fringe Benefits	\$0	(\$5,193)	\$0
Expense and Equipment	\$0	(\$12,644)	\$0
<b>Total Cost - DOH</b>	<b>\$0</b>	<b>(\$34,725)</b>	<b>\$0</b>

**Effect on General Revenue Fund - Hazardous Waste component of the proposal**

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		
<u>Loss - General Revenue Fund</u>			
Appropriated to Hazardous Waste Remedial Fund	\$0	(\$1,000,000)	(\$1,000,000)
<b>Estimated Net Effect on GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>(\$1,335,209)</u></b>	<b><u>(\$1,000,000)</u></b>

**Dry cleaning solvent management component of proposal**

**DRY-CLEANING ENVIRONMENTAL RESPONSE TRUST FUND**

<u>Income - Department of Natural Resources</u>			
Registration and solvent fees		\$1,050,480	\$1,050,480
		to	to
	\$0	\$1,365,998	\$1,365,998

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<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		
<u>Cost - Department of Natural Resources</u>			
Reimbursements for cleanup costs_____			\$0
			to
_____	\$0	\$0	(\$2,210,678)

<u>Cost - Department of Natural Resources</u>			
Personal Service - (8 FTE)	\$0	\$0	(\$329,982)
Fringe Benefits	0	0	(101,469)
Expense and Equipment	0	0	(61,652)

Total Cost - DNR \$0 \$0 (\$493,103)

<u>Cost - Department of Health</u>			
Personal Service - (0.5 FTE)	\$0	\$0	(\$17,310)
Fringe Benefits	\$0	\$0	(\$5,323)
Expense and Equipment	\$0	\$0	(\$5,582)

Total Cost - DOH \$0 \$0 (\$28,215)

**Estimated Net Effect on  
 DRY-CLEANING ENVIRONMENTAL  
 RESPONSE TRUST FUND**

**\$1,050,480** **(\$1,681,516)**  
 to to  
**\$0** **\$1,365,998** **\$844,680**

**Hazardous Waste component of the proposal**

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		

**HAZARDOUS WASTE FUND**

<u>Income - DNR</u>			
New/Increased Revenues	<u><b>\$2,502,564*</b></u>	<u><b>\$2,774,131</b></u>	<u><b>\$2,822,316</b></u>

**HAZARDOUS WASTE REMEDIAL FUND**

<u>Income - DNR</u>			
Appropriated from General Revenue	\$0	\$1,000,000	\$1,000,000
New/Increased Revenues	(\$4,333)	\$8,425	\$9,966

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<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		
<b>Estimate Net Effect on</b>			
<b>HAZARDOUS WASTE REMEDIAL FUND</b>	<b><u>(\$4,333)*</u></b>	<b><u>\$1,008,425</u></b>	<b><u>\$1,009,966</u></b>

\*Certain fee increases prorated, could vary depending on timing of collections

**HIGHWAY FUND**

Cost - MoDOT

Expense and Equipment	<b><u>(\$4,000)</u></b>	<b><u>(\$4,000)</u></b>	<b><u>(\$4,000)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		

<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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FISCAL IMPACT - Small Business

DNR noted that in reference to the SB 577 component, the proposed legislation establishes fees for dry cleaners and dry-cleaning fluids. Fees paid into the fund established under this legislation would be available for site remediation, subject to the deductibles specified in the bill.

The proposed legislation also increases the paperwork requirements on small businesses through registration reporting and maintenance of records for surcharge payments.

Additionally, DNR noted that in reference to Senate Amendment Number 1, the proposal imposes a \$100 annual registration fee and a \$50 minimum category tax on generators of hazardous waste. Some of these generators are small businesses.

However, many small businesses are expected to pay less in category tax because the bill spreads the tax load burden by removing the current statutory exemption for fuel blenders. There may be some small business fuel blenders whose tax burden will increase.

Small businesses may be affected by an increase or decrease in license fees to transport hazardous waste. Paperwork requirements for small business transporters may increase if the transporter license fees are based on mileage, rather than tonnage.

DESCRIPTION

Hazardous waste generators would pay a \$100 registration fee upon initial registration and a \$100 registration renewal fee annually. The fees would be deposited in the Hazardous Waste Fund.

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DESCRIPTION (continued)

Hazardous waste transporter licenses would require an annual application fee, plus an annual use fee based on tonnage and mileage. The fees would be set to generate \$600,000 annually to be deposited in the Hazardous Waste Fund.

Any person, before constructing, altering or operating a resource recovery facility would file an application for a certification and a fee of not more than \$500 to \$1,000. The fees would be deposited in the Hazardous Waste Fund.

Any railroad corporation transporting hazardous waste would pay an annual fee of \$350. The fees would be deposited in the Hazardous Waste Fund.

70% of hazardous waste generator fees of \$25 per ton would be transmitted to the DOR to be deposited in the Hazardous Waste Fund, including penalties and interest, if applicable.

