

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5127-06
Bill No.: Truly Agreed To and Finally Passed CCS for HCS for SCS for SB 664
Subject: Boards, Commissions, Committees, Councils; Natural Resources Department;
 Water Resources and Water Districts; Department of Health; Mining and Oil and
 Gas Production; Energy; Property, Real and Personal; Parks and Recreation;
 Utilities; Environmental Protection
Type: Original
Date: June 4, 2014

Bill Summary: This proposal changes the laws regarding natural resources.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(\$324,140)	(\$393,365)	(\$397,815)
Total Estimated Net Effect on General Revenue Fund	(\$324,140)	(\$393,365)	(\$397,815)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Scrap Tire Subaccount*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Income and costs to Subaccount net to \$0.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 11 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	6 FTE	6 FTE	6 FTE
Total Estimated Net Effect on FTE	6 FTE	6 FTE	6 FTE

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§ 260.273 - Scrap Tire Fee Extension:

Officials from the **Department of Natural Resources (DNR)** state this provision will extend the \$0.50 fee on the sale of new tires at retail for five years from January 1, 2015 through January 1, 2020. No new or additional fees or taxes are imposed by this proposal.

DNR notes, less collection costs by the retailer and the Department of Revenue, approximately \$2.1 million will be collected for the fee on new tires sold at retail annually as revenue to the Scrap Tire Subaccount.

DNR officials state renewal of the tire fee will allow continuation of proper scrap tire management and protection of the environment through cleanup of illegal scrap tire dumps across Missouri.

DNR officials state the fee allows for creation and maintenance of jobs in the scrap tire industry, such as tire processors, haulers, and development of end market users.

DNR notes the following revenue collections from the Scrap Tire Fee for the periods 2004 - 2014 year-to-date.

ASSUMPTION (continued)

Table 1: Scrap Tire Fee Revenue Collections

Fiscal Year	Fees from New Tires Sold at Retail
2004	\$1,623,688 - partial year
2005	\$27,332 - partial year
2006	\$953,815 - partial year
2007	\$2,104,673
2008	\$2,193,714
2009	\$2,075,192
2010	\$2,126,777
2011	\$2,139,199
2012	\$2,084,386
2013	\$1,988,327
2014 YTD	\$1,200,747 (as of Jan. 31, 2014)

Source: DNR

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume this provision extends the existing scrap tire fee sunset from January 1, 2015 to January 1, 2020.

BAP assumes this proposal would not result in any statewide fiscal impact.

Officials from the **Department of Elementary and Secondary Education** assume the provision would not fiscally impact their agency.

Oversight assumes this a continuation of an existing \$.50 scrap tire fee through January 1, 2020, set to expire January 1, 2015.

Oversight assumes estimated annual income of \$2.1 million to the Scrap Tire Subaccount(0569), based on recent revenue collections (six months of impact in FY 2015).

ASSUMPTION (continued)

Oversight assumes costs to the Scrap Tire Subaccount(0569) will equal the income received. Scrap tire fee income revenues are used to support administration of the program, program grants, education programs, and curriculum for solid waste management paid from the Scrap Tire Subaccount.

§ 643.055 - Wood Burning Appliances:

Oversight assumes this provision prohibits the Department of Natural Resources (DNR) from regulating the manufacture, performance, or use of residential wood burning heaters or appliances through a state implementation plan or otherwise, unless authorized to do so by the General Assembly.

DNR does not anticipate a direct fiscal impact from this provision.

§ 643.640 - Air Conservation Commission Emission Standards:

Officials from **DNR** state it is not clear what the fiscal impact of this provision would be. If the proposal is enacted and a conflict with federal law occurs, the proposal could impact the department's ability to develop an EPA-approved 111(d) plan by the deadline of June 2016. This proposal has the potential of putting Missouri under a federal plan.

DNR would not anticipate a direct fiscal impact from this proposal.

Oversight assumes this provision has the potential of placing Missouri under a federal plan, meaning each affected source of carbon dioxide would be inspected by and answer to, the Federal Environmental Protection Agency (EPA).

Under a federal EPA plan, **Oversight** assumes DNR would not be involved with inspections of existing carbon dioxide sources.

Oversight assumes any fiscal impact from this provision to DNR would be indirect and will not be reflected in the fiscal note.

ASSUMPTION (continued)

§ 644.058 - Clean Water Commission:

Officials from **DNR** state there are 66 eight-digit Hydrologic Unit Codes (HUCs) in Missouri. This provision would require each HUC to have an independent environmental economic study.

DNR assumes one-fifth of the 66 HUC studies would be done each year to coincide with the permitting cycle. Each study would take approximately 640 hours. Three-fourths of the study would be environmentally related and one-fourth of the study would be economically related.

DNR states these studies could be conducted by the department, however staffing is not currently available. The FTEs hired to do these studies would have no duties other than these studies.

DNR assumes it would request the following 5 FTE to implement this proposal.

- Environmental Specialists (3 FTE) - Annual Salary of \$48,636
- Economist (1 FTE) - Annual Salary of \$59,520
- Senior Office Support Assistant (1 FTE) - Annual Salary of \$28,620

DNR assumes a total cost of these 5 FTE of approximately \$385,500 per year.

66 studies over a 3 year period = 22 studies per year.

378 hours per study x 22 watershed studies a year (66 studies divided by 3 years) = 8,316 hours

8,316 divided by 2,000 work hours per year = four (4) technical FTEs, plus one (1) support FTE for these studies.

$\frac{3}{4}$ of these studies would be environmentally related - 3 FTEs would need to be Environmental Specialists. $\frac{1}{4}$ of these studies would be economically related = 1 FTE would need to be an Economist.

