

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0772S.01P
 Bill No.: Perfected SB 37
 Subject: Agriculture, Department of; Air Quality; Boards, Commissions, Committees, and
 Councils; Environmental Protection; Natural Resources, Department of
 Type: Original
 Date: February 9, 2021

Bill Summary: This proposal modifies provisions relating to anhydrous ammonia.

FISCAL SUMMARY

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Natural Resources Protection Fund - Anhydrous Ammonia Risk Management Plan Subaccount	Could exceed \$68,751	Could exceed \$115,665	Could exceed \$113,784
Total Estimated Net Effect on <u>Other State Funds</u>	Could exceed \$68,751	Could exceed \$115,665	Could exceed \$113,784

Numbers within parentheses: () indicate costs or losses.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Natural Resources Protection Fund - Anhydrous Ammonia Risk Management Plan Subaccount	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.

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

FISCAL ANALYSIS

ASSUMPTION

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

The proposed legislation would cost the Department approximately \$300,000 in staff time and workload. After consulting with the State of North Dakota (the only state agency that currently does this activity at the state level), the Department is basing work load on inspections of regulated facilities once every 4-5 years. Estimate of work with estimate of hours per year - Total 5,500:

- 50 inspections - 800 hours
- 50 compliance assistance visits - 250 hours
- 50 plan reviews - 400 hours
- Data management - 500 hours
- Compliance and enforcement - 500 hours
- Program management - 250 hours
- Rule development and request to EPA for delegation (first year only) - 500 hours
- Registration and fee collection - 800 hours
- Clerical and administrative duties - 1,500 hours

Based on the estimate above, the Department would need 3 additional FTE to accomplish this work.

- 1 Professional Engineer - \$58,080
- 1 Environmental Program Analyst - \$38,472
- 1 Lead Administrative Support Assistant - \$29,808

Environmental Program Analyst - This position would conduct the inspections, maintain the database and assist the public in complying with this regulation. In addition, this position would handle any relevant enforcement work that arose from this activity. The Department may choose to split this work among several different staff, 3/4 FTE performing inspections in 3 different areas of the state and the balance in the central office.

Professional Engineer - This position would include planning and support for the database and guidance/direction regarding enforcement cases. In addition, this position would be involved in ensuring the processing of licenses and fees is conducted in an appropriate fashion, and to resolve any issues that arise with licenses or fees.

Lead Administrative Support Assistant - This position would provide general support including processing reports, general correspondence, etc. In addition, this position could be responsible for processing licenses and fees.

Currently, the authority for enforcing the federal anhydrous ammonia regulations lies with the Environmental Protection Agency (EPA). The Department has spoken with EPA Region VII about requesting delegation, and they are open to that but the Department would still need to officially request and receive delegation for this work.

The Department of Natural Resources would need a new database to track the facilities, track the Risk Management Plans, store emergency contact information and track third party compliance evaluations and accidental releases. The database would also have to store compliance, enforcement, registration and licensing data. The ITSD estimate for this new database is 500 hours of work resulting in an estimate of **\$20,000**.

Oversight does not have any information to the contrary in regards to DNR's assumptions; therefore, Oversight will reflect DNR's costs for 3 additional FTE and OA-ITSD services on the fiscal note.

Revenue Impact

DNR notes the Missouri Department of Agriculture estimates 203 facilities would be required to pay the \$200 annual registration fee increasing the annual revenue by **\$40,600**.

Average annual tonnage estimates provided by the Missouri Fertilizer Program (March 2020) are 230,813 tons anhydrous ammonia sales. This would increase the annual revenue by **\$288,516**.

"Distributor" or "terminal agricultural facility" is not defined, therefore, it is not possible for the Department to estimate the amount of revenue the \$5,000 registration fee would generate

Oversight does not have any information to the contrary in regards to DNR's assumptions; therefore, Oversight will reflect DNR's estimated revenue on the fiscal note for the 203 estimated facilities that will pay the \$200 annual registration fee. Oversight will reflect an increase of \$288,516 in revenue for the tonnage fees. In addition, Oversight will reflect a \$0 (there are no distributors or terminal agricultural facilities in Missouri) or an "Unknown" increase in revenue (there are distributors or terminal agricultural facilities in Missouri that will have to pay the \$5,000 annual registration fee).

Officials from the **Department of Agriculture** and **Office of the State Treasurer** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the agencies mentioned above have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
NATURAL RESOURCES PROTECTION FUND - ANHYDROUS AMMONIA RISK MANAGEMENT PLAN SUBACCOUNT			
<u>Revenue</u> - DNR - \$200 annual registration fees for agricultural retailers of anhydrous ammonia	\$33,833	\$40,600	\$40,600
<u>Revenue</u> - DNR - tonnage fees for agricultural retailers of anhydrous ammonia	\$240,430	\$288,516	\$288,516
<u>Revenue</u> - DNR - \$5,000 annual registration fees for distributors or terminal facilities	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Cost – DNR</u>			
Personal Services	(\$105,300)	(\$127,624)	(\$128,900)
Fringe Benefits	(\$65,389)	(\$78,893)	(\$79,324)
Expense and Equipment	(\$14,823)	(\$6,934)	(\$7,108)
<u>Total Costs – DNR</u>	(\$185,512)	(\$213,451)	(\$215,332)
FTE Change – DNR	3 FTE	3 FTE	3 FTE
<u>Cost</u> - DNR - OA-ITSD services	(\$20,000)	\$0	\$0
TIMATED NET EFFECT ON THE NATURAL RESOURCES PROTECTION FUND - ANHYDROUS AMMONIA RISK MANAGEMENT PLAN SUBACCOUNT	Could exceed <u>\$68,751</u>	Could exceed <u>\$115,665</u>	Could exceed <u>\$113,784</u>
<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small agricultural retailers and/or users of anhydrous ammonia would be impacted by this proposal.

FISCAL DESCRIPTION

This act repeals provisions of law that give the Department of Agriculture oversight over standards relating to anhydrous ammonia.

Additionally, under the act the Air Conservation Commission shall have the power to adopt, promulgate, amend, and repeal rules and regulations for covered processes at agricultural stationary sources that use, store, or sell anhydrous ammonia, and regulations necessary to implement and enforce the risk management plans under the federal Clean Air Act. Each retail agricultural facility that uses, stores, or sells anhydrous ammonia that is an air contaminant source subject to a risk management plan under the federal Clean Air Act shall pay an annual registration of \$200. The act establishes an annual tonnage fee for anhydrous ammonia of \$1.25 per ton used or sold.

Each distributor or terminal agricultural facility that uses, stores, or sells anhydrous ammonia that is an air contaminant source subject to a risk management plan program 3 under federal regulations relating to chemical accident prevention shall pay an annual registration of \$5,000 and shall not pay a tonnage fee.

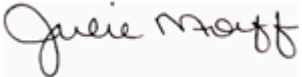
Finally, the act creates the Anhydrous Ammonia Risk Management Plan Subaccount within the Natural Resources Protection Fund which shall consist of fees required under the act.

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

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Missouri Department of Agriculture
Office of the State Treasurer



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