

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4752-08
Bill No.: SCS for HCS for HB 1871
Subject: Administration, Office of; Agriculture Dept.; Business and Commerce; Energy;
Environmental Protection; Motor Fuel; Natural Resources Dept.; Political
Subdivisions; Waste - Hazardous; Waste - Solid
Type: Original
Date: May 11, 2010

Bill Summary: Modifies provisions pertaining to environmental protection.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	\$0	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 25 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Solid Waste Management Fund	\$22,000	\$23,500	\$25,000
PACE Local Finance Fund	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
Petroleum Storage Tank Insurance Fund	\$0	(\$401,170 to \$522,820)	(\$397,390 to \$519,040)
Other State Fee Funds	\$0	\$3,076,323	\$3,076,323
DNR Revolving Service Fund	\$0	\$755,316	\$755,316
Various Other State Funds	\$0	(Unknown > \$100,000)	(Unknown > \$100,000)
Hazardous Waste Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown to (Unknown > \$100,000)	Unknown to (Unknown > \$100,000)	Unknown to (Unknown > \$100,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Federal Funds	(\$73,763)	(\$78,943)	(\$81,313)
Total Estimated Net Effect on <u>All</u> Federal Funds	(\$73,763)	(\$78,943)	(\$81,313)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Federal Funds	1	1	1
Total Estimated Net Effect on FTE	1	1	1

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Agriculture, Department of Revenue, City of Centralia, Department of Financial Institutions and Professional Registration, Department of Economic Development, State Tax Commission and State Treasurer's Office** assume there will be no fiscal impact to their agencies.

Officials from the **Department of Natural Resources (DNR)** assume Section 260.244.3 would require the department to maintain a registry of certain composting facilities and local government owned compost facilities in Missouri and the registry must be available on the department's website.

Sections 260.244.4 and .5 would require certain composting facilities in operation on January 1, 2011, to register with the Department of Natural Resources by January 31, 2011 and each year thereafter, and establishes similar requirements for new composting facilities beginning operation after January 1 to register with the department. The registration would be renewed through a renewal registration each year until the composting facility ceases operation. The registration process will include paying a fee, prorated the first year of operation based on the months in operation, and submitting supporting documentation related to permitting and planning and zoning compliance. The department would be required to issue an annual registration certificate to the composting facility's owner or operator.

Section 260.244.6 and .7 would require the local government owned or operated composting facilities to register with the Department of Natural Resources by January 31, 2011 and each year thereafter, and establishes similar requirements for new local government owned or operated composting facilities. No annual fee is required from composting facilities owned or operated by local government. The department would be required to issue an annual registration certificate to the local government owned or operated composting facility's owner or operator.

Section 260.244.8 would require registered composting facilities to provide documentation demonstrating compliance with permitting and planning and zoning requirements or a statement that permits are not needed or planning and zoning does not exist in the area.

Section 260.244.9 would require collection of a specified fee based on the composting facility's size including affiliated transfer facilities.

Section 260.244.10 would require the filing of an annual report by certain composting facilities containing specified information.

ASSUMPTION (continued)

Section 260.244.11 would require all fees to be deposited into the Solid Waste Management Fund and used for activities of the Solid Waste Management Program.

Section 260.244.12 would provide the department access to records and to measure acreage to determine the appropriateness of the annual registration fee.

Section 260.244.13 would provide an exemption from this proposed section for agricultural composting facilities or residential composting facilities where the end product is intended entirely for personal use and not for resale.

Section 260.244.14 would provide the department the ability to promulgate rules to implement the legislation, if needed.

This proposal would require a program expansion as the Department does not currently register, maintain a registry, accept documentation, require an annual report, or collect a fee from composting facilities. (Note: Certain facilities are currently required to obtain water, solid waste, or other environmental permits based on the quantity of material, types of material, size of the facility or their potential for impact to public health or the environment.)

We have identified 85 local government owned/operated composting facilities identified in the Solid Waste Management Districts Assessment Inventories and 23 privately operated facilities identified in the 3rd Quarter, 2009 U.S. Bureau of Labor Statistics, Quarterly Census of Employers and Wages which suggests the costs related to the program expansion required by the proposed legislation would likely not be sufficient to cover the estimated costs to administer the composting program. The department assumes we would be required to establish a registry, receive registrations, analyze annual reports, and provide information about composting statistics to the public. The information currently available to us does not indicate sufficient revenues will be generated to pay the total costs of operating the registry. Currently, the Solid Waste Management Fund (SWMF) is experiencing funding challenges. All SWMF's are allocated and the department has no other funding source to pay for these activities. The program has had to reduce services which would make it difficult to absorb any additional responsibilities without additional resources.

