

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4407S.09C
Bill No.: SCS for HCS for HB Nos. 2134 & 1956
Subject: Agriculture; Department of Natural Resources; Water Resources and Water Districts; Environmental Protection; Lakes, Rivers and Waterways
Type: Original
Date: April 23, 2024

Bill Summary: This proposal creates new provisions relating to water pollution and exportation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	(\$235,163)	(\$265,830)	(\$271,146)
Total Estimated Net Effect on General Revenue	(\$235,163)	(\$265,830)	(\$271,146)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Water Pollution Permit Fee Fund	\$0 to \$28,000	\$0 to \$28,000	\$0 to \$28,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to \$28,000	\$0 to \$28,000	\$0 to \$28,000

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	3 FTE	3 FTE	3 FTE
Total Estimated Net Effect on FTE	3 FTE	3 FTE	3 FTE

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Officials from the **Attorney General's Office** did not respond to **Oversight's** request for fiscal impact for this proposal.

Sections 644.016, 644.041, 644.051 and 644.145 – Water Pollution

Officials from the **Department of Natural Resources (DNR)** assume the following regarding this proposal:

Proposed changes to §644.041.2 RSMo (new section), the department's Water Protection Program would likely need to contract groundwater impact assessments or monitoring programs with the department's Missouri Geological Survey, for an estimated 10 sites per year, with a cost per assessment site of \$1,468, for a total annual estimated cost of **\$14,678**. Reviewing compliance with the additional requirements of this proposed language would likely be incorporated into the current review with negligible fiscal impact and would be absorbed with current funding.

§644.051.6, codifies the current status of land application for sites and materials that were previously under the fertilizer permit exemption. This is the current regulatory status of permitting land application of materials previously licensed under the Missouri Fertilizer law. The department is currently processing these permits, which has significantly increased the workload of the permitting team in particular, but has also impacted the enforcement, inspection, and engineering teams, resulting in slower process times, and increasing current backlog. In order to maintain statutory requirements and effective permit processes, there is a need for **one FTE (Environmental Program Analyst)** at \$57,768 annually. (NDI was requested for this FTE; does not include fringe and indirect, see fund summary for expense and equipment costs) Revenue increase could range from **\$0 to \$28,000** for these facilities.

Overall Impact: Gain in revenue of \$0 to \$28,000

Absorbed costs of groundwater impact assessments: \$14,678

1 FTE - \$57,768 (does not include fringe and indirect; see fund summary for expense and equipment costs)

Section 640.406 – Water Exportation

Officials from **DNR** estimate **2 FTE (Environmental Program Analysts)** at \$50,684 annually funded with General Revenue would be needed to support the establishment of the permitting for water exportation program, including rulemaking, permitting, compliance, enforcement, administration and oversight. This estimate is based on department knowledge of permitting program administration.

FY 2025 reflected as earliest potential effective date of rule.

Anticipated duties of the Environmental Program Analysts include: developing and reviewing administrative rules; improving permit processing efficiency, timely issuance of permits, and maintaining the accuracy and quality of permit related data in state and federal systems used to track permitting actions, generate reports, and monitor state and federal performance metrics and goals; coordinate and participate in public meetings, including present information to and gather feedback from stakeholders, permittees, and the general public on matters relating to water exportation permits and applicable state regulations; coordinate with internal units, sections, programs, and regional offices of the Department as well as external private, state, and federal agencies.

Rulemaking has the potential to result in additional economic impacts that are unknown at this time.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates for 3 FTE as provided by DNR. Oversight notes DNR had previously responded to a proposal (SCS for SB 782) similar to Section 640.406 with the need for one additional FTE (instead of 2); however, the language is different in this version. Therefore, Oversight will reflect DNR's 2 additional FTE for this section.

Officials from the **Missouri Department of Agriculture** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

In response to a previous version, officials from the **Missouri Department of Conservation** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Metropolitan St. Louis Sewer District, Wayne County Public Supply Water District #2** and the **South River Drainage District** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Officials from the **Morgan County Public Water Supply District #2** assume this proposal will have a fiscal impact but did not indicate what that impact would be.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2025	FY 2026	FY 2027
GENERAL REVENUE FUND			
<u>Costs – DNR - §644.051 & §640.406</u>			
Personnel Service	(\$132,613)	(\$162,318)	(\$165,565)
Fringe Benefits	(\$79,860)	(\$97,749)	(\$99,703)
Expense & Equipment	(\$22,690)	(\$5,763)	(\$5,878)
<u>Total Costs - DNR</u>	<u>(\$235,163)</u>	<u>(\$265,830)</u>	<u>(\$271,146)</u>
FTE Change	3 FTE	3 FTE	3 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$235,163)</u>	<u>(\$265,830)</u>	<u>(\$271,146)</u>
Estimated Net FTE Change on the General Revenue Fund	3 FTE	3 FTE	3 FTE

<u>FISCAL IMPACT – State Government</u>	FY 2025	FY 2026	FY 2027
WATER POLLUTION PERMIT FEE FUND (0568)			
<u>Revenue</u> – DNR – water pollution permit fees - §644.051	<u>\$0 to \$28,000</u>	<u>\$0 to \$28,000</u>	<u>\$0 to \$28,000</u>
ESTIMATED NET EFFECT ON THE WATER POLLUTION PERMIT FEE FUND	<u>\$0 to \$28,000</u>	<u>\$0 to \$28,000</u>	<u>\$0 to \$28,000</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Certain small businesses that require a permit could be impacted by this proposal.

FISCAL DESCRIPTION

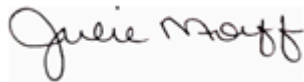
This proposal creates new provisions relating to water pollution and exportation.

This proposal has an emergency clause.

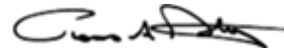
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Office of the Secretary of State
Missouri Department of Agriculture
Missouri Department of Conservation
Joint Committee on Administrative Rules
South River Drainage District
Wayne County Public Supply Water District #2
Metropolitan St. Louis Sewer District
Morgan County Public Water Supply District #2



Julie Morff
Director
April 23, 2024



Ross Strope
Assistant Director
April 23, 2024