

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

**L.R. NO.:** 4429-02  
**BILL NO.:** SB 1064  
**SUBJECT:** Department of Natural Resources; Hazardous Waste Fee Law  
**TYPE:** Corrected  
**DATE:** March 14, 2000  
**# Corrected due to mathematical error**

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	\$0	(\$1,000,000)	(\$1,000,000)
Hazardous Waste Fund #	\$2,642,564	\$3,065,756	\$3,081,232
Hazardous Waste Remedial Fund #	\$138,808	\$1,370,941	\$1,404,045
Highway Fund	\$167,025	\$1,230	\$1,230
<b>Total Estimated Net Effect on <u>All</u> State Funds #</b>	<b>\$2,948,397</b>	<b>\$3,437,927</b>	<b>\$3,486,507</b>

<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>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	(Unknown)	(Unknown)	(Unknown)

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**FISCAL ANALYSIS**

ASSUMPTION

Officials from the **Department of Economic Development - Division of Motor Carrier and Railroad Safety**, the **Department of Health** and the **Department of Revenue** assume their agencies would not be fiscally impacted by the proposed legislation.

Officials from the **Office of Administration - Division of Budget and Planning** assume their agency would not be fiscally impacted by the proposed legislation. However, they noted that this proposal would increase total state revenues.

Officials from the **Department of Transportation** (MoDOT) assume in Section 260.535.2., \$200,000 will be appropriated from the State Highway and Transportation Fund into the Hazardous Waste Fund. Additionally, 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.

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, 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.

ASSUMPTION (continued)

Officials from the **Department of Natural Resources** provided the following tables:

**Summary of New or Revised Fee Provisions**

<u>Anticipated continuing revenue</u>	Total Revenue	<u>HWRP</u>	<u>HWF</u>
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
Miscellaneous	\$ 45,900	\$ -	\$ 45,900
<b>Total</b>	<b>\$ 1,110,687</b>	<b>\$377,996</b>	<b>\$732,691</b>
<u>Anticipated new/modified revenue</u>		<u>HWRP</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	
Commercial Trucks	\$ 200,000	\$	\$ 200,000
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
Landfill Tonnage Fee	\$ 1,299,770	\$1,299,770	
Generator Category Tax	\$ 2,000,000**	*\$ 600,000	\$1,400,000
<b>Total</b>	<b>\$ 6,297,227</b>	<b>\$2,899,770</b>	<b>\$3,397,457</b>
 <b>GRAND TOTAL REVENUE GENERATED</b>		 <b>\$7,407,914</b>	

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

ASSUMPTION (continued)

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

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

Generator Category Tax = \$500,000 increase over current revenues

**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 the revenues from the Land Disposal Fee between both funds, whereas current law deposits this fee only to the Hazardous Waste 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.

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 general revenue will be appropriated annually.

COMMERCIAL TRUCKS – Authorized at Section 260.535 of the bill which directs the department director to annually request \$200,000 from the state Highways and Transportation Fund for deposit to the Hazardous Waste Fund. The revenue for this deposit is created in Section 301.057 of the bill through a \$10 increase in the annual registration fee that commercial motor

ASSUMPTION (continued)

vehicles greater than 78,000 pounds gross weight must pay. According to data from the Missouri Department of Transportation, there are currently 27,364 such vehicles registered. By law, 25 percent of the revenue from this fee goes to cities and counties, and the other 75 percent goes to the Highways and Transportation Fund. Therefore, the department assumes that the \$10 increase in the fee will generate \$273,640 per year, \$205,230 of which will be deposited to the Highways and Transportation Fund (\$273,640 times 75 percent) and \$200,000 of which will be appropriated to the Hazardous Waste Fund 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.

LANDFILL TONNAGE FEE – Authorized at Section 260.330 in the bill. This is a \$.25 per ton increase to an existing fee on all solid waste accepted at landfills or transfer stations. During FY99, 5,305,185 tons of solid waste was accepted at landfills or transfer stations. Landfill/transfer station operators are allowed to retain 2 percent of the revenue generated by this fee. Therefore, the department assumes that the fee will generate \$1,299,770 to the Hazardous Waste Remedial Fund (5,305,185 tons X \$.25 X 98 percent).

ASSUMPTION (continued)

GENERATOR CATEGORY TAX – Authorized at Section 260.479 in the bill. This increases the target revenue for this tax from \$1.5 million to \$2.0 million, establishes a \$50 minimum category tax per generator, and removes the tax exemption for fuel blenders. The department assumes that the new tax rates will generate \$2.0 million annually.

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.

The increased fees and the existing fund balance will be used to cover the department's core costs and increased activity through the sunset date. The negative amount on the summary sheet is the amount that will be covered by the fund balance.

**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.

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.

