

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4224-06
Bill No.: Truly Agreed To and Finally Passed CCS for SS for HB 1748
Subject: Water Resources and Water Districts; Environmental Protection; Fees
Type: Original
Date: May 30, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Safe Drinking Water	\$2,000,000	\$2,400,000	\$2,400,000
General Revenue	\$0	\$0	(\$1,302,427)
Total Estimated Net Effect on <u>All</u> State Funds	\$2,000,000	\$2,400,000	\$1,097,573

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	Unknown	Unknown	Unknown

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State** assume this proposal would extend the primacy fee to September 1, 2007. Based on experience with other divisions; the rules, regulations and forms issued by the Department of Natural Resources and the Department of Health and Senior Services could require as many as approximately 6 pages in the Code of State Regulations. For any given rule, roughly one-half again as many pages are published in the Missouri Register as are published in the Code because of cost statements, fiscal notes and notices that are not published in the Code. The estimated cost of a page in the Missouri Register is \$23.00. The estimated cost of a page in the Code of State Regulations is \$27.00. The actual costs could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn. $[(6 \times \$27) + (9 \times \$23) = \$369]$

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Revenue, Office of Administration - Division of Budget and Planning** and the **Department of Health and Senior Services** assume this proposal would have no fiscal impact on their organizations.

Officials from the **Department of Natural Resources** (DNR) assume this proposal would extend the sunset date for collecting the drinking water primacy fee until September 1, 2007. Current law contains a September 1, 2002 sunset. This fee costs Missouri households 66¢ - \$2.00 per year and generates approximately \$2.4 million in revenues annually to the Safe Drinking Water Fund. The proposed legislation does not change DNR's authority but would continue to fund an existing program.

State law requires the cost of testing to be borne by DNR and this testing cost is currently funded by the primacy fee. Vulnerability assessment performed by DNR reduces the amount of monitoring by approximately 75 percent. EPA does not perform such assessments; so public water systems would have to do more monitoring under federal regulation than is currently required under state regulation. The cost of increased monitoring would be passed along to the customers in the form of higher water rates.

ASSUMPTION (continued)

Oversight assumes the fiscal impact of this proposal would be \$2.4 million per year in revenues to the Safe Drinking Water Fund, beginning September 1, 2002.

Water Supply & Sewer Districts, Watershed Districts, Wastewater Treatment Systems

Officials of the **Department of Natural Resources** stated there would be no direct fiscal impact to their department.

Officials of the **Office of State Courts Administrator** stated there would be no fiscal impact on the State's Courts.

Oversight assumes this proposal amends the law that controls water district formation and would have no state fiscal impact. The proposal changes the number of publications required when a petition has been filed, and a hearing has been set. Oversight assumes there would be some savings to the district, from publication cost, provided the district is formed. Whenever 2/3 of the owners of record of at least 2/3 by area of all real property located within the proposed district sign a petition of formation, the Court may incorporate the district and no election is held. Oversight assumes there would be some election costs savings from this procedural change. All savings to the district is unknown.

Burden of Proof

Officials of the **Department of Natural Resources (DNR)** assume under current environmental law, the burden of proof lies with the appellant. This proposal would shift the burden of proof from the appellant to the department in all cases except in matters involving the denial of a permit, license, or registration. The department is unable to determine the amount of resources that would be necessary to meet this provision of the proposal. The department assumes that because the burden of proof would shift to the department or the commission, mor appeals could potentially be field. The department is also unable to determine the impact of the increased appeals.

ASSUMPTION (continued)

Water Pollution Control Bonds

Officials of the **Department of Natural Resources (DNR)** assume that bonds are sold on an as-needed basis. Bond sales lag authorization by approximately 3 years.

37(e) money is approved for \$10 million to be spent as follows:

\$3 Million for the 40% State Construction Grant Program

\$2.5 Million for the Rural Water and Sewer grants

\$4.5 Million for the Clean Water State Revolving Fund (20% match required to receive Federal Funds)

37(g) money is approved for \$10 Million to be spent as follows:

\$5 Million for Rural Water grants and loans

\$5 Million for Rural Sewer grants and loans

37(h) money is approved for \$20 Million to be spent as follows:

\$10 Million for storm water grants

\$10 Million for storm water loans

Officials of the **Office of Administration - Division of Accounting** assume 1) Issue date will depend on the use of available bond proceeds for bonds authorized but not yet issued; 2) 25 year maturity; 3) 7% interest rate; 4) Level debt rate; 5) Analyzed cost is based on sale in FY 05 of \$15 million for section 37(g). Sections 37(c) and 37(h) will not use new authorization in FY 03 through FY 05.

