

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2745-12
BILL NO.: Truly Agreed To And Finally Passed HCS for SS for SCS for SB 577
SUBJECT: DNR; Drycleaning solvent management; Hazardous Waste
TYPE: Original
DATE: May 10, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	\$0	(\$1,208,759)	(\$1,000,000)
Dry-Cleaning Environmental Response Trust	\$0	\$906,719 to \$1,179,019	(\$1,451,319) to \$773,364
Hazardous Waste	\$2,275,564	\$2,521,256	\$2,563,689
Hazardous Waste Remedial	\$52,667	\$1,087,050	\$1,089,986
Highway	(\$4,000)	(\$4,000)	(\$4,000)
Missouri Lead Abatement Loan****	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$2,324,231**	\$3,302,266 to \$3,574,566**	\$1,198,356 to \$3,423,039**

****Does not include unknown revenues due to DNR Emergency Response Cost Recovery (FY's 01-03) nor does it include unknown costs due to appropriations to Missouri Lead Abatement Loan Fund (FY's 02-03). The unknown costs are subject to appropriations.**

******Subject to appropriations.**

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

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

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Treasurer** and the **Department of Economic Development** assume their agencies would not be fiscally impacted by this proposed legislation. Officials from the **Department of Revenue** (in response to Perfected SS for SCS for SB577) assume there would be little or no administrative impact to their agency.

Officials from the **Office of the Attorney General** assume any costs associated with this proposal could be absorbed with existing resources.

Officials from the **Office of Administration - Division of Budget and Planning** assume their agency would not be fiscally impacted by this proposed legislation. However, officials noted that there would be impact on total state revenue.

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

Officials from the **Office of the Secretary of State** (in response to Perfected SS for SCS for SB577) 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.

ASSUMPTION (continued)

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. 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.

The new employee will conduct risk assessments to determine the risk from exposure to dry cleaners' 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:

ASSUMPTION (continued)

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)

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)

\$549,096 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 \$8 surcharge per gallon on these solvents (411 facilities x 167 gallons x \$8.00 charge per gallon)

\$25,949 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 \$0.40 surcharge per gallon on these solvents (36 facilities x 1802 gallons x \$0.40 charge per gallon)

Estimated annual revenue:

\$	331,674	-	Registration surcharge
\$	25,949	-	Dry-cleaning solvent surcharge @ \$.40 per gallon
\$	549,096	-	<u>Dry-cleaning solvent surcharge @ \$8 per gallon</u>
\$	906,719	-	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.

ASSUMPTION (continued)

AMK:LR:OD:005 (9-94)

L.R. NO. 2745-12
BILL NO. Truly Agreed To And Finally Passed HCS for SS for SCS for SB 577
PAGE 5 OF 18
May 10, 2000

\$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.

\$714,760 per year assuming 535 (531 total x 92% = 489 plus 46 SIC code 7215) facilities using chlorinated solvents with an average of 167 gallons used per facility and a \$8 surcharge per gallon surcharge on these solvents (535 facilities x 167 gallons x \$8.00 charge per gallon)

\$33,157 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 \$0.40 surcharge per gallon on these solvents (46 facilities x 1802 gallons x \$0.40 charge per gallon)

\$431,102 - Registration surcharge
\$ 33,157 - Dry-cleaning solvent surcharge @ \$.40 per gallon
<u>\$714,760 - Dry-cleaning solvent surcharge @ \$8 per gallon</u>
\$1,179,019 - Total estimated annual revenue

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 the dry-cleaning provisions of this proposal, 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 dry-cleaning 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 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 dry-cleaning facilities making application x 90%).

ASSUMPTION (continued)

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

AMK:LR:OD:005 (9-94)

managing approximately 26.5 projects per year. Therefore, the department would need to request two (2) Environmental Engineers III, .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.

Oversight's assumptions in the 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.

Oversight has also adjusted DNR staffing costs to reflect amounts in their 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 in FY02 and then from the Dry-Cleaning Environmental Response Trust Fund in FY03 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.

Assumptions in reference to the component of the proposal addressing the Missouri Lead Abatement Loan Fund

Officials from the **Office of the State Treasurer** and the **Department of Economic Development** assume their agencies would not be impacted by this component of the proposal.

ASSUMPTION (continued)

Officials from the **Department of Natural Resources** assume this proposal does not impact the department's authority; therefore, there would be no fiscal impact to the department.

Officials from the **Department of Health** assume this component of the proposal grants authority to the department for development of a plan. The department shall utilize existing resources in this plan development.

Oversight assumes the Department of Health, subject to appropriation, would begin making loans or grants to qualified applicants for lead abatement projects starting July 1, 2001. Oversight assumes July 1, 2001 would be the earliest that the loans or grants would be made because the proposal will not become effective until August 28, 2000 and the department will have to develop a plan while consulting with the Department of Natural Resources and the Department of Economic Development. Oversight assumes any loans or grants made would be limited to funds available from appropriations, gifts, bequests, or donations received.

