

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4130-05
Bill No.: Perfected SS #2 for SCS for SB 984 & 985
Subject: Water Resources and Water Districts; Environmental Protection; Fees
Type: Original
Date: April 16, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Safe Drinking Water	\$2,000,000	\$2,400,000	\$2,400,000
Total Estimated Net Effect on <u>All</u> State Funds	\$2,000,000	\$2,400,000	\$2,400,000

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of Administration, the State Treasurer's Office and State Auditor's Office** assume the bonding parts of this proposal would have no fiscal impact on their agencies.

Officials of the **Office of the Secretary of State** assume this proposal would extend the primacy fee to September 1, 2007. Based on experience with other divisions; the rules, regulations and forms issued by the Department of Natural Resources and the Department of Health and Senior Services could require as many as approximately 6 pages in the Code of State Regulations. For any given rule, roughly one-half again as many pages are published in the Missouri Register as are published in the Code because of cost statements, fiscal notes and notices that are not published in the Code. 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. 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of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn. [(18x\$27)+(27x\$23)=\$1,107]

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.

Officials of the **Department of Revenue** and the **Department of Health and Human Services** assume this proposal would have no fiscal impact on their organizations.

Water Primacy Fee

Officials of the **Department of Natural Resources (DNR)** assume this proposal would extend the sunset date for collecting the drinking water primacy fee until September 1, 2007. Current law contains a September 1, 2002 sunset. This fee costs Missouri households 66¢ - \$2.00 per year and generates approximately \$2.4 million in revenues annually to the Safe Drinking Water Fund. The proposed legislation does not change DNR's authority but would continue to fund an existing program.

ASSUMPTION (continued)

Water Pollution Control Bonds

Officials of the **Department of Natural Resources (DNR)** assume that bonds are sold on an as-needed basis. Bond sales lag authorization by approximately 3 years.

37(e) money is approved for \$10 million to be spent as follows:

\$3 Million for the 40% State Construction Grant Program

\$2.5 Million for the Rural Water and Sewer grants

\$4.5 Million for the Clean Water State Revolving Fund (20% match required to receive Federal Funds)

37(g) money is approved for \$10 Million to be spent as follows:

\$5 Million for Rural Water grants and loans

\$5 Million for Rural Sewer grants and loans

37(h) money is approved for \$20 Million to be spent as follows:

\$10 Million for storm water grants

\$10 Million for storm water loans

Aquacultures

Officials of the **Department of Natural Resources (DNR)** assume that the department currently convenes stakeholder groups when necessary. Therefore, the provision requiring the Clean Water Commission staff to convene these groups on general permits and permit by rules for aquacultures would not add additional responsibility for the department.

Burden of Proof

Officials of the **Department of Natural Resources (DNR)** assume under current environmental law, the burden of proof lies with the appellant. This proposal would shift the burden of proof from the appellant to the department in all cases except in matters involving the denial of a permit, license, or registration. The department is unable to determine the amount of resources that would be necessary to meet this provision of the proposal. The department assumes that because the burden of proof would shift to the department or the commission, mor appeals could potentially be field. The department is also unable to determine the impact of the increased appeals.

ASSUMPTION (continued)

303d List Process

Officials of the **Department of Natural Resources (DNR)** assume the proposed legislation would require the department to promulgate a rule for the state's 303d list. The department assumes that if the EPA approves the list promulgated as a rule, there would not be a significant impact from this provision. If, however, the EPA does not approve the list, then the EPA would develop their own list for the state. At this point, the state would then have to re-promulgate the rule to develop their own list for the state. At that point, the state would then have to re-promulgate the rule to agree with the EPA list for the state. There would be additional costs associated with re-promulgation.

Emissions Banking/Trading

Officials of the **Department of Natural Resources (DNR)** assume this proposal is a revision to legislation that was passed in the FY01 legislative session. The department would not anticipate the need for additional resources from this portion of the proposal.

Officials of the **Department of Natural Resources (DNR)** assume the proposal in Senate Amendment 2 would not affect the department.

Officials of the **Department of Natural Resources (DNR)** assume the proposal in Senate Amendment 2 would limit penalties that could be assessed to political subdivisions to no more than the actual cost of remediation of the violation. The department is unable to determine the potential fiscal impact of this provision.

Officials of the **Department of Conservation (MDC)** assume this proposal could have positive fiscal impact on **MDC** funds because it replaces the National Pollution Discharge Elimination permits with a general permit for aquaculture facilities. The extent of fiscal impact would be small but at a reduced cost.

Oversight assumes the fiscal impact of this proposal would be \$2.4 million per year in revenues to the Safe Drinking Water Fund, beginning September 1, 2002.

FISCAL IMPACT - State Government

FY 2003
(10 Mo.)

FY 2004

FY 2005

SAFE DRINKING WATER FUND

VL:LR:OD (12/01)

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Revenue - Primacy fees</u>	<u>\$2,000,000</u>	<u>\$2,400,000</u>	<u>\$2,400,000</u>
ESTIMATED IMPACT TO SAFE DRINKING WATER FUND	<u>\$2,000,000</u>	<u>\$2,400,000</u>	<u>\$2,400,000</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal would extend the Missouri drinking water primacy fee to September 1, 2007.

This proposal would revise provisions relating to water permitting. It would add provisions for permitting of aquaculture facilities. Aquaculture would be defined as the controlled propagation, growth, and harvest of aquatic organisms.

The proposal would also provide procedures for the Director of Natural Resources to issue general permits by rule. Before issuing a general permit or permit by rule the director would hold meeting with permit holders, applicants and the public to evaluate pollution impacts of pollutants. After the meeting the Director would draft the permit considering the comments of the meeting and post it for public comment. Interested parties could request a hearing on the draft permit and comment on issues of significant technical merit and concerns related to Missouri clean-water law. The Clean Water Commission, after consideration of the comments, would issue the final permit. The time between the request for the hearing and the hearing date would not be calculated for purposes of the time frames in which a permit must be issued.

DESCRIPTION (continued)

(Current law requires the Director of Natural Resources to, when issuing or renewing a permit, consider factors, comments and recommendations as required by sections 644.006 to 644.141 or any federal water pollution control act. The Director must also deny a permit if any source would violate any state law or any federal provision which the state is required to enforce.)

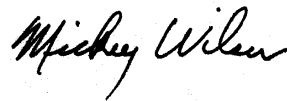
The Director could not require aquaculture facilities to obtain site-specific permits but would grant them general permits. The fee for aquaculture facilities would be no more than \$250.

This bill clarifies provisions in the air emissions banking and trading program. To be tradeable between air emission sources, air emission reduction credits shall be based on air emission reductions that occur after August 28, 2001, or shall be credits that exist in the current air 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 Health and Human Services
Office of the Secretary of State
Department of Revenue
Office of Administration
Office of the Treasurer
State Auditor's Office
Department of Conservation



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