

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4911-02
Bill No.: SCS for HB 2109
Subject: Natural Resources Dept.; Fees, Water Resources and Water Districts;
 Environmental Protection
Type: Original
Date: April 16, 2010

Bill Summary: Modifies provisions relating to the Missouri Clean Water Law.

FISCAL SUMMARY

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Water Permit Fees	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

- 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 Natural Resources** assume Section 644.054.1 of this proposal would extend the existing water permit fee rate structure for wastewater permits imposed under the water pollution statutes until December 31, 2012 (FY 2013). This extension does not affect the department's authority regarding these issues. Based on the number of active permits and the revenue trends seen over the previous two years, this proposal is estimated to generate an estimated \$4.3 million in revenue annually.

644.052.3.(3) & (4) adds site specific permit fees of \$150 every five years for class IB and class IC or smaller animal feeding operations. Under current state and federal law and regulations, these facilities are issued permit coverage under general CAFO permits at a cost of \$150 every five years; the net fiscal impact to state revenues resulting from this legislation would be neutral.

Calculation of FY 2009 costs for water pollution control efforts demonstrated that the cost of issuing and servicing general CAFO permits was \$1.2 million as compared to permit fee revenues of \$10,000 for these same permits. Beginning in February 2011, CAFO/AFO permits will be issued under new federal regulations requiring additional administrative processes in order to satisfy NPDES requirements. These new administrative requirements include incorporating farm-specific components of the CAFO's nutrient management plan into the permit. These components must go through the public notice process prior to issuance. Because of the new EPA NPDES permit requirements for the CAFO/AFO industry, the department has determined that site-specific permits will be necessary to fulfill these new regulations. The additional requirements of the new rule are expected to increase the department's cost and therefore will exacerbate the disparity in costs versus revenues for class IB and IC or smaller CAFO facilities. Priorities will need to be shifted in order to review, issue and service these permits as required by both state and federal rules. Other industries will be subsidizing the cost of these permits. Permits not issued within statutory time frames are eligible to receive a refund of their permit fee with interest.

Oversight assumes the revenue generated from the proposal will provide the resources needed to administer the program and the net estimated effect of the extension would be \$0.

Officials from the **Missouri House of Representatives, Department of Agriculture and Missouri Senate** assume there will be no fiscal impact to their agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
WATER PERMIT FEES FUND			
<u>Revenue - Department of Natural Resources</u>			
Other Fund Costs (Water Permit Fees)	Unknown	Unknown	Unknown
<u>Cost - Department of Natural Resources</u>			
Other Fund Costs (Water Permit Fees)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON WATER PERMIT FEES FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No additional impact on small business is anticipated. Small businesses that meet the requirements to secure Missouri State Operating Permits for discharge of pollutants into the waters of the state are currently paying these fees.

FISCAL DESCRIPTION

This bill extends the public notice requirements of the Clean Water Commission when listing any impaired waters of the state under Section 303(d) of the federal Clean Water Act from August 28, 2010, to August 28, 2012.

The commission's authority to charge fees for construction permits, operating permits, and operator's certifications related to water pollution control is extended from December 31, 2010, to December 31, 2012.

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
Missouri House of Representatives
Missouri Senate
Department of Agriculture



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Director
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