

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1462-03
Bill No.: Perfected SCS for SB 374
Subject: Environmental Protection; Air Pollution
Type: Original
Date: March 13, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Natural Resources Protection Fund - Air Permit	\$0	(\$144,560)	(\$133,478)
Total Estimated Net Effect on <u>All</u> State Funds	\$0	(\$144,560)	(\$133,478)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
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 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation** assume the proposed legislation would have no fiscal impact on their agency.

Officials of the **Office of Secretary of State** assume the Air Conservation Commission will promulgate rules to implement this proposal. Based on experience with other divisions, the rules, regulations and forms issued by the Air Conservation Commission could require as many as approximately 46 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 \$23.00. The estimated cost of a page in the *Code of State Regulations* is \$27.00. Therefore, for FY 02 costs are estimated at \$2,829. 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of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn.

Officials from the **Department of Natural Resources** assume this proposal requires the Air Pollution Control Program to develop an emissions banking and trading program for criteria pollutants or their precursors in any area that is not currently in attainment of a National Ambient Air Quality Standard. The department will need to request additional staffing to handle the tracking and review of banking requests to satisfy these requirements.

The Department of Natural Resources would request two (2) FTE to implement the increased technical review associated with a new Emissions Banking and Trading program.

The Environmental Engineers I/II - (1.5 FTE) would be responsible for the technical review for the emissions banking and trading programs in all non-attainment and maintenance areas in Missouri. These FTE would need to determine if each application demonstrates enforceable, permanent and real emission reductions. These evaluations will likely be included in construction permit applications. Planning estimates 100 more applications above those the DNR currently receives for the Electrical Utilities. The DNR estimates 30 hours of review time per application for a total of 3000 hours of additional work.

The Accounting Analyst I/II - (.5 FTE) would manage the emissions bank and be responsible for tracking every emission credit issued by the department for the life of the credit. This FTE would also review/approve transfer requests, serialize credits, and create emissions banking reports. The banking portion of this program would take 1000 hours of additional work.

ASSUMPTION (continued)

AK:LR:OD (12/00)

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 has adjusted the DNR's salaries to a salary more in line with the State's hiring practices.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
NATURAL RESOURCES PROTECTION FUND - AIR PERMIT			
<u>Cost - Department of Natural Resources</u>			
Personal Service (2 FTE)	\$0	(\$88,189)	(\$90,394)
Fringe Benefits	\$0	(\$29,393)	(\$30,128)
Expense and Equipment	<u>\$0</u>	<u>(\$26,978)</u>	<u>(\$12,956)</u>
Estimated Net Effect on NATURAL RESOURCES PROTECTION FUND - AIR PERMIT	<u>\$0</u>	<u>(\$144,560)</u>	<u>(\$133,478)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Small businesses could be affected by provisions of this proposal.

DESCRIPTION

This proposal requires the Missouri Air Conservation Commission to establish an emissions trading program to achieve the national air standards required under the federal Clean Air Act. The Commission shall consider certain factors listed in the proposal in establishing the program.

DESCRIPTION (continued)

The program shall apply in "non-attainment areas", which are areas in which the air does not meet one or more of the national air standards.

Under the program, owners of air pollutant sources located in non-attainment areas may document permanent, measurable and federally-approved reductions in emissions and receive credits for the reductions. The credits may be used, traded, sold or otherwise expended within the same non-attainment area in which the emissions reduction occurred, but only if there will be no adverse impact on air quality. Creditable reductions shall only be given for emission reductions that occur after the effective date of the proposal. In the non-attainment areas, the banked credits shall be reduced each year by three percent as long as the area remains classified as a non-attainment area.

The Department of Natural Resources shall register credits and administer the Missouri emissions bank.

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

SOURCES OF INFORMATION

Department of Natural Resources
Department of Transportation
Office of Secretary of State

NOT RESPONDING: City of St. Louis



Jeanne Jarrett, CPA
Director

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