ASSUMPTION (continued)

#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.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<b>GENERAL REVENUE FUND</b>			
<u>Loss - General Revenue Fund</u>			
Appropriated to Hazardous Waste Remedial Fund	<u>\$0</u>	<u>(\$1,000,000)</u>	<u>(\$1,000,000)</u>
<b>HAZARDOUS WASTE FUND</b>			
<u>Income - DNR</u>			
#Appropriated from Highway Fund	\$0	\$200,000	\$200,000
#New/Increased Revenues	<u>\$2,642,564</u>	<u>\$2,865,756</u>	<u>\$2,881,232</u>
<b>ESTIMATED NET EFFECT ON HAZARDOUS WASTE FUND #</b>	<b><u>\$2,642,564*</u></b>	<b><u>\$3,065,756</u></b>	<b><u>\$3,081,232</u></b>
<b>HAZARDOUS WASTE REMEDIAL FUND</b>			
<u>Income - DNR</u>			
Appropriated from General Revenue	\$0	\$1,000,000	\$1,000,000
#New/Increased Revenues	<u>\$138,808</u>	<u>\$370,941</u>	<u>\$404,045</u>
<b>ESTIMATED NET EFFECT ON HAZARDOUS WASTE REMEDIAL FUND #</b>	<b><u>\$138,808*</u></b>	<b><u>\$1,370,941</u></b>	<b><u>\$1,404,045</u></b>
*Certain fee increases prorated, could vary depending of timing of collections			
<b>HIGHWAY FUND</b>			
<u>Income - MoDOT</u>			
Increased Fees	\$171,025	\$205,230	\$205,230

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>Loss - MoDOT</u>			
Appropriated to Hazardous Waste Fund	\$0	(\$200,000)	(\$200,000)
<u>Cost - MoDOT</u>			
Expense and Equipment	(\$4,000)	(\$4,000)	(\$4,000)
<b>ESTIMATED NET EFFECT ON HIGHWAY FUND</b>	<b><u>\$167,025</u></b>	<b><u>\$1,230</u></b>	<b><u>\$1,230</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<b>Cities and Counties</b>			
<u>Income</u>			
Increased Registration Fees	\$57,008	\$68,410	\$68,410
<u>Cost</u>			
Increased Landfill Fees	(Unknown)	(Unknown)	(Unknown)
<b>Estimated Net Effect on Cities and Counties</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

FISCAL IMPACT - Small Business

DNR noted that the proposed legislation 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

In reference to Landfill Tipping Fees, an additional fee of 25 cents per ton or volumetric equivalent shall be collected in addition to the current solid waste landfill tipping fee. The additional fee shall be adjusted for increases in general price level. Revenues from the additional fee shall be placed to the credit of the Hazardous Waste Remedial Fund.

In reference to Hazardous Waste Management, the Department of Natural Resources is authorized to oversee corrective action for hazardous waste and the person performing the corrective action shall reimburse the Department for all reasonable costs incurred. All hazardous waste generators shall pay an initial \$100 registration fee and a \$100 annual registration renewal fee, in addition to any other fees owed. The definitions of "hazardous substance" and "hazardous substance emergency" are revised to include components included in the federal Superfund Amendments and Reauthorization Act (SARA) of 1986.

In reference to Hazardous Waste Funds, departmental expenditures for hazardous substance emergency response shall be made from the Hazardous Waste Fund. Expenditures for voluntary cleanup oversight shall be made from the Hazardous Waste Remedial Fund.

In reference to the Hazardous Waste Transporter Fees, the \$100 per vehicle limit is removed. The fee shall include an annual application fee plus a use fee based upon vehicle weight, mileage, or both. The fees shall be established so as to generate a total of \$600,000 per year. Railroads transporting hazardous substances shall pay an annual transporter fee of \$350. Revenues from transporter fees shall be placed in the Hazardous Waste Fund.

In reference to Resource Recovery Facilities, the proposal requires any person constructing, altering or operating a resource recovery facility to apply for certification from the Department. The application shall include certain specified documentation and a fee of no more than \$500 for sites recovering only on-site waste and no more than \$1000 for sites recovering off-site waste. The Department shall review applications for compliance with the act. Fee revenues shall be placed in the Hazardous Waste Fund.

In reference to the Hazardous Waste Generator and Land Disposal Fees, thirty percent of the revenues from these fees shall be placed in the Hazardous Waste Remedial Fund and the remaining seventy percent shall be placed in the Hazardous Waste Fund. The sunset on the fees is extended from January 1, 2004 to January 1, 2010.

In reference to the Hazardous Waste Category Tax, 30% of the revenues from these fees shall be placed in the Hazardous Waste Remedial Fund and the remaining seventy percent shall be placed in the Hazardous Waste Fund. The sunset on the fees is extended from January 1, 2004 to January 1, 2010. The annual revenue target for such fees is increased from \$1.5 million to \$2 million. A minimum fee of \$50 per year is established for all generators subject to the fees.

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DESCRIPTION (continued)

The Director of the Department shall annually request an appropriation of \$1 million from the General Revenue Fund for deposit in the Hazardous Waste Remedial Fund.

In reference to Commercial Vehicle Registration, the annual registration fee for all property-carrying commercial motor vehicles with a gross weight rating over 78,000 pounds is increased by \$10 to \$1729.50 per vehicle. The Director shall annually request that \$200,000 of the revenues collected from such registration fees be appropriated to the Hazardous Waste Fund to fund hazardous substance emergency response activity along the highways of the state.

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 Economic Development  
Division of Motor Carrier and Railroad Safety  
Department of Health  
Department of Natural Resources  
Department of Revenue  
Department of Transportation  
Office of Administration  
Division of Budget and Planning  
Office of Secretary of State



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