Oversight assumes that any potential costs arising from this proposal can be absorbed with existing resources. Therefore, Oversight assumes the initial administrative impact of this portion of the proposal is \$0.

ASSUMPTION (continued)

Officials at the **Office of the Secretary of State (SOS)** many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's Office 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 not to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's Office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a give year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve 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.

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

Section 8.860 - Environmentally Sustainable Construction

The department would not anticipate a direct fiscal impact from this proposal.

Section 21.950 - Joint Committee on Solid Waste Management

Section 21.950 would establish the "Joint Committee on Solid Waste Management" to examine Missouri's present and future solid waste management needs to determine the best strategy to ensure an affordable and environmentally conscious strategy for long-term waste management that will meet the needs of the people and businesses of Missouri for the next twenty-five years.

Since the department has responsibilities and authorities in this area, the department would be involved with the committee's work to the extent necessary. For purposes of this fiscal note, the department assumed our costs would involve providing information already available to the program and the program would not see a significant increase in the amount of staff time spent for research, data collection, and preparation of reports.

However, if the Joint Committee required a significant amount of research in areas not presently within the program's purview or collection of new data from the public, this could impact the program's core efforts. The Solid Waste Management Fund is experiencing funding challenges. The program has had to reduce services due to funding shortfalls which would make it difficult to absorb any additional responsibilities without additional resources.

ASSUMPTION (continued)

Sections 67.2800, 67.2805, 67.2810, 67.2815, 67.2820, 67.2825, 67.2830, 67.2835, 260.035, 260.030, 260.080 – Property Assessment Clean Energy Act

Under Section 67.2810 Clean Energy Development Boards would be required to file annual reports with the State Environmental Improvement and Energy Resources Authority (Authority) and the Authority may promulgate rules setting forth the content of the annual reports. As this proposal does not assign the Authority enforcement, review or other requirements beyond receiving the reports and determining the form of the report, Authority officials assumed that these duties could be assumed with existing staff. It is also assumed that existing space would be sufficient to house the reports; however, it is unknown how many boards would be created, thus space requirements are unknown as is the retention period required. It is assumed that reports would be maintained for at least 20 years which is the term of loans allowed under the act. It is assumed that legal fees would be incurred to promulgate rules, should they be needed. It is anticipated that legal fees would be in excess of \$10,000. No funding source is identified for these activities.

Under Section 260.036 the Authority would be required to establish a Property Assessed Clean Energy Local Finance Fund and, subject to availability of funds, make loans to clean energy development boards to establish and operate property assessed clean energy programs. The fiscal impact of these provisions requirements is unknown. It is not known whether funds would be available to provide such loans, how many loans would be made, the complexity of the issues involved in such loans, or the source of funds. Due to these factors it is also unknown the level of additional resources that would be needed to administer the program. Staff duties would include initial program development, loan origination including working with finance professionals on legal, credit and managerial reviews and management, as well as ongoing monitoring and loan servicing. Additionally, contract staff would be required for legal work, financial review and potentially underwriting services should bond be issued to fund the loans.

The amount of these fees would vary depending upon the size and complexity of the program and funding mechanisms. These amounts could range from \$10,000 up to as much as \$500,000 per transaction. It is assumed that these activities could be funded through loan origination or other administrative fees charged to the borrowers; however a funding source was not identified in this proposal.

The Authority is authorized, pursuant to 10 CSR 130-1.020, to collect application and issuance fees should it issue bonds to fund such loans. Application fees range from \$100 to \$2,500 depending upon the amount of bonds issued. Issuance fees have no established minimum or maximum, but are based upon issuance size. It is unknown whether bonds would be issued for

ASSUMPTION (continued)

this program and if issued, the amount of bonds that might be issued is also unknown. Therefore the amount of revenue generated, if any, could not be quantified.

Section 260.036 appears to place unnecessary restrictions on the Authority's ability to pledge the revenues received through a loan agreement with a clean energy development board for the payment of authority revenue bonds. These restrictions may limit the Authority's ability to issue bonds for the stated purpose of the act.

