

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2128-01
Bill No.: HB 672
Subject: Removes 180 day review provision for class B air operating permits
Type: Original
Date: April 3, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Fund 0594 NRP - Permit	(\$76,000)	(\$76,000)	(\$76,000)
Total Estimated Net Effect on Other State Funds	(\$76,000)	(\$76,000)	(\$76,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration** assume no fiscal impact to their agency.

Officials from the **Department of Natural Resources** assume the proposal would eliminate the requirement for Class B sources, as defined in RSMo 643.020 to obtain an operating permit. A wide variety of small manufacturers fall into this category. Examples include: quarries, concrete/asphalt plants, sand and gravel operations, dry cleaners, fertilizer manufacturers, sawmills, grain and feed plants (such as MFA), small printing companies, food processors, small paint and coatings businesses, small city electric utilities. This would affect approximately 700 installations state wide. These 700 installations constitute approximately 5% of the operating permits workload.

Of the approximately 700 B class facilities, 100 will be exempted in a proposed rule the department is filing this month. The proposed ruled exempts portable limestone sources from the operating permit requirement. This exemption will affect quarries, sand and gravel operations, and concrete/asphalt plants.

The Operating Permit program was established to accomplish the task of identifying and

ASSUMPTION (continued)

recording existing air requirements applicable to a source and to ensure compliance with these existing requirements. The operating permit is a vehicle to define and explain current compliance requirements. Eliminating the operating permit would save the affected sources a \$100 filing fee paid every 5 years and submission of the Annual Compliance Certification. The affected facilities would still have to comply with all applicable state and federal laws and regulations and remit an emission fee. It would also mean that the affected sources would not receive a permit that identifies the affected facilities compliance requirements. This could result in industry resources redirected into compliance efforts.

Fiscal Impact:

Permit Fees:

700 facilities/5 (each facility receives a new permit every 5 years) = 140 facilities/yr.

140 facilities x \$100 permit fee = \$14,000/yr.

Emission Fees:

The proposal affects approximately 700 sources. Of those 700 sources, 500 are required to obtain construction permits. Approximately 200 sources would be eliminated from the permit program entirely. The department estimates that these 200 sources average emitting 10 tons of pollutants per year. This constitutes approximately a \$62,000 reduction in revenue per year.

200 sources x 10 tons (average emissions per year) = 2,000 tons

2,000 tons per year x \$31/ton emission fee = \$62,000

Officials from the **Office of Secretary of State** assume this proposal removes the 180 day review provision for class B air operating permit. The Department of Natural Resources may promulgate rules to implement this bill. These rules would be published in the Missouri Register and the Code of State Regulations. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Natural Resources could require as many as 12 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in Code. These costs are estimated. The estimated cost of a page in the Code is \$27. The actual cost 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 or withdrawn. [(12x\$27) +(18x23)=\$738]

ASSUMPTION (continued)

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

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
OTHER STATE FUNDS			
<u>Loss - Department of Natural Resources</u>			
Fund 0594 NRP - Permit	<u>(\$76,000)</u>	<u>(\$76,000)</u>	<u>(\$76,000)</u>
TOTAL LOSS OTHER STATE FUNDS	<u>(\$76,000)</u>	<u>(\$76,000)</u>	<u>(\$76,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<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.

DESCRIPTION

This bill repeals provisions that require class B air contaminant sources to have operating permits.

This legislation is not federally mandated, would not duplicate any other program and would not

L.R. No. 2128-01
Bill No. HB 672
Page 5 of 5
April 3, 2003

require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Department of Natural Resources
Secretary of State



Mickey Wilson, CPA
Director
April 3, 2003