

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4622H.03C
Bill No.: HCS for SB 984
Subject: Lakes, Rivers and Waterways; Department of Natural Resources; Political Subdivisions; Water Resources and Water Districts; Education, Elementary And Secondary
Type: Original
Date: May 9, 2022

Bill Summary: This proposal creates provisions relating to environmental protection.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2030)
General Revenue*	(Unknown, could exceed \$3,752,559)	(Unknown, could exceed \$3,807,714)	(Unknown, could exceed \$3,815,970)	(Unknown, could exceed \$3,824,128)
Total Estimated Net Effect on General Revenue	(Unknown, could exceed \$3,752,559)	(Unknown, could exceed \$3,807,714)	(Unknown, could exceed \$3,815,970)	(Unknown, could exceed \$3,824,128)

*§256.800 - Subject to appropriation. Oversight assumes an appropriation from General Revenue to the new Flood Resiliency Improvement Fund, if any, would exceed the \$250,000 threshold.

*§166.070 - Subject to appropriation. Oversight notes this total **does not** include any remediation costs (filtration, replace drinking water outlets, replace pipes, etc.). Also, Oversight assumes some of the testing & remediation efforts could potentially utilize federal funding.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2030)
Geologic Resources Fund	\$0	\$0	\$0	\$269,566
Flood Resiliency Improvement Fund*	\$0	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0	\$269,566

*Transfer in and costs net to zero.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2030)
Federal Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on All Federal Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2030)
General Revenue	Could exceed 9 FTE	Could exceed 9 FTE	Could exceed 9 FTE	Could exceed 9 FTE
Total Estimated Net Effect on FTE	Could exceed 9 FTE	Could exceed 9 FTE	Could exceed 9 FTE	Could exceed 9 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	Fully Implemented (FY 2030)
Local Government	(Unknown, could be substantial)	(Unknown, could be substantial)	(Unknown, could be substantial)	(Unknown, could be substantial)

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints, **Oversight** was unable to receive some agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

§99.847 – TIF Projects and Flood Plains

Oversight assumes this amendment will not have a direct fiscal impact on the state.

§160.077 – Get the Lead Out of School Drinking Water Act

Officials from the **Department of Health and Senior Services (DHSS)** assume the following regarding this proposal:

Section 160.077 of the proposed legislation would create the “Get the Lead Out of School Drinking Water Act” which would create lead testing requirements for certain schools, including early childhood education programs, that receive state funding.

Section 160.077.4(8) would require school districts to submit annual testing results to the Department of Health and Senior Services.

Section 160.077.5 would make DHSS responsible for determining the entities that may conduct testing and analyze the results.

Section 160.077.6 would require the Department of Natural Resources (DNR) make apportionments available to school districts, with assistance from DHSS and the Department of Elementary and Secondary Education (DESE).

Section 160.077.7 would require DHSS to publish a biennial report on the findings from water testing as reported to DHSS under Section 160.077.4(8), which would be published on DNR's website.

Section 160.077.8 would require DHSS to ensure public schools comply with the provisions of the Act.

Section 160.077.11 would allow DHSS to promulgate rules.

To administer the provisions of the legislation DHSS would need to establish a new program, requiring:

- Three (3) Environmental Program Analysts to enforce the provisions of the legislation as required by subsection eight, to provide schools technical assistance on testing and interpreting results, and provide any needed trainings to schools and school staff. Each position would have an estimated annual salary of \$50,213 based on the average annual salary of an Environmental Program Analyst in the Division of Community and Public Health (DCPH) as of March 2022.
- Four (4) Public Health Program Specialists to receive and process data, provide outreach and education about the program, and assist schools with communicating results to the public. Each position would have an estimated annual salary of \$47,616 based on the average annual salary of a Public Health Program Specialist in the DCPH as of March 2022.
- One (1) Environmental Program Supervisor to oversee the program and supervise staff, with an estimated annual salary of \$67,256 based on the average annual salary of an Environmental Program Supervisor in the DCPH as of March 2022.
- One (1) Administrative Support Assistant to provide support to the program, including managing phone calls, letter communications, and travel arrangements. This position would have an estimated annual salary of \$32,573 based on the average annual salary of an Administrative Support Assistant in the DCPH as of March 2022.