Section 260.244 - Missouri Soil Enrichment Initiative

Section 260.244 - For purposes of this fiscal note, the department assumed the intent of this proposal was to require composting facilities to register with and pay a fee to the department. Local government owned or operated composting facilities are exempted from the fee requirement of the proposed section. Agricultural or residential composting facilities where the compost is intended entirely for personal use and not for resale are exempted from all requirements of the proposed section.

The department would be responsible for maintaining a registry; reviewing submissions of supporting documentation; analyzing annual reports; providing a list of registered compost facilities on the department's Internet site; determining facilities that fail to register and pay the required fee; and taking appropriate action with those composting facilities failing to register and pay the fee.

The department would need sufficient funds to pay for developing and promulgating rules necessary to implement provisions of the bill; establish desk procedures by which the registration and annual renewal registration would occur and be administered; develop the registration form and instructions; provide technical assistance to the public related to who needs to register and the process to be used for registration; maintain the department's Internet webpage providing the registry of composting facilities; develop and provide responses to those registered and those not allowed registration due to failure to provide all required information, failure to file an annual report, or failure to pay the correct fee; investigate those composting facilities not completing the required registration process; and analyze data received and report out about the composting facility program and composting, in general.

We anticipate needing an Environmental Specialist I/II/III – 1.00 FTE. This individual would be responsible for assisting with development and promulgation of rules to implement provisions of the bill; establishing desk procedures by which the registration and annual renewal registration would occur and be administered; developing the registration form and instructions; providing

ASSUMPTION (continued)

technical assistance to the public related to who needs to register and the process to be used for registration; required follow-up with registrants and those denied registration, and implementation of the registry.

The Department also requests additional paid hours for existing program staff to allow for on-site visits to compost facilities (16 facilities X 13 hours X \$22.23 per hour = \$4,624) to investigate those compost facilities not completing the required registration process, payment of fees, or appropriate payment of fees.

Composting facilities are not currently required to report or register with the department, making it difficult to quantify the exact number of entities that would be required to pay fees under the proposed legislation. For purposes of this fiscal note response, it was assumed the intent of the proposed legislation is to register and collect information from all composting facilities not specifically exempted by the proposed legislation and the population currently known to the department is limited to yard waste/produce composters and local government owned or operated composters.

The U.S. Bureau of Labor Statistics, Quarterly Census of Employers and Wages (QCEW) identified 23 privately owned composting facilities. The size of the facilities was not identified. Based on knowledge of some of the facilities and a conservative estimate on the remaining facilities, the department assumed that one of the facilities would pay \$2,500, seventeen of the facilities would pay \$1,000 or a total of \$17,000 and the remaining five facilities would pay \$500 or a total of \$2,500. The total revenue generated from fees from these types of compost facilities was estimated at \$22,000 in FY 2011 and is conservatively estimated to be \$23,500 in FY 2012, and \$25,000 in FY 2013. (Note: For the same period in FY 2008, 17 privately owned compost facilities were identified by the U.S. Bureau of Labor Statistics, Quarterly Census of Employers and Wages)

It appears as written the proposed legislation would increase costs to the department without providing a revenue stream sufficient to cover such costs. Currently, the Solid Waste Management Fund (SWMF) is experiencing funding challenges. All SWMF are allocated and the department has no other funding source to pay for these activities. The program has had to reduce services which would make it difficult to absorb any additional responsibilities without additional resources.

ASSUMPTION (continued)

Section 386.210 - Utilities

The department would not anticipate a direct fiscal impact from this proposal.

Sections 341.230, 640.011, 640.085, 640.100, 640.128 and 701.033 - Water Quality

The existing Memorandum of Understanding between the department and DHSS would need to be substantially modified or completely re-written to address the laboratory testing and define responsibilities for assessment and reporting of data

The state's Quality Management Plan would need to be re-negotiated with EPA. The Quality Management Plan is the formal document that describes the management policies, objectives, principles, organizational authority, responsibilities, accountability and implementation plan for ensuring quality of its environmental data. The plan covers all intramural and extramural monitoring and measurement activities that generate and process environmental data for use by DNR. Environmental Protection Agency requires this plan before it would allow DHSS to approve quality assurance project plans for various types of sample collection and analysis.