The Hazardous Waste Management Commission would review the categories of hazardous waste and establish categories that would, as near as practical, generate approximately \$2.8 million (\$1.5 under current law). The revenue target would be adjusted annually by the change in the consumer price index. The director would annually request \$1 million be appropriated from General Revenue for deposit in the Hazardous Waste Remedial Fund.

Hazardous waste generator category fees would be increased. The maximum fee would be \$80,000 annually.

Fees on hazardous waste fuel produced by processing would be assessed and collected only at the facility where the fuel is utilized as a substitute for other fuel. No facility would pay more than \$80,000 annually.

45% of hazardous waste generator fees would be deposited in the Hazardous Waste Fund.

No hazardous waste generator tax or fee would be levied after January 1, 2005. (January 1, 2004 under current law).

DNR costs of control, abatement, analysis, cleanup, and investigation in responding to hazardous substance emergencies would be paid from the Hazardous Waste Fund. Moneys received would be paid to the Hazardous Waste Fund, rather than the Hazardous Waste Remedial Fund.

The Hazardous Waste Management Commission would promulgate and adopt rules and regulations, effective no later than July 1, 2002, to establish standards for drycleaning facilities. Prior to the promulgation of the rules, the Commission would meet with representatives of the drycleaning industry and other interest parties. The Commission would establish criteria to



DESCRIPTION (continued)

prioritize the expenditure of funds from the Drycleaning Environmental Response Trust Fund.

The director of the Department of Natural Resources (DNR) could bring civil damages action against any person violating the standards. The civil damages could be assessed in an amount not to exceed \$500 for each violation.

Each operator of an active drycleaning facility would register with DNR on a form provided by DNR.

The Drycleaning Environmental Response Trust Fund would be created. All moneys received from the environmental response surcharges, fees, gifts, bequests, donations and moneys recovered by the state would be deposited into the fund. Moneys in the fund would be expended only for administration, enforcement and corrective action. On and after July 1, 2002, moneys in the fund would be used to address contamination resulting from drycleaning solvent releases.

Any agent of DNR could enter onto any property to take corrective action. An operator could be responsible for up to 100% of the costs of corrective action under certain conditions.

The fund would not be liable for costs in excess of \$2 million at any one contaminated site. The fund would not be liable for costs for any one site in excess of 25% of total moneys in the fund during any fiscal year.

The owner or operator of the facility would be liable for the first \$25,000 of corrective action costs. The owner of an abandoned site would be liable for the first \$25,000 or corrective action costs.

Every active drycleaning facility would pay an annual drycleaning facility registration surcharge, ranging from \$500 to \$1,500, depending on the solvents used. The surcharge would be reported and paid to the DNR on an annual basis. All moneys collected by DNR would be transmitted to the Department of Revenue (DOR) for deposit in the Drycleaning Environmental Response Trust Fund. A penalty of 15% of the registration surcharge would be imposed for failure to pay the surcharge.

Every seller or provider of drycleaning solvent would pay a drycleaning solvent surcharge on the sale or provision of drycleaning solvent. The surcharge would be an amount equal the product of the solvent factor for the drycleaning solvent and the rate of ten dollars per gallon. The drycleaning solvent surcharge would be paid to DNR on a quarterly basis. DNR would remit the moneys to the DOR for deposit in the Drycleaning Environmental Response Trust Fund. Failure to pay would result in a 15% penalty. DNR could impose interest at 10% on the unpaid amount.

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DESCRIPTION (continued)

If the unobligated principal of the fund equals or exceeds \$5 million on April first of any year, the active drycleaning facility registration surcharge would not be collected on or before the next July first until the unobligated principal balance of the fund equals \$2 million or less. The State Treasurer would notify DNR by April fifth of each year the unobligated balance of the fund.

The drycleaning provisions would expire August 28, 2007.

DNR would be required to forward a copy of contracts or written agreements in excess of \$100,000 to the Attorney General (AGO) before entering into the contract. The AGO would review and approve the contract.

Within the Department of Natural Resources the Clean Air Commission, Clean Water Commission, Hazardous Waste Management Commission, Land Reclamation Commission, and Safe Drinking Water Commission would have authority to establish standards to ensure compliance with federal acts. The rules promulgated by the DNR would not be any stricter than those required by the federal government.

This legislation is not federally mandated and would not require additional capital improvements or rental space, but could duplicate other regulations. DNR noted that the dry-cleaning industry is already regulated under the hazardous waste law (Section 260.350 through 260.481) and the Hazardous Waste Management Commission; however, this legislation provides greater specificity in the regulation of these facilities. Portions of this proposed legislation duplicate with existing state and federal laws (SB 577 component).

SOURCES OF INFORMATION

Department of Health  
Department of Economic Development  
Department of Natural Resources  
Department of Revenue  
Department of Transportation  
Office of Administration  
    Budget and Planning  
Office of the Secretary of State  
Office of the State Treasurer  
Office of Attorney General



Jeanne Jarrett, CPA  
Director  
April 5, 2000

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