DNR's assumptions in reference to the component of the proposal addressing Hazardous Waste

Summary of New or Revised Fee Provisions

<u>Anticipated continuing revenue</u>	Total Revenue	<u>HWRF</u>	<u>HWF</u>
Land Disposal Fees	\$ 76,000	*\$ 45,600	\$ 30,400
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
Miscellaneous	\$ 45,900	\$ -	\$ 45,900
Total	\$ 1,110,687	\$400,796	\$709,891
<u>Anticipated new/modified revenue</u>		<u>HWRF</u>	<u>HWF</u>
Corrective Action Oversight	\$ 579,197	\$ -	\$ 579,197
Resource Recovery Fees & Engineering Review	\$ 24,760	\$ -	\$ 24,760
General Revenue	\$ 1,000,000	\$1,000,000	
<u>ASSUMPTION (continued)</u>			
Hazardous Waste Trucks	\$ 600,000**	\$ -	\$ 600,000
Railroads transporting hazardous waste or hazardous substances	\$ 2,100	\$ -	\$ 2,100
Generator Registration Fee	\$ 591,400	\$ -	\$ 591,400
Generator Category Tax	\$ 2,630,000**	*\$1,578,000	\$1,052,000

Emergency Response Cost Recovery	unknown***	unknown
Total	\$ 5,427,457	\$2,578,000 \$2,849,457

GRAND TOTAL REVENUE GENERATED \$6,538,144

*Per bill, these revenues are to be split 40% to the Hazardous Waste Fund and 60% 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 = \$1,130,000 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 a minimum of \$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. Eliminates the category tax revenue target from law and eliminates the five categories of waste based on tonnage for purposes of the category tax. It leaves the two subdivisions of waste subject to the ASSUMPTION (continued)

tax based on management method (subdivision A and subdivision B waste). Establishes a \$50 minimum category tax for individual generators. Establishes the category tax formula in law (currently in rule only). Increases the category site caps for subdivision A and subdivision B waste from \$50,000 and \$25,000 to \$80,000 and \$40,000, respectively. Removes the category tax exemption for fuel blenders. Assesses the fuel blender tax at the cement kiln and caps the kiln fee at \$80,000. Provides that the category tax may be adjusted annually by the commission by an amount not to exceed 2.55% (Section 260.479.2 and 260.479.5).

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
AMK:LR:OD:005 (9-94)

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.

ASSUMPTION (continued)

SOS's assumptions in reference to the component of the proposal addressing Hazardous Waste

Officials from the **Office of the Secretary of State** (in response to Perfected SS for SCS for SB577) 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, 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 Hazardous Waste

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.

Oversight's assumptions in reference to the component of the proposal addressing Hazardous Waste

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.

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		
GENERAL REVENUE FUND			
<u>Cost - Department of Natural Resources</u>			
Personal Service - (3 FTE)	\$0	(\$108,138)	\$0
Fringe Benefits	\$0	(\$ 33,252)	\$0
Expense and Equipment	\$0	(\$ 32,644)	\$0
Total <u>Cost</u> - DNR	\$0	(\$174,034)	\$0
<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

Total <u>Cost</u> - DOH	\$0	(\$34,725)	\$0
<u>Loss - General Revenue Fund</u>			
Appropriated to Hazardous Waste Remedial Fund	\$0	(\$1,000,000)	(\$1,000,000)
<u>Transfers - Department of Health</u>			
Appropriated to Missouri Lead Abatement Loan Fund	\$0	(Unknown)	(Unknown)
Estimated Net Effect on			
GENERAL REVENUE FUND***	\$0	(\$1,208,759)	(\$1,000,000)

***Does not include unknown appropriation to Missouri Lead Abatement Loan Fund and the unknown amount is subject to appropriation.

DRY-CLEANING ENVIRONMENTAL RESPONSE TRUST FUND

<u>Income - Department of Natural Resources</u>			
Registration and solvent fees	\$	906,719	\$ 906,719
		to	to
	\$0	\$1,179,019	\$1,179,019

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

<u>Cost - Department of Natural Resources</u>			
Reimbursements for cleanup costs			\$0
			to
	\$0	\$0	(\$1,952,383)

<u>Cost - Department of Natural Resources</u>			
Personal Service - (6 FTE)	\$0	\$0	(\$250,283)
Fringe Benefits	0	0	(76,962)
Expense and Equipment	0	0	(50,195)

Total <u>Cost</u> - DNR	\$0	\$0	(\$377,440)
-------------------------	-----	-----	-------------

<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 <u>Cost</u> - DOH	\$0	\$0	(\$28,215)
-------------------------	-----	-----	------------