The Air Quality Monitoring Section, the Field Services Unit, and the Water Quality Monitoring Section of ESP work almost exclusively for the DNR's environmental programs. Communication between ESP and the environmental programs is frequent, often requiring rapid changes in written annual monitoring agreements and sampling plans to meet shifting priorities. Currently these rapid changes are well accommodated. The efficiency of DNR to address environmental and monitoring needs associated with spills, other environmental emergencies or the normal shifting in priorities that can occur with sampling plans would have to move through two departments instead of within one division in DNR. Delays may occur that could reduce the value of the monitoring, and, in some cases, opportunities to sample at critical times may be lost.

The Environmental Emergency Response Section operates a 24/7 spill line, offers response capability from five regional locations, and serves as the focal point for homeland security and disaster coordination for the DNR. Disaster coordination and response encompasses both man made and natural disasters. If ESP is moved into DHSS, the DNR would need to rebuild disaster coordination and homeland security mechanisms.

The Water Quality Monitoring Section of ESP are, by training and the type of work that they do, aquatic biologists that monitor streams and lakes primarily to assess the health of the aquatic life in those waters. Their work, particularly those members of WQMS that work primarily at sampling and identifying aquatic macroinvertebrate animals and collecting water chemistry

ASSUMPTION (continued)

samples is directly connected with the mission and authorities of DNR under state and federal clean water laws that require monitoring and protection of the state's waters for fish and other aquatic life.

Increasing the size and scope of work required of the DHSS laboratory, there may also be an increase in the bureaucracy and an increase in the amount of time between the analytical analysis and the reporting of results to the public that could conflict with proposed 640.128.

The Safe Drinking Water Act requires microbiological and chemical testing to be conducted by a laboratory certified by the Environmental Protection Agency (EPA). DHSS currently conducts microbiological testing of drinking water for bacteria; DHSS is not certified to conduct radionuclide testing required under the Safe Drinking Water Act. ESP is certified by EPA to conduct chemical testing, including organic and inorganic chemistry and radionuclides, however the program assumes that re-certification would be required for ESP as DHSS. DHSS does not have staff with bench experience in testing drinking water samples and this lack of experience, equipment and expertise may result in monitoring noncompliance for Missouri public water systems

Missouri's four largest water systems (St. Louis, Kansas City, Missouri American and Springfield) each have their own certified laboratories and perform their own regulatory compliance monitoring, chemical and bacteriological, for the Safe Drinking Water Act. Section 644.200.1 would prohibit these systems from continuing to do so. The laboratory testing conducted by these water systems is not currently paid for by the state; requiring these systems to send their laboratory testing to the department of health would result in a fiscal impact to the state and these four water systems which must test their water frequently to constantly fine-tune their treatment process. That fiscal impact is unknown.

DNR currently contracts with the US Geological Survey for collection and analysis of samples at 68 fixed monitoring sites located throughout the state. These sites are located in representative waters and comprise a large portion of Missouri's Water Quality Ambient network. Data collected and analyzed from these sites for many years illustrate trends in Missouri's water quality and is used to develop and/or revise water quality standards for the state and is the basis for our EPA-delegated NPDES program. DNR also enters into contracts periodically with USGS for other water quality monitoring and testing. DHSS would need to develop the laboratory capability and expertise to analyze these samples and report results to DNR and USGS.

There are many private and public laboratories certified to conduct bacteriological and/or chemical testing and these are used by many drinking water system, rather than state labs, to meet

ASSUMPTION (continued)

their mandated monitoring requirements because the distance to state facilities is such that sample holding times often exceeded rendering the sample useless. Section 644.200.1 of this legislation ends this portion of private enterprise by requiring that all laboratory testing of water be conducted by a laboratory operated by the DHSS.

For purposes of this fiscal note, the department assumed authority changes would be effective August 28, 2010 with transition plan to be determined. It was also assumed there would be no budget changes (no fiscal impact to DNR) in FY2011. The department assumed that budget would be moved from DNR to DHSS in FY2012 with all physical and administrative function transfers finalized throughout the year. Therefore the department has shown DNR cost avoidance beginning in FY2012.

Fund 0101 General Revenue – Cost Avoidance – The amount of GR appropriation that is needed to fund the Environmental Services Program (EER Section, EER Staff in the Regional Offices, and a portion of the Chemical Analysis Section) is \$1,125,675. (22.71 FTE).

