

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0155S.02I  
 Bill No.: SB 40  
 Subject: Air Quality; Fees; Natural Resources, Department of; Waste - Hazardous; Water Resources and Water Districts  
 Type: Original  
 Date: January 21, 2021

Bill Summary: This proposal creates provisions relating to fines or penalties issued by the Department of Natural Resources.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Clean Water Permit Fees (0568)	(\$1,141,278)	(\$1,369,534)	(\$1,369,534)
Hazardous Waste Fund (0676)	(\$423,478)	(\$508,174)	(\$508,174)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$1,564,756)</b>	<b>(\$1,877,708)</b>	<b>(\$1,877,708)</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

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

The proposed legislation would cause fees to revert back to levels established under previous fee structures and would result in fee revenue reductions annually as follows:

#### §§260.380 and 260.475

The provisions of the proposed legislation would revert to the fee structure effective with the passage of SB 577 in 2004. This would cause an annual loss of revenue for the Department estimated at **\$508,174**.

Hazardous Waste Generator Registration Renewal Fees Reduction =	\$266,750
In-State Hazardous Waste Fee Reduction =	\$191,857
Hazardous Waste Land Disposal Fee Reduction =	<u>\$49,567</u>
Total Reduction	<b>\$508,174</b>

#### §644.057

The provisions of the proposed legislation would revert to the fee structure effective August 28, 2000. This would cause an annual loss of revenue for the Department estimated at **\$1,369,534**.

Each of the funds for which these impacted revenues are deposited into are experiencing solvency issues based on the current level of services. The reduction to Clean Water Permit Fees represent approximately 24% of the clean water permit fee revenue. Clean Water Permit Fees partially support clean water activities including, but not limited to permitting activities for various types of permits, compliance assistance, inspections, investigations, and enforcement activities. The reduction to Hazardous Waste Generator Fees represents 24% of this fee revenue. Hazardous Waste Generator Fees provide match to federal funding and support hazardous waste management activities including but not limited to permitting, compliance assistance, inspections, investigations, and enforcement.

The reduction in fee revenue as a result of the proposed legislation could result in the loss of federal funding, due to the inability to make match on grants; a corresponding reduction in existing staff and expenditures; and a reduction in services, which would result in an environmental impact to Missouri's land and water resources and to citizens. The impacted fee funds are 5% of the Department's total revenue.

Clean Water Permit Fee Reduction = **\$1,369,534**

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by DNR.

**DNR** also notes the proposed legislation would require modifications to the Department's Fee Tracking System. DNR is unable to determine costs at this time but noted system modifications would typically be supported by ITSD through Cost Allocation Fund (CAF) activities. If ITSD does not have staff on-board with the ability to make modifications in Access programming, ITSD may need to contract for this work. If ITSD CAF budget is not sufficient to cover these costs, the department may be asked to fund the modifications. If that were to occur, due to current state fee fund solvency issues, the department would need to request additional GR.

**Oversight** will not reflect these costs as DNR has indicated that OA-ITSD typically supports system modifications.

Officials from the **Department of Revenue** 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.

#### 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** notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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 2022 (10 Mo.)	FY 2023	FY 2024
<b>CLEAN WATER PERMIT FEES (0568)</b>			
<u>Loss – DNR – reduction of fees (\$644.057)</u>	<u>(\$1,141,278)</u>	<u>(\$1,369,534)</u>	<u>(\$1,369,534)</u>
<b>ESTIMATED NET EFFECT ON THE CLEAN WATER PERMIT FEES</b>	<b><u>(\$1,141,278)</u></b>	<b><u>(\$1,369,534)</u></b>	<b><u>(\$1,369,534)</u></b>
<b>HAZARDOUS WASTE FUND (0676)</b>			
<u>Loss – DNR – reduction of fees (\$8260.380 and 260.475)</u>	<u>(\$423,478)</u>	<u>(\$508,174)</u>	<u>(\$508,174)</u>
<b>ESTIMATED NET EFFECT ON THE HAZARDOUS WASTE FUND</b>	<b><u>(\$423,478)</u></b>	<b><u>(\$508,174)</u></b>	<b><u>(\$508,174)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

#### FISCAL IMPACT – Small Business

Small businesses that pay these fees issued by DNR could have a positive fiscal impact as a result of this proposal.

### FISCAL DESCRIPTION

This act modifies provisions relating to the Department of Natural Resources.

Currently, the authority of the Hazardous Waste Management Commission, the Air Conservation Commission, and the Clean Water Commission to revise certain fee structures set forth in statute expires on August 28, 2024. This act changes the expiration date to August 28, 2021.

In instances where the Department of Natural Resources has authority to issue fines or penalties and determines that a fine or penalty should be levied, the Department is required to provide information as set forth in the act to the alleged violator in order for the alleged violator to understand the basis for the fine or penalty.

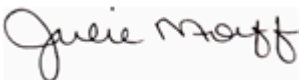
Finally, for violations of the Missouri Clean Water Law, any administrative penalty sought to resolve violations through conference, conciliation, and persuasion shall be communicated to the alleged violator in writing together with any penalty calculation prepared in accordance with any Clean Water Commission administrative penalty rule.

Rules and regulations promulgated by the Clean Water Commission for the assessment of administrative penalties shall require the Department of Natural Resources to document how any administrative penalty sought to resolve the violations through conference, conciliation, and persuasion was calculated and provide such calculation and justification in writing to the alleged violator.

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 Revenue  
Office of the Secretary of State  
Joint Committee on Administrative Rules



Julie Morff  
Director  
January 21, 2021



Ross Strobe  
Assistant Director  
January 21, 2021