As the proposed legislation requires DNR to make apportionments available to schools, DHSS assumes that the funds apportioned to schools would be an expense within DNR rather than DHSS, and any needed fiscal staff would be within DNR.

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

Officials from the **Department of Natural Resources (DNR)** state the following:

Section 160.077.6

To meet the requirements of 160.077.6, additional FTEs are anticipated in the Financial Assistance Center. However, without knowing the size of the appropriation or how many schools would require funding, the Department is unable to estimate the exact number of FTEs that will be needed at this time and currently have no established funding for these activities. Positions

will be needed to develop a new grant program, solicit and review applications, oversee the award of grant funds to recipients, issue grant payments, and to coordinate with staff in the Public Drinking Water Branch and regional offices who handle monitoring, compliance and field responses related to the law.

Oversight will reflect an “Unknown” cost to DNR for implementation of the grant program.

In response to a similar proposal from 2022 (HCS for HB 2532), officials from the **Department of Elementary and Secondary Education** and **Office of Administration - Administrative Hearing Commission** each assumed the proposal would 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 for these agencies.

In response to a similar proposal from 2022 (HCS for HB 2532), officials from the **Kansas City Public Schools (KCPS)** indicated they did 290 samples over 38 sites at a cost of \$133 per sample last year. This was for lead and copper. This was doing an average of 7.6 tests at 38 locations. Not every outlet was tested. KCPS paid an average of approximately \$1,025 per location for the testing only. To test every outlet the cost per location would be about \$2,700 per location. For all locations for KCPS that would cost \$102,500 each testing round.

Remediation costs will vary by building with older/larger buildings coming at a higher cost. Replacement of lines is one remediation. There will not be issues in buildings constructed after 1986. That is when the mandate for lead free solder was put in place. If the lines are too costly to replace, a school district could filter at that line.

Oversight assumes this proposal requires school districts to test drinking water outlets for lead levels and to engage in remediation efforts if elevated lead levels are discovered. Oversight assumes this proposal provides additional funding for school districts to fund the filtration, testing, and remediation of drinking water systems, subject to appropriation.

In addition, this proposal allows school districts to seek federal funds for reimbursement for compliance incurred under this proposal. **Oversight** will show a range of impact to Federal Funds of \$0 (none available) to an unknown negative transfer from Federal Funds to school districts.

Oversight notes, per a report by the U.S. Government Accountability Office (GAO) titled [Lead Testing of School Drinking Water Would Benefit from Improved Federal Guidance](#):

“In our survey, the median amount spent by school districts to test for lead in school drinking water during the past 12 months varied substantially, depending on the number of schools in which tests were conducted (see table 1). School districts may have paid for services such as collecting water samples, analyzing and reporting results, and consultants. For example, an

official in a small, rural school district—with three schools housed in one building—told us his district spent \$180 to test all eight fixtures. In contrast, officials in a large, urban school district told us they spent about \$2.1 million to test over 11,000 fixtures in over 500 schools. Some school districts, especially larger ones, incurred costs to hire consultants to advise them and help design a plan to take samples, among other things.”

Based on this information, **Oversight** estimates the cost of the testing ranges from \$23 to \$191 per fixture. There are 518 school districts in Missouri with 2,357 public and charter school buildings, plus an estimated 650 private schools. Assuming a cost of \$100 per test x 10 drinking water outlets per building x 3,007 school buildings total testing costs would be over \$3 million per year.

Oversight notes, per a [local news report](#), a school district in Lancaster County, Pennsylvania, “installed around 100 filters throughout the school, which cost about \$200,000.” Based on this, Oversight estimates the cost per filter at approximately \$2,000.