It is assumed that ESP's appropriation language from federal and other funds would be necessary and available to DHSS. Specific project work performed by ESP and funding arrangements with the host programs is not predictable and would require the ability to shift between federal and other funds. Alternatively, DHSS would need specific appropriations from dedicated fee funds or General Revenue.

Fund 0140 Federal Funds – Cost Avoidance was determined by utilizing the FY2011 Governor's Recommendations (Operating and Hazardous Substance and Emergency Response Core). (27.29 FTE) Cost avoidance was estimated at appropriated levels.

Other State Fee Funds – Cost avoidance was determined by utilizing the FY2011 Governor's Recommendations (Operating and Hazardous Substance and Emergency Response Core). (40.0 FTE) Cost avoidance was estimated at appropriated levels.

Fund 0425 DNR Revolving Services Fund (RSF) – DNR funding consists of a mixture of federal grants and dedicated fee funds. The RSF is utilized as a mechanism to account for costs specific to individual funding sources. This mechanism is used for EE within the Chemical Analysis Section. EE expenses are originally paid from the RSF and billed to the client program based upon a cost to run a given laboratory test. This funding mechanism is also utilized to manage vehicle replacement. The allocation of RSF appropriation to ESP was utilized to determine the impact to this fund.

ASSUMPTION (continued)

No assumptions have been included for lease and utility cost avoidance for DNR. ESP's primary facility is a state owned building on Main Street in Jefferson City. ESP also has 8 staff and equipment co-located in four of DNR's regional offices; 3 staff and equipment co-located at Route 66 State Park, and one staff co-located in the Truman Lake Satellite Office (DNR State Park owned building).

No assumptions have been made regarding changes to department administrative costs. It is assumed that division and department costs would likely be internally redistributed, therefore, no cost avoidance. However, since ESP administrative costs are included in the department's indirect costs, DHSS would need to find a different way to fund.

No assumptions have been made regarding the disposition of the current state owned building on West Main (current ESP facility).

In response to 4862-03, SB 1006, officials from the **Department of Health & Senior Services** assume Section 640.085

This section transfers the functions and duties of the Department of Natural Resources' Environmental Services Program (ESP) to DHSS. The department assumes that the 91 staff currently working in this program will be transferred to DHSS. This proposed transfer includes 24/7 environmental emergency response, laboratory activities, and environmental field sampling. Funding will be necessary for 91 personnel, operating expenses, laboratory equipment and maintenance, space rental, janitorial services, communications, data charges, software, vehicle fleet upkeep, building repairs, etc. Sustainable funding will be required for all activities. The total fiscal impact is unknown.

Section 640.011.1 requires any environmental data collected to be made available to the public in a timely fashion and easily accessible by any member of the public. The department currently relies on a paper-based system and the U.S. Postal service to deliver test results. To meet the requirements of this section would require a large investment in expanding the Laboratory Information Management System (LIMS) and electronic reporting capabilities. The Department of Natural Resources currently manages their laboratory data through LIMS. DHSS is unsure if the LIMS system that DNR uses is compatible with the DHSS system and capable of performing the requirements of the bill. If the department is unable to utilize DNR's LIMS, there would be extensive ITSD costs in order to develop/modify the current LIMS to be compatible with the requirements of the bill. The impact of this portion is (Unknown, >\$100,000).

ASSUMPTION (continued)

Portions of the DNR laboratory and Environmental Services Program activities are funded by a variety of sources including fees for services, grant funds, and General Revenue. At this time, DHSS is unsure of the funding sources that will be transferred from DNR; therefore the department assumes an Unknown cost to both General Revenue and other funds, generically speaking.

In response to 4862-03, SB 1006, officials from **St. Louis County** assume no fiscal impact to their county.

In response to 4862-03, SB 1006, officials from the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Sections 640.016 and 644.200 - Well Regulation