Oversight notes the annual salary range of an Environmental Specialist III is \$38,544 - \$54,864.

Oversight notes the annual salary range for an Economist is \$47,412 - \$68,928.

Oversight notes the annual salary range for a Senior Office Support Assistant is \$24,780 - \$33,000.

ASSUMPTION (continued)

KB:LR:OD

Oversight assumes it is unknown which salary step each FTE will be hired at, therefore the annual salary cost of the 5 FTE could be lower if DNR hires the FTE at a beginning level salary step rather than a mid-level salary step as requested by DNR.

Oversight assumes office equipment and furniture would be available within the department resulting in no additional cost to DNR.

For the purpose of the fiscal note, **Oversight** will show a cost to General Revenue for FTE at the beginning salary level step and no additional equipment cost to DNR; however, expense costs will be shown.

Officials from the **Cole County Public Water Supply District No. 3 (PWSD No.3)** state this provision could have an impact on their water service, but only after the appropriate study is completed.

§ 644.145 - Publicly Owned Treatment Works:

Officials from **DNR** assume this provision requires an additional 1 FTE to make a finding of affordability on the costs to be incurred and the impact of any rate changes on ratepayers. The FTE would prepare and file annual reports showing information on these findings of affordability completed. DNR assumes work would be performed by an Economist (1 FTE).

DNR assumes rates paid by customers of publicly owned combined or separate sanitary or storm sewer systems or treatment works customers would be tracked, documented, and analyzed to perform a finding of affordability.

DNR assumes this information would be reported annually to the Governor, Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the chairs of the committees in both houses having primary jurisdiction over natural resource issues.

DNR assumes a total cost for this additional FTE of approximately \$97,500 per year.

Oversight notes the annual salary range for an Economist is \$47,412 - \$68,928.

Oversight assumes it is unknown which salary step the 1 FTE will be hired at, therefore the annual salary cost of the FTE could be lower if DNR hires the FTE at a beginning level salary step rather than a mid-level salary step as requested by DNR.

ASSUMPTION (continued)

For the purpose of the fiscal note, **Oversight** will show a cost to General Revenue for FTE at the beginning salary level step and no additional equipment cost to DNR; however, expense costs will be shown.

Bill as a Whole:

Officials at the **Office of Attorney General (AGO)** assumes that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Elementary and Secondary Education, Department of Health and Senior Services, Department of Economic Development, Office of Governor, Joint Committee on Administrative Rules** each assume the proposal would not fiscally impact their respective agencies.

FISCAL IMPACT - State Government

FY 2015
(10 Mo.)

FY 2016

FY 2017

GENERAL REVENUE FUND

KB:LR:OD

Costs - DNR

§§ 644.058, 644.145 - Studies for Water
 Quality Standard Modifications & Sewer
 Service Rate Affordability

Personal Service	(\$196,030)	(\$237,588)	(\$239,964)
Fringe Benefits	(\$99,985)	(\$121,182)	(\$122,394)
Expense & Equipment	<u>(\$28,125)</u>	<u>(\$34,595)</u>	<u>(\$35,457)</u>
<u>Total Costs - DNR</u>	<u>(\$324,140)</u>	<u>(\$393,365)</u>	<u>(\$397,815)</u>
FTE Change - DNR	6 FTE	6 FTE	6 FTE

**ESTIMATED NET EFFECT TO THE
 GENERAL REVENUE FUND**

<u>(\$324,140)</u>	<u>(\$393,365)</u>	<u>(\$397,815)</u>
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Estimated Net FTE Change for the
 General Revenue Fund

6 FTE	6 FTE	6 FTE
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**SCRAP TIRE FEE SUBACCOUNT
 FUND**

Income - DNR

§ 260.273 - Scrap Tire Fee	\$1,050,000	\$2,100,000	\$2,100,000
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Costs - DNR

§ 260.273 - Administration, Program Grants, & Educational Materials	<u>(\$1,050,000)</u>	<u>(\$2,100,000)</u>	<u>(\$2,100,000)</u>
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**ESTIMATED NET EFFECT ON THE
 SCRAP TIRE FEE SUBACCOUNT
 FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2015 (10 Mo.)	FY 2016	FY 2017
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\$0

\$0

\$0

FISCAL IMPACT - Small Business

§ 260.273 - Scrap Tire Fee Extension:

Direct fiscal impact to small business retail tire shops would be expected as a result of this provision.

§ 643.055 - Wood Burning Appliances:

This provision may have a positive fiscal impact on small businesses selling wood-burning furnaces, stoves, fireplaces and heaters, as a result of continued sales.

FISCAL DESCRIPTION

§ 260.273 - Scrap Tire Fee Extension:

This provision extends from January 1, 2015 to January 1, 2020 the expiration of the fee collected from retailers for the disposal of old tires.

§ 644.058 - Clean Water Commission:

This provision modifies the authority of the Clean Water Commission so that it may only revise water quality standards upon completion of an assessment by the Department of Natural Resources finding that there is an environmental need for such revision. In implementing revised water quality standards modifications of 25% or more, the Department of Natural Resources shall also conduct an evaluation as set forth in this proposal. The Department shall use these evaluations in making site-specific permit decisions.

§ 644.145 - Publicly Owned Treatment Works:

This provision requires the Department of Natural Resources (DNR), when issuing permits that incorporate a new requirement for discharges from a publicly owned treatment works facility, to make a finding of affordability on the costs to be incurred and the impact of any rate changes on ratepayers.

FISCAL DESCRIPTION (continued)

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 Senior Services
Department of Elementary and Secondary Education
Department of Economic Development
Office of Administration - Division of Budget and Planning
Office of the Attorney General
Office of Governor
Joint Committee on Administrative Rules
Cole County PWSD No. 3



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June 4, 2014

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