Per the GAO report, approximately 37% of school districts tested found elevated lead levels. Oversight assumes if 37% of school buildings in Missouri were required to install three filters the cost is estimated at \$4,735,260. In addition, Oversight assumes there would be annual maintenance costs.

Ultimately, **Oversight** is uncertain how many school districts currently test for lead levels or how many would have elevated lead levels. Additionally, Oversight is uncertain what type of remediation efforts would be used to address elevated lead levels.

Oversight will show an unknown cost to school districts that could be substantial.

In addition, per section 160.077.9 (2), **Oversight** assumes school districts could incur penalties for non-compliance.

Oversight received a limited number of responses from school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional 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.

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

§§256.700 & 256.710 – Geologic Resources Fee and the Industrial Minerals Advisory Council

In response to a similar proposal from 2022 (SCS for SB 1004), officials from the **Department of Natural Resources (DNR)** assumed this section will extend the 0801 fund until 2030 and continue collecting fees from the industrial minerals industry. No change to the current fee structure is proposed.

DNR notes approximately \$269,566 is collected annually. These funds support 2 Field Technicians that work on industrial mining activities.

Oversight notes there was a \$210,641 balance in the Geologic Resources Fund (0801) as of April 30, 2022.

§256.800 – Flood Resiliency

Officials from the **Department of Natural Resources (DNR)** and **Office of the State Treasurer (STO)** 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 for these agencies for this provision.

Officials from the **City of Kansas City**, **City of O’Fallon** and **City of Springfield** 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 for these agencies.

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

Oversight notes a new fund has been established, the “Flood Resiliency Improvement Fund” as a result of this proposal. This fund could issue grants or offer financial assistance to entities for the development, construction or renovation of a flood resiliency project. The DNR could also develop its own plans with the funds.

Oversight notes this fund is subject to appropriation by the General Assembly; therefore, Oversight will range the revenue from “\$0” (the General Assembly does not appropriate funds to the new program) to an “Unknown” amount (the General Assembly appropriates funds to the new program). Oversight will also reflect an “Unknown” amount of costs in the form of grants/financial assistance.

§§260.221 & 644.060 – Asphalt Shingles Recycling

Officials from the **Department of Natural Resources** assume the following regarding this section:

Section 644.060.3 & 4

The Water Protection Program does not track processors or accumulators of solid waste. Therefore, without knowing what this universe would look like, the fiscal impact is unknown.

Oversight will reflect an “Unknown” cost to DNR for implementation of this section.

§260.295 – Clean Air Act

In response to a similar proposal from 2022 (HCS for HB 2673), officials from the **Department of Natural Resources** assumed the proposal would have no fiscal impact on their organization.

In response to a similar proposal from 2022 (HCS for HB 2673), officials from the **City of Kansas City**, **City of Springfield** and **City of St. Louis** each assumed the proposal would have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities and counties 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.