The department would not anticipate a direct fiscal impact from this provision.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE			
<u>Transfer Out</u> - Department of Natural Resources			
Salaries	\$0	\$1,125,675	\$1,125,675
Fringe Benefits	\$0	\$590,304	\$590,304
Equipment & Expense	<u>\$0</u>	<u>\$337,241</u>	<u>\$337,241</u>
Total	<u>\$0</u>	<u>\$2,053,220</u>	<u>\$2,053,220</u>
<u>Transfer In</u> - Department of Health & Senior Services			
Salaries	\$0	(Unknown > \$100,000)	(Unknown > \$100,000)
Fringe Benefits	\$0	(Unknown > \$100,000)	(Unknown > \$100,000)
Equipment & Expense	<u>\$0</u>	<u>(Unknown > \$100,000)</u>	<u>(Unknown > \$100,000)</u>
Total	<u>\$0</u>	<u>(Unknown > \$100,000)</u>	<u>(Unknown > \$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
SOLID WASTE MANAGEMENT FUND			
<u>Revenue</u> - Department of Natural Resources			
Compost Facility Fees	<u>\$22,000</u>	<u>\$23,500</u>	<u>\$25,000</u>
ESTIMATED NET EFFECT ON SOLID WASTE MANAGEMENT FUND	<u>\$22,000</u>	<u>\$23,500</u>	<u>\$25,000</u>

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
PACE LOCAL FINANCE FUND			
<u>Cost - Department of Natural Resources</u>			
Salaries	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
Fringes	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
Equipment & Expense	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>
 Total	 <u>Unknown to (Unknown)</u>	 <u>Unknown to (Unknown)</u>	 <u>Unknown to (Unknown)</u>
 <u>Revenue - Department of Natural Resources</u>			
Other Sources	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>
 Total	 <u>Unknown to (Unknown)</u>	 <u>Unknown to (Unknown)</u>	 <u>Unknown to (Unknown)</u>
 ESTIMATED NET EFFECT ON PACE LOCAL FINANCE	 <u>Unknown to (Unknown)</u>	 <u>Unknown to (Unknown)</u>	 <u>Unknown to (Unknown)</u>
 HAZARDOUS WASTE FUND			
 <u>Revenue - Department of Natural Resources - Lead Acid Battery Sales</u>			
	\$344,500	\$0	\$0
 <u>Cost - Department of Natural Resources - Hazardous Waste Management</u>			
	(\$344,500)	\$0	\$0
 ESTIMATED NET EFFECT ON HAZARDOUS WASTE FUND	 <u>\$0</u>	 <u>\$0</u>	 <u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
OTHER STATE FEE FUNDS			
<u>Transfer Out - Department of Natural Resources</u>			
Salaries	\$0	\$1,709,830	\$1,709,830
Fringe Benefits	\$0	\$896,635	\$896,635
Equipment & Expense	<u>\$0</u>	<u>\$469,858</u>	<u>\$469,858</u>
ESTIMATED NET EFFECT ON OTHER STATE FEE FUNDS	<u>\$0</u>	<u>\$3,076,323</u>	<u>\$3,076,323</u>
OTHER STATE FEE FUNDS			
<u>Transfer Out - Department of Natural Resources</u>			
Salaries	\$0	\$1,709,830	\$1,709,830
Fringe Benefits	\$0	\$896,635	\$896,635
Equipment & Expense	<u>\$0</u>	<u>\$469,858</u>	<u>\$469,858</u>
ESTIMATED NET EFFECT ON OTHER STATE FEE FUNDS	<u>\$0</u>	<u>\$3,076,323</u>	<u>\$3,076,323</u>
DNR REVOLVING SERVICE FUND			
<u>Transfer Out - Department of Natural Resources</u>			
Equipment & Expense	<u>\$0</u>	<u>\$755,316</u>	<u>\$755,316</u>
ESTIMATED NET EFFECT ON DNR REVOLVING SERVICE FUND	<u>\$0</u>	<u>\$755,316</u>	<u>\$755,316</u>

FISCAL IMPACT - Small Business

Environmentally Sustainable Construction - Section 8.860

None anticipated

Yes. It may affect small businesses operating composting facilities. These entities will be required to register, provide an annual report, provide documentation of required permitting and planning and zoning compliance or a statement that no permits are needed, or no planning and zoning requirements exist in the area, and pay a registration fee under the proposed legislation. (Note: Composting facilities owned by political subdivisions and local government entities are exempted from paying the fee included in the proposed legislation. Agricultural composting facilities or residential composting facilities where the compost generated is intended for personal use and not for resale are exempted from the requirements of the proposed section.)

Water Quality – Sections 341.230, 640.011, 640.085, 640.100, 640.128 and 701.033

Yes. The impact is unknown. There are private labs that both the DHSS and the DNR certify to perform microbiology (DHSS certified) and chemical (DNR certified) testing. The bill would require these tests to be performed by DHSS. This bill would alter 640.100.3 which establishes the ability for private labs to be certified by DNR. Also, with the loss of the laboratory, the DNR would no longer have staff qualified to certify private labs in accordance with 640.100.3.

