

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1916-01
Bill No.: HB 835
Subject: Energy; Federal-State Relations; Natural Resources Department; Utilities
Type: Original
Date: April 7, 2015

Bill Summary: This proposal requires the Department of Natural Resources to prepare a regulatory impact report when submitting a state implementation plan to the Environmental Protection Agency.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$85,946)	(\$97,048)	(\$98,103)
Total Estimated Net Effect on General Revenue	(\$85,946)	(\$97,048)	(\$98,103)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

§ 640.095 - Department of Natural Resources Regulatory Impact Report:

Officials from the **Department of Natural Resources (DNR)** assumes this proposal would require a regulatory impact report (RIR) for all state implementation plans (SIPs) prepared for submission to the U.S. Environmental Protection Agency (EPA) based on Clean Water and Clean Air Act regulations. The proposal specifies the criteria the SIP RIRs must address. DNR is not required to develop a state implementation plan under the federal Clean Water Act.

DNR notes the majority of the SIPs developed are not regulatory in that they do not include a state rule component. These administrative/non-regulatory SIPs demonstrate to EPA how the state is meeting a variety of Clean Air Act obligations, but they do not impose any requirements on any of the state's emission sources.

DNR notes for the SIPs that have a regulatory component, DNR is already required to assess the economic and environmental costs and benefits in the rulemaking RIR required by 640.015, RSMo. However, this proposal adds several components to the analysis not required under existing law.

DNR assumes one additional FTE would be required. An economist position would be necessary to address the additional economic components that are not already required under existing law. DNR anticipates the additional expenses to begin July 1, 2015 (FY16). The total additional expenses would result in an estimated fiscal impact of \$85,946 in FY16.

ASSUMPTION (continued)

DNR assumes the proposal does not provide a funding source and the department currently has no funds available for additional work as existing fees are not covering current year expenditures. DNR assumes General Revenue funds would be required to implement the proposal with the following costs.

Economist	\$49,600
Fringe Benefits	\$25,794
<u>Equipment & Expense</u>	<u>\$10,552</u>
Total Cost	\$85,946

Officials from the **Department of Economic Development - Division of Energy** and the **Missouri Public Service Commission** each assume the proposal would not fiscally impact their respective agencies.

In response to similar legislation from 2015 (SB 142), officials from the **Department of Health and Senior Services** assumed the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Costs - DNR § 640.095</u>			
Personal Service	(\$49,600)	(\$60,115)	(\$60,716)
Fringe Benefits	(\$25,794)	(\$31,263)	(\$31,575)
Expense and Equipment	<u>(\$10,552)</u>	<u>(\$5,670)</u>	<u>(\$5,812)</u>
<u>Total Costs - DNR</u>	<u>(\$85,946)</u>	<u>(\$97,048)</u>	<u>(\$98,103)</u>
FTE Change - DNR	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$85,946)</u>	<u>(\$97,048)</u>	<u>(\$98,103)</u>
Estimated Net FTE Change for the General Revenue Fund	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

§ 640.095 - Department of Natural Resources Regulatory Impact Report:

This proposal requires the Department of Natural Resources, when developing a state implementation plan, to prepare a regulatory impact report. The report shall contain certain criteria as set forth in this proposal, and shall be delivered to the Governor, President Pro Tempore of the Senate, and the Speaker of the House of Representatives along with the proposed state implementation plan one month prior to plan submission to the Environmental Protection Agency.

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 Economic Development -
Division of Energy
Missouri Public Service Commission
Department of Health and Senior Services



Mickey Wilson, CPA
Director
April 7, 2015

Ross Strobe
Assistant Director
April 7, 2015