HYPERLINK "<https://www.fox43.com/article/news/investigations/fox43-reveals/lead-testing-in-schools-fox43-reveals/521-b47f3a8e-891c-42e2-a36a-82e004dad337>" [local news report](#)
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	Fully Implemented (FY 2030)
GENERAL REVENUE FUND				
<u>Transfer Out</u> – to the Flood Resiliency Improvement Fund §256.800 (p. 8)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - DNR – implementation of program §160.077 (p. 5)	(Unknown)	(Unknown)	(Unknown)	(Unknown)
<u>Costs</u> – DHSS §160.077 (p. 5)				
Personal services	(\$367,443)	(\$445,341)	(\$449,795)	(\$454,292)
Fringe benefits	(\$227,849)	(\$275,021)	(\$276,640)	(\$279,406)
Expense and equipment	(\$157,267)	(\$87,352)	(\$89,535)	(\$90,430)
<u>Total Costs</u> – DHSS	(\$752,559)	(\$807,714)	(\$815,970)	(\$824,128)
FTE Change – DHSS	9 FTE	9 FTE	9 FTE	9 FTE
<u>Costs</u> – reimburse public and private schools to test water (roughly 3,000 school buildings x 10 water sources each x \$100 per test) annually §160.077 (p. 6)	(Could exceed \$3,000,000)	(Could exceed \$3,000,000)	(Could exceed \$3,000,000)	(Could exceed \$3,000,000)
<u>Costs</u> – to school districts for funding for filtration and other remediation efforts - §160.077.6 (1) (p. 7)	(Unknown)	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(Unknown, could exceed \$3,752,559)	(Unknown, could exceed \$3,807,714)	(Unknown, could exceed \$3,815,970)	(Unknown, could exceed \$3,824,128)
Estimated Net FTE Change on General Revenue	Could exceed 9 FTE	Could exceed 9 FTE	Could exceed 9 FTE	Could exceed 9 FTE

<u>FISCAL IMPACT – State Government</u> (continued)	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2030)
GEOLOGIC RESOURCES FUND				
<u>Revenue Extension</u> – extension of fee from 2025 to 2030 §256.700 (p. 7)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$269,566</u>
ESTIMATED NET EFFECT ON THE GEOLOGIC RESOURCES FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$269,566</u>
FLOOD RESILIENCY IMPROVEMENT FUND				
<u>Transfer In</u> – from General Revenue §256.800 (p. 8)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> – DNR – grants and/or financial assistance for flood resiliency plans §256.800 (p. 8)	(Unknown)	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON THE FLOOD RESILIENCY IMPROVEMENT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FEDERAL FUNDS				
<u>Transfer Out</u> - to school districts for funding for filtration, testing, and other remediation efforts - §160.077.6 (2) (p. 7)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2030)
SCHOOL DISTRICTS				
<u>Transfer In</u> - from General Revenue §166.070 (p. 6)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer In</u> - from Federal Funds §166.070 (p. 7)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - penalties for non-compliance - §160.077.9 (2) (p. 7)	\$0	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - to school districts for lead filtration, testing, and other remediation efforts - §160.077 (p. 7)	(Unknown, could be <u>substantial</u>)	(Unknown, could be <u>substantial</u>)	(Unknown, could be <u>substantial</u>)	(Unknown, could be <u>substantial</u>)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	(Unknown, could be <u>substantial</u>)	(Unknown, could be <u>substantial</u>)	(Unknown, could be <u>substantial</u>)	(Unknown, could be <u>substantial</u>)

FISCAL IMPACT – Small Business

§256.800 - Small business contractors of flood improvement plans could be impacted as a result of this proposal.

§§260.221 & 644.060 - Small businesses that recycle asphalt shingles could be affected by this proposal.

§166.070 - Oversight assumes this proposal would require private schools to test drinking water outlets for lead levels and to engage in remediation efforts if elevated lead levels are discovered. Oversight assumes this could result in additional costs for small businesses.

FISCAL DESCRIPTION

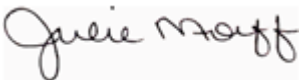
This proposal creates provisions relating to environmental protection.

§160.077 – This section will duplicate the federal Lead and Copper Rule Revisions (LCRR) 40 CFR Part 141 Subpart I, as published in 86 FR 31939. This rule has provisions to test for lead in schools and child care facilities. The Department will need to adopt these regulations to maintain primacy for implementing the Lead and Copper Rule in Missouri. The compliance date for this rule is October 16, 2024.

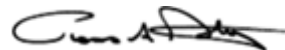
This legislation is not federally mandated and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Office of the Secretary of State
Joint Committee on Administrative Rules
Office of the State Treasurer
Department of Elementary and Secondary Education
Department of Health and Senior Services
Kansas City Public Schools
City of Kansas City
City of O'Fallon
City of Springfield



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