FISCAL DESCRIPTION

SECTION 8.860 - Green Building Requirements for State Buildings

State-funded buildings over 5,000 square feet constructed after August 28, 2010 must be certified, at minimum, as meeting either the 2 Globes level under the Green Globes building rating system or the Silver level under the Leadership in Energy and Environmental Design (LEED) building rating system. The act prescribes certain points that must be earned in achieving either the 2 Globes or Silver level certification.

State-funded building renovation and commercial interior fit-out projects must be analyzed under one of several options, including a life cycle cost analysis comparing the costs and benefits of renovating to the 2 Globes or Silver standards, normal industry standards, or a building standard in between.

The Office of Administration must exempt any building from the requirements of the act if the

DESCRIPTION (continued)

cost to comply is 3% or more than the costs of traditional construction or renovation.

The Office of Administration may petition the General Assembly to require all state-funded building construction and renovation projects to meet a different or additional high-performance building standard, provided that such building standard is at least as stringent as the Green Globes and LEED standards.

The act requires periodic inspections of buildings built to the 2 Globes or Silver standards. The inspector must report its findings to the Office of Administration and the state agency that occupies the building. For 15 years, the Office of Administration must monitor and evaluate the energy and environmental benefits associated with each building subject to the act's requirements. The Office of Administration must submit a report to the energy committees in the House of Representatives and the Senate regarding activities and information that result from the act's provisions.

SECTION 21.950 - Joint Committee on Solid Waste Management

The act creates the Joint Committee on Solid Waste Management, which shall be composed of 5 members of the Senate and 5 members of the House of Representatives. The committee shall examine the state's present and future solid waste management needs and determine the best strategy to ensure affordable and environmentally-conscious solid waste management for Missouri's citizens and businesses for the next 25 years.

The committee may hold hearings and solicit input at its discretion and must issue a report of its findings and recommendations to the General Assembly by December 31, 2010.

The Department of Natural Resources may not issue any new permits for new nonsource separated material recovery facilities until the report is issued or Jan. 1, 2011, whichever occurs first.

SECTION 37.970 - Transparency Policy

Each state department must carry out its duties with full transparency to the public and the public must be able to access any of the department's data or information in a timely fashion. Each department must take a broad interpretation of the Missouri Sunshine Law and must respond accordingly to any request for information, regardless of the format in which the request is made.

DESCRIPTION (continued)

SECTIONS 67.2800 to 67.2835 - PACE Act

These sections create the Property Assessment Clean Energy (PACE) Act.

Municipalities may individually or jointly form Clean Energy Development Boards, which shall fund energy projects for property owners within their jurisdictions. Projects shall either reduce energy consumption or create energy from renewable sources. In exchange for receiving the funding for the project, a property owner agrees to pay a special assessment to be collected with his or her property tax for a period not to exceed 20 years.

The agreement between a property owner and a Clean Energy Development Board is a covenant that runs with the land and shall be binding upon subsequent owners of the property. Clean Energy Development Boards can establish their own application requirements and project selection criteria and can require energy audits as a prerequisite to funding a project. Boards must submit annual reports to municipality(ies) that created them, with report requirements listed in the act.

Clean Energy Development Boards may issue bonds, and may use the revenue from the sale of the bonds to fund energy efficiency or renewable energy projects.

The director of the Department of Economic Development may allocate any part of the state's residual share of the National Qualified Energy Conservation Bond limitation to any state or local government entity.

These sections are similar to SCS/SB 1037 (2010).

SECTION 192.1250 - Real-time Water Quality Testing

The Department of Health and Senior Services must examine the feasibility of implementing a real-time water quality testing system and report to the General Assembly by December 31, 2010.

SECTION 260.005 - EIERA

The act expands the definition of the term "project" to include renewable energy projects, to make these types of projects eligible for funding through the Environmental Improvement and Energy Resources Authority (EIERA).

This section is identical to SCS/SB 1037 (2010).

DESCRIPTION (continued)

SECTION 260.244 - Missouri Soil Enrichment Initiative

The Department of Natural Resources must maintain a registry of compost facilities in the state. The registry must be posted on the department's website and must identify the locations of compost facilities around the state. Commercial compost facilities and compost facilities owned by local governments must register with the Department. The registration is valid for one calendar year, and must be renewed on an annual basis as long as the facility remains in operation.

