

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2513-04
Bill No.: SS #2 for HCS for HB 980 with SA 1, SA 2 and SA 4
Subject: Administrative Rules; Environmental Protection; Natural Resources Dept.
Type: Original
Date: May 6, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	\$0	\$0 to (\$25,000)	\$0 to (\$25,000)
Total Estimated Net Effect on General Revenue Fund	\$0	\$0 to (\$25,000)	\$0 to (\$25,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
DNR Dedicated Funds	\$0	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on Other State Funds	\$0	\$0 to (Unknown)	\$0 to (Unknown)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State** assume this bill requires a regulatory impact report for certain rulemaking processes when the Department of Natural Resources files rulemakings with the Administrative Rules Division. Since the Administrative Rules Division's costs are in publication of the Missouri Register and the report has no requirement to be published, it should not impact this agency.

Officials from the **Department of Conservation** and **Department of Transportation** assume this proposal would have no fiscal impact on their organization.

In response to Perfected HCS for HB 980 (2513-02), officials from the **Department of Natural Resources** assumed the proposed legislation states that a regulatory impact report must be done for all rules promulgated that prescribe environmental conditions and standards.

Previous attempts to identify costs per rule for preparing the proposed regulatory impact report on state-initiated rules were estimated at \$42,440 per rule. In an ongoing process to improve our rulemaking process, the department has worked with representatives of the regulated community and our boards and commissions to make the rulemaking process more easily accessible and understandable to the public and those in the regulated community. On January 29, 2004 the

ASSUMPTION (continued)

department committed to a regulatory impact process and report. The Department's Regulatory Impact Report and process applies to all rulemakings and is currently in effect.

Section 640.014.4 would require ". . . the department, board, or commission to publish in at least one newspaper of general circulation, qualified pursuant to chapter 493, RSMo, with an average circulation of twenty thousand or more . . . " It is unknown what the cost for complying with this provision of the proposal would be. It is also unknown how many new rules will be promulgated in any given year. Therefore the fiscal impact to the department would be unknown.

Oversight assumes that the cost of compliance with this proposal is unknown. Some administrative rules would not require the cost-benefit analysis contemplated in this proposal. Further, Oversight assumes it is not possible to predict the number of rules which would be adopted or the number of rules adopted which would require the scientific review proposed in this legislation, let alone the number which might be challenged. Oversight assumes that any costs resulting from this proposal would be paid from the state General Revenue Fund since program funds would not be available for such costs.

Hancock Refunds

The proposed legislation prohibits future refunds mandated under article X from certain funds if the United States Environmental Protection Agency determines that the use of any such monies for paying the refund would violate the federal Clean Water Act or any related federal regulation.

The proposed legislation also states that the state General Revenue Fund (GR) will be reimbursed from other DNR funds for any disproportionate impact on GR as a result of the EPA determination. Historically, GR has replenished the Water and Wastewater Loan Revolving Loan Fund, Water and Wastewater Loan Fund and the NRPF-Water Permit Fees SRF Administration subaccount for the Article X transfer. The amount replenished was: FY00 \$743,592; FY01 \$301,891; and FY03 \$7,991.

The department assumes the fiscal impact resulting from this legislation would be an impact to our dedicated fees in an amount equal to the replenishment thereby resulting in a savings to GR.

The Oversight Subcommittee met on February 23, 2004, and voted to reflect a revenue cost from this proposal in a range from zero to \$25,000 annually in Perfected HCS for HB 980.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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GENERAL REVENUE FUND

<u>Cost - Department of Natural Resources</u> Risk Assessment, Cost-Risk Analysis & Publication Costs	<u>\$0</u>	<u>\$0 to (\$25,000)</u>	<u>\$0 to (\$25,000)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND*	<u>\$0</u>	<u>\$0 to (\$25,000)</u>	<u>\$0 to (\$25,000)</u>
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DNR DEDICATED FUNDS

DNR Dedicated Funds	<u>\$0</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
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ESTIMATED NET EFFECT ON DNR DEDICATED FUNDS	<u>\$0</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<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 substitute requires after the effective date of the substitute that all rules promulgated or amended by the Department of Natural Resources and certain related boards and commissions that prescribe environmental conditions or standards cite the specific section of law or legal authority for the rule. The rule must also be based on a regulatory impact report. The substitute outlines the criteria for the report which must be published in a qualified newspaper and posted on the agency, board, or commission's web site. Sixty days must be allowed for public comment before promulgating the rule. The report must be filed with the Joint Committee on

Administrative Rules. Rules may be adopted within certain limitations without a regulatory

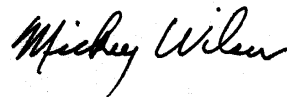
DESCRIPTION (continued)

impact report if immediate action is necessary to protect human health, public welfare, or the environment. Rules may also be adopted that are equivalent to federal rules.

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 Conservation
Secretary of State
Department of Transportation
Department of Health and Senior Services



Mickey Wilson, CPA
Director
May 13, 2004