

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5612H.02I
 Bill No.: HB 2852
 Subject: Environmental Protection; Waste - Hazardous
 Type: Original
 Date: April 8, 2022

Bill Summary: This proposal requires paint manufacturers to establish a paint recycling program and prohibits the sale of their paint in the absence of a recycling program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue*	\$0	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

*Revenue and costs of approximately \$560,000 in FY 2023 and \$400,000 per year thereafter are assumed to net to zero.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>Other State Funds</u>	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	4 FTE	4 FTE	4 FTE
Total Estimated Net Effect on FTE	4 FTE	4 FTE	4 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 2023	FY 2024	FY 2025
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

The proposed legislation establishes a program to provide a means for the statewide collection of post-consumer paint. The Department will be responsible for administering the program and every paint producer in the state will be required to participate. It appears the Department is required to develop regulations that meet the intent of the statute. Specific Department responsibilities are listed below:

§701.151.2

Staffing resources would be necessary to review, comment, and develop a written determination to approve or disapprove the architectural paint producer's plan for the establishment of a post-consumer paint collection program. The plan must also be reviewed by an independent financial auditor to assure that any added cost to paint sold does not exceed the costs to operate and sustain the program in accordance with sound management practices.

The Department would be required to review the work product of the independent financial auditor. Additionally the work performed by the independent financial auditor is to be funded through the new collection program. Department staff will need to process and pay the related invoices. Staff would also be needed for rule development, rule drafting, rule meetings with stakeholders, formal rulemaking and eventually enforcing the plans and regulations. The Department will be required to develop, maintain and routinely update a website containing information related to the program. The Department will also be required to determine if extensions to the plan submittal requirement are warranted.

§701.151.3

Each producer or representative organization submitting a plan under this section will pay an administrative fee to the Department when the collection plan is submitted to the Department. Staffing resources would be necessary to develop fee regulations which will require negotiating with the affected entities on an equitable fee amount. Based on past experience, this negotiation requires a significant amount of staff time and resources. The Department will need to periodically renegotiate with stakeholders to ensure the fees remain adequate to fund the staff necessary to implement the program.

The Department will also be responsible for collecting fees, granting extensions for fee payment in some cases, and managing the fund. The proposed legislation does not include language identifying where the fees are to be deposited or the creation of a new fund.

§701.151.5

Staffing resources would be needed to enforce the requirements for all paint vendors in the State of Missouri to participate in this program, to review the annual reports submitted by producers, to grant extensions to the report submittal deadline, to post the report information on the Department maintained website, and to develop a summary form of the data contained in the report.

§701.151.6

Staffing resources would be needed to provide compliance assistance to the producers, representative organization, and retailers for paint collection sites that may qualify as a hazardous waste generator or transporter.

§701.151.7

Staffing resources would be necessary to develop regulations which will require negotiating with the affected entities on equitable fee amounts and ensuring the regulations meet the intent of this legislation. Based on past experience, this negotiation requires a significant amount of staff time and resources. The Department will need to periodically renegotiate with stakeholders to ensure the fees are adequate to fund the staff necessary to implement the program.

Based on the estimate below, the Department would need **4 additional FTEs** to accomplish these activities and implement the new program.

- 2 Environmental Program Analysts (\$57,768 annual salary)
- 1 Senior Program Specialist (\$57,768 annual salary)
- 1 Administrative Support Professional (\$52,680 annual salary)

The estimated number of work hours per year equals 8,320.

Program Implementation and Compliance/Enforcement: Environmental Program Analyst – 4,160 hours

- Review Producer's Post-Consumer Paint Collection Plans
- Case development
- Case management
- Enforcement actions
- Drafting enforcement agreements
- Inspection report write ups and certification audits
- Multiple compliance assistance visits. At this time the Department does not know how many visits will be conducted.

Program Implementation and Administrative Support: Administrative Support Professional /Senior Program Specialist – 4,160 hours

- Review work product of independent financial auditor
- Sales and redemption records reviews
- Data management
- Certifications and fee collection
- Report development
- Rule development
- Website development, maintenance, data entry, and review
- Work with stakeholders to increase fees when needed for inflationary factors

Cost Assumption

At this time, the Department can identify a need for four (4) FTE* (annual salary equals \$225,984; associated fringe and indirect costs are not included).

Additionally the Department anticipates the following fiscal impact for the development of a public facing web application and a mapping system.

\$220,000 – application development to create a public facing application to provide manufacturers a mechanism to submit post-consumer paint collections plans, annual reports (to include data to be used for tracking of production, financial tracking and receive/issue payments based on the program).

\$19,708 – development of a mapping system to indicate collection locations to serve to the public via the Department's website.

\$239,708 TOTAL

This does not include costs to establish and administer the website. The Department assumes this could largely be done in-house with the staff allocated.

As the proposed legislation does not identify where fees are to be deposited or reference the creation of a new fund, the Department has therefore indicated a need for General Revenue.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DNR. Oversight will reflect the costs to General Revenue as a funding source has not been identified in the proposal. Oversight will also reflect revenue equal to the costs indicated by DNR, as the proposal provides that fees should cover the costs for DNR to administer the program, but no more than that.

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 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE FUND			
<u>Revenue – DNR – fees for the administration of the program</u>	\$560,557	\$376,549	\$382,896
<u>Costs – DNR</u>			
Personnel Service	(\$188,320)	(\$230,504)	(\$235,114)
Fringe Benefits	(\$112,448)	(\$136,453)	(\$137,998)
Expense & Equipment	(\$20,081)	(\$9,592)	(\$9,784)
<u>Total Costs -</u>	(\$320,849)	(\$376,549)	(\$382,896)
FTE Change – DNR	4 FTE	4 FTE	4 FTE
<u>Cost – DNR – application development and mapping service</u>	(\$239,708)	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0	\$0	\$0
Estimated Net FTE Change on General Revenue	4 FTE	4 FTE	4 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	\$0	\$0	\$0

FISCAL IMPACT – Small Business

Small paint producers and retailers could be impacted by this proposal.

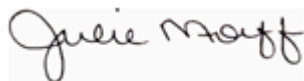
FISCAL DESCRIPTION

This proposal requires paint manufacturers to establish a paint recycling program and prohibits the sale of their paint in the absence of a recycling program.

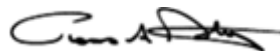
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Office of the Secretary of State
Joint Committee on Administrative Rules



Julie Morff
Director
April 8, 2022



Ross Strobe
Assistant Director
April 8, 2022