Registered commercial compost facilities must pay an annual fee based on the size of their facilities: less than or equal to 5 acres is \$500, greater than 5 acres up to 20 acres is \$1,000, and more than 20 acres is \$2,500. The fee for the first year may be pro-rated. The Department may examine records and measure acreage of commercial compost facilities to determine the fee amount. Compost facilities owned or operated by local governments are not required to pay the fee.

All registered compost facilities must submit an annual report to the Department documenting contact information for the facility, the amount of material collected, the amount of compost on-hand at the time of report preparation, and that the facility operates without creating a nuisance. The facility must also document that it operates in compliance with local permits and planning and zoning ordinances.

The act does not apply to agricultural composting facilities or to residential composting facilities where the resulting compost is intended for personal use only and is not intended for resale.

SECTION 341.230 - Plumbing Code

By August 28, 2013, counties that contain any portion of a water body that runs through or borders a state park or national park must adopt a plumbing code. The code must be at least as stringent as a nationally recognized plumbing code. Agricultural buildings are exempt from having to comply with the plumbing code.

SECTION 386.210 - Public Service Commissioners

The act allows members of the Public Service Commission (PSC) to appear in proceedings of the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the Federal Communications Commission or any other federal agency with jurisdiction over a PSC-regulated utility or that could impact utility service in Missouri. The PSC may file or participate in appeals

DESCRIPTION (continued)

from these same federal commissions or agencies.

This section contains an emergency clause.

SECTION 640.085 - Environmental Services Program

The Environmental Services Program currently under the Department of Natural Resources is transferred to the Department of Health and Senior Services, with the transfer to be complete as of June 30, 2012.

SECTION 640.100 - Public Drinking Water Laboratory Tests

Under current law, public water suppliers may request the Department of Natural Resources or the Department of Health and Senior Services to run lab tests of their water samples. The act removes the Department of Natural Resources from this provision. Additionally, current law requires analysis of drinking water samples to be conducted by the Department of Health and Senior Services laboratories, the Department of Natural Resources' laboratories, or other labs certified by the Department of Natural Resources. The act removes the Department of Natural Resources' laboratories from the provision and transfers the authority to certify other labs to the Department of Health and Senior Services.

SECTION 640.116 - Exemption for Well Construction Requirements

Water systems that serve charitable or benevolent organizations that do not regularly serve an average of 100 persons or more for at least 60 days of the year and that are not used for a school or day-care are exempt from well construction rules unless the system is a threat to groundwater or public health. Such wells are not exempt from certain rules applicable to multi-family wells. The act lists certain actions that a well owner must take in the event of certain coliform contamination violations.

SECTION 640.128 - Notification of Public Health Risk

The Department of Natural Resources must immediately notify the local public health authority and the Department of Health and Senior Services if it receives water quality test results voluntarily submitted by a permitted entity that indicate a risk to public health.

DESCRIPTION (continued)

SECTION 644.200 - Water Quality Laboratory Testing

The act requires that any water quality testing done for the purposes of administering the Missouri Clean Water Law or the federal Safe Drinking Water Act must be performed by a laboratory either operated or certified by the Department of Health and Senior Services. The Department of Health and Senior Services must make the results of any water quality test available to the public within 48 hours of getting the results, regardless of the circumstances. If the water samples were collected by any entity other than the Department of Health and Senior Services, the Department must also transmit the test results to the collecting entity within 48 hours of its receipt of the results. If any test results indicate a potential risk to public health or the environment, the Department may work with the Department of Natural Resources to assess the risk and develop a strategy to address the water issue.

SECTION 701.033 - Private Septic Systems

The act allows the Department of Health and Senior Services to provide technical assistance, guidance, and oversight to local authorities that administer and enforce individual on-site sewage disposal system standards. The Department may provide such assistance at the request of the local government or in any case where the Department determines that its intervention is necessary to prevent a violation of state law.

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 Agriculture
Department of Revenue
Secretary of State's Office
State Treasurer's Office
Department of Natural Resources
City of Centralia
Department of Financial Institutions and Professional Registration
Department of Transportation
State Tax Commission
Department of Health & Senior Services
Department of Economic Development



Mickey Wilson, CPA
Director
May 11, 2010