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

	<u>\$906,719</u>	<u>(\$1,451,319)</u>
	to	to
	<u>\$0</u>	<u>\$1,179,019</u>
		<u>\$773,364</u>

HAZARDOUS WASTE FUND

Income - DNR

New/Increased Revenues	<u>\$2,275,564*</u>	<u>\$2,521,256</u>	<u>\$2,563,689</u>
------------------------	---------------------	--------------------	--------------------

HAZARDOUS WASTE REMEDIAL FUND

Income - DNR

Appropriated from General Revenue	\$0	\$1,000,000	\$1,000,000
New/Increased Revenues	\$52,667	\$87,050	\$89,986

Estimate Net Effect on

HAZARDOUS WASTE REMEDIAL FUND	<u>\$52,667*</u>	<u>\$1,087,050</u>	<u>\$1,089,986</u>
--------------------------------------	------------------	--------------------	--------------------

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

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

HIGHWAY FUND

Cost - MoDOT

Expense and Equipment	<u>(\$4,000)</u>	<u>(\$4,000)</u>	<u>(\$4,000)</u>
-----------------------	------------------	------------------	------------------

**MISSOURI LEAD ABATEMENT
 LOAN FUND**

Income - Department of Health

Gifts, bequests, donations, etc.	\$0	Unknown	Unknown
----------------------------------	-----	---------	---------

Transfers - Department of Health

Appropriated to Missouri Lead Abatement Loan Fund ****	\$0	Unknown	Unknown
--	-----	---------	---------

Costs - Department of Health

Loans or Grants	\$0	(Unknown)	(Unknown)
-----------------	-----	-----------	-----------

ESTIMATED NET EFFECT ON
 MISSOURI LEAD ABATEMENT
 LOAN FUND

\$0 \$0 \$0

******Subject to Appropriation.**

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

\$0 \$0 \$0

FISCAL IMPACT - Small Business

The proposed legislation establishes fees for dry cleaners and dry-cleaning fluids. Fees paid into the fund established under this legislation would be available to small businesses 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.

FISCAL IMPACT - Small Business (continued)

Additionally, DNR noted that in reference to the hazardous waste component, 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.

Because the bill removes 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.

Small business would be expected to be fiscally impacted to the extent they would be provided a funding source to perform a lead abatement project.

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.

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. The department would review such application and the applicant would pay to the department all reasonable costs incurred by the department pursuant to this application. These funds 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.

60% of hazardous waste generator fees of \$25 per ton would be transmitted to the DOR to be deposited in the Hazardous Waste Remedial Fund and 40% of such fees would be deposited in the Hazardous Waste Fund. This pertains to penalties and interest too, if applicable.

The Hazardous Waste Management Commission would establish two subdivisions of hazardous waste. For subdivision A waste, fees should not exceed \$80,000 and for subdivision B waste, fees should not exceed \$40,000. The director would annually request that a minimum of \$1
DESCRIPTION (continued)

million be appropriated from General Revenue for deposit in the Hazardous Waste Remedial Fund.

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.

60% of hazardous waste generator fees would be deposited in the Hazardous Waste Remedial Fund and 40% 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 dry-cleaning facilities. Prior to the promulgation of the rules, the Commission would meet with representatives of the dry-cleaning industry and other interest parties. The Commission would establish criteria to prioritize the expenditure of funds from the Dry-Cleaning 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.

This proposal provides the Department of Health with the authority to develop a plan for implementing a program that provides financial assistance to owners of dwellings or child-occupied facilities for performing lead abatement projects. This proposal establishes in the state treasury the "Missouri Lead Abatement Loan Fund".

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

The Dry-Cleaning 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 dry-cleaning solvent releases.

DESCRIPTION (continued)

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 \$1 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 dry-cleaning facility would pay an annual dry-cleaning 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 Dry-cleaning 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 dry-cleaning solvent would pay a dry-cleaning solvent surcharge on the sale or provision of dry-cleaning solvent. The surcharge would be an amount equal to the product of the solvent factor for the dry-cleaning solvent and the rate of eight dollars per gallon. The dry-cleaning solvent surcharge would be paid to DNR on a quarterly basis. DNR would remit the moneys to the DOR for deposit in the Dry-cleaning Environmental Response Trust Fund. Failure to pay would result in a 15% penalty. DNR could impose interest at 10% on the unpaid amount.

L.R. NO. 2745-12
BILL NO. Truly Agreed To And Finally Passed HCS for SS for SCS for SB 577
PAGE 17 OF 18
May 10, 2000

If the unobligated principal of the fund equals or exceeds \$5 million on April first of any year, the active dry-cleaning facility registration surcharge and the solvent 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 dry-cleaning provisions would expire August 28, 2007.

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 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
May 10, 2000