

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6012-01
Bill No.: SB 838
Subject: Economic Development Department; Environmental Protection; Natural Resources Department; Motor Fuel; Property, Real and Personal; Saint Louis; Tax Credits; Waste- Hazardous
Type: Original
Date: March 26, 2012

Bill Summary: This proposal modifies provisions relating to funding for site remediation in certain municipal areas.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Petroleum Storage Tank Insurance Fund	\$0 to (\$4,166,667)	\$0 to (\$4,166,667)	\$0 to (\$4,166,667)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (\$4,166,667)	\$0 to (\$4,166,667)	\$0 to (\$4,166,667)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
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 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Budget and Planning** assume this proposal would impact the Petroleum Storage Tank Insurance Fund. BAP defers to DNR for specific impact to the fund.

Officials at the **City of Kansas City, Department of Economic Development, Department of Natural Resources, St Louis County** and the **Office of State Treasurer** assume there is no fiscal impact from this proposal.

Officials at the **City of Columbia** assume that if this proposal is limited in its application then it should not have an impact on the City.

Officials at the **Petroleum Storage Tank Insurance Fund (PSTIF)** assume this proposal would increase the financial liability of the PSTIF by an undetermined amount. It is unknown how many municipalities have, or would have in the future, an "organization created by the authority of section 92.875," how many properties are or would be owned by such organizations in the future as a result of tax foreclosure, or how many of such properties would have "petroleum contamination."

As written, it is unclear whether the bill eliminates, for these properties, the current statutory requirement that the property owner pay the first \$10,000 of cleanup costs. It also appears the bill would extend PSTIF benefits to properties impacted by petroleum from sources other than tanks.

Absent any basis for realistically projecting the fiscal impact of this proposal on the PSTIF, it is assumed that 100 additional properties would become eligible for PSTIF benefits and that the average cost of cleanup and claims processing for each of these properties would be \$125,000. The average cost is based on current experience; however the number of new cleanups that would be paid for by the PSTIF as a result of this proposal is a large unknown. The 100 additional properties would result in an impact of \$4,166,667 annually.

Oversight assumes it is unclear how many of these properties would be included in this proposal so Oversight will range the impact as \$0 (no additional properties) to the PSTIF estimate of 100 properties.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
PETROLEUM STORAGE TANK INSURANCE FUND			
<u>Cost</u> - cleanup the additional properties	<u>\$0 to</u> <u>(\$4,166,667)</u>	<u>\$0 to</u> <u>(\$4,166,667)</u>	<u>\$0 to</u> <u>(\$4,166,667)</u>
ESTIMATED NET EFFECT ON THE PETROLEUM STORAGE TANK INSURANCE FUND	<u>\$0 to</u> <u>(\$4,166,667)</u>	<u>\$0 to</u> <u>(\$4,166,667)</u>	<u>\$0 to</u> <u>(\$4,166,667)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<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

This proposal allows funds from the Petroleum Storage Tank Insurance Fund to be used for cleanup of sites contaminated by petroleum that have been acquired involuntarily through foreclosure by the Land Re-utilization Authority of St. Louis.

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

- Budget and Planning
- City of Columbia
- City of Kansas City
- Department of Economic Development
- Department of Natural Resources
- Office of State Treasurer
- St. Louis County

JH:LR:OD

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A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial 'M' and a long, sweeping underline.

Mickey Wilson, CPA
Director
March 26, 2012

JH:LR:OD