303d List Process

Officials of the **Department of Natural Resources (DNR)** assume the proposed legislation would require the department to promulgate a rule for the state's 303d list. The department assumes that if the EPA approves the list promulgated as a rule, there would not be a significant impact from this provision. If, however, the EPA does not approve the list, then the EPA would develop their own list for the state. At this point, the state would then have to re-promulgate the rule to develop their own list for the state. At that point, the state would then have to re-promulgate the rule to agree with the EPA list for the state. There would be additional costs associated with re-promulgation.

ASSUMPTION (continued)

Aquacultures

Officials of the **Department of Natural Resources (DNR)** assume that the department currently convenes stakeholder groups when necessary. Therefore, the provision requiring the Clean Water Commission staff to convene these groups on general permits and permit by rules for aquacultures would not add additional responsibility for the department

Nonprofit Sewer Companies (Section 393.847)

Officials of the **Department of Natural Resources** assume the non-profit sewer company and a non-profit sewer corporation are regulated the same under their statutes and therefore no fiscal impact would be anticipated from this provision.

Impaired Water List (Section 644.036)

Official of the **Department of Natural Resources** assume the proposed legislation would require the department to promulgate a rule for any action taken by the department that would designate any waters of the state to be classified as impaired, contaminated, impacted, or deteriorated. Since many of the departments routine permitting, inspection, compliance or complaint response activities may result in such a designation each of these individual actions may need to be promulgated as a rule. The department is unable to determine the potential fiscal impact from this provision.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
SAFE DRINKING WATER FUND			
<u>Revenue - Primacy fees</u>	<u>\$2,000,000</u>	<u>\$2,400,000</u>	<u>\$2,400,000</u>
ESTIMATED IMPACT TO SAFE DRINKING WATER FUND	<u>\$2,000,000</u>	<u>\$2,400,000</u>	<u>\$2,400,000</u>

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
GENERAL REVENUE FUND			
<u>Costs - Office of Administration -</u>			
<u>Division of Accounting</u>			
Personal Service Costs (1 FTE)	\$0	\$0	(\$8,781)
Fringe Benefits	\$0	\$0	(\$3,162)
Equipment and Expense	\$0	\$0	(\$1,326)
Paying Agent Fees	\$0	\$0	(\$2,000)
Other Fund Costs	\$0	\$0	(\$1,287,158)
Total <u>Costs</u> - Office of Administration - Division of Accounting	\$0	\$0	(\$1,302,427)
NET ESTIMATED EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>\$0</u>	<u>(\$1,302,427)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
LOCAL GOVERNMENTS			
<u>Savings</u> to Certain Water Districts from incorporation changes *	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

*** Any savings to water districts would depend on whether they are incorporated or not. If they are not incorporated the costs of incorporation is assessed to the petitioners.**

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal would extend the Missouri drinking water primacy fee to September 1, 2007

This bill allows the petition for the formation of a public water supply district to become final and conclusive if the circuit court determines that the petition has been signed by at least two-thirds of the property owners within the boundaries of the proposed district. Under current law, the petition must have voter approval before becoming final and conclusive.

The bill also requires the petition publication notice to be published for three weeks in a weekly or daily newspaper. As an alternative to newspaper publication, the notice of the filing of the petition may be given by certified mail to all property owners within the proposed boundaries of the district. Under current law, the notice must be published for three weeks in a weekly paper or in 20 successive issues of a daily newspaper

This proposal would revise provisions relating to water permitting. It would add provisions for permitting of aquaculture facilities. Aquaculture would be defined as the controlled propagation, growth, and harvest of aquatic organisms.

The proposal would also provide procedures for the Director of Natural Resources to issue general permits by rule. Before issuing a general permit or permit by rule the director would hold meeting with permit holders, applicants and the public to evaluate pollution impacts of pollutants. After the meeting the Director would draft the permit considering the comments of the meeting and post it for public comment. Interested parties could request a hearing on the draft permit and comment on issues of significant technical merit and concerns related to Missouri clean-water law. The Clean Water Commission, after consideration of the comments, would issue the final permit. The time between the request for the hearing and the hearing date would not be calculated for purposes of the time frames in which a permit must be issued.

(Current law requires the Director of Natural Resources to, when issuing or renewing a permit, consider factors, comments and recommendations as required by sections 644.006 to 644.141 or any federal water pollution control act. The Director must also deny a permit if any source would violate any state law or any federal provision which the state is required to enforce.)

DESCRIPTION (continued)

The Director could not require aquaculture facilities to obtain site-specific permits but would grant them general permits. The fee for aquaculture facilities would be no more than \$250.

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
Office of the Secretary of State
Department of Revenue
Office of State Courts Administrator
Office of Administration
Office of the Treasurer



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Acting Director
May 30, 2002