

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4649-01
Bill No.: HB 1536
Subject: Environmental Protection; Natural Resources Dept.
Type: Original
Date: March 9, 2004

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------------|------------------|------------------|
| FUND AFFECTED | FY 2005 | FY 2006 | FY 2007 |
| General Revenue | \$725,272 | \$725,272 | \$725,272 |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$725,272 | \$725,272 | \$725,272 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2005 | FY 2006 | FY 2007 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 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 with the **Office of Administration - Division of Budget and Planning, Department of Revenue, Department of Conservation and State Treasurer's Office** assume no fiscal impact to their agencies.

Officials with the **Department of Natural Resources (DNR)** assume this proposal does not change the current the amount of the revenue stream into the solid waste management fund. It does change the allocation of the solid waste management fund monies which will ensure sufficient funding for existing solid waste permitting, enforcement, inspection, oversight of financial assistance, and administration activities to the department and the Attorney General's office, as well as increased direct financial assistance to the solid waste management districts. No new FTEs will be created as a result of this proposed legislation.

In FY04 the department received \$725,272 General Revenue dollars for solid waste management activities. The proposed reallocation of the Solid Waste Management Fund would result in a savings for that amount to the General Revenue Fund.

There has been an annual increase of approximately 2% in the amount of revenue collected and deposited into the solid waste management fund each year. This increase is due to a typical

ASSUMPTION (continued)

increase in the generation of solid waste each year and the increase in the general price level as measured by the Consumer Price Index for All Urban Consumers for the United States - the basis on which the tonnage fee is calculated each year.

For purposes of this proposal, DNR assumes annual disposal of 5,502,500 tons at a disposal rate of \$2.04 per ton. The revenue deposited into the Solid Waste Management Fund would be \$11,000,598. Under the restructuring of the distribution of the fund, \$1 million dollars will be allocated for the Market Development Program (under the Environmental Improvement & Energy Resources Authority) leaving \$10,000,598 to be distributed between the department and the solid waste management districts. \$4,300,257 (43%) will be allocated to the department and the remaining \$5,700,341 (57%) will be allocated to the districts. There will be no funds for project grants during FY 2005; however, as fund revenues increase in future years, money could be available for solid waste project grants.

DNR's current appropriations for the solid waste activities of permitting, inspections, enforcement, grants management, and administration and related fund transfers is \$4.4 million; under this bill that amount would be reduced to \$4.3 million. Under current law the district's allocation is 55% (\$5.5 million); under this proposal that amount would increase to 57% (\$5.7 million). The department's reduction in funding will result in a loss of 2 FTE. The dollar amount of this reduction in FTE totals \$124,830 (\$70,000 - PS, \$22,260 - FB, \$32,570 - related on-going expenses)

**RSMo 260.335 - current distribution
(based on revenues of \$11,000,598**

Market Development (EIERA) 10% \$1,000,000

Solid waste activities of enforcement,
inspections, grants management &
oversight, resource planning, and
administration 25% \$2,500,150

Grants to solid waste management
districts 50% \$5,000,299

Waste reduction & recycling
grants and district operations
grants 25% \$2,500,149

VL:LR:OD (12/02)

ASSUMPTION (continued)

**RSMo 260.335 – HB 1536 distribution
 (based on revenues of \$11,000,598**

Market Development (EIERA) 10% \$1,000,000

Department solid waste activities
 of permitting, enforcement,
 inspections, district grants mgmt.
 & oversight, resource planning &
 administration 43% \$4,300,257

Grants to solid waste management
 districts (includes district
 operations grants) 57% \$5,700,341

Allocation of Revenues into the Solid Waste Management Fund \$11,000,598

| | FTE | Allocations |
|--|-------|--------------|
| Market Development Program | | |
| \$1,000,000 | | |
| Solid Waste Management Program | 40.52 | \$ 2,270,343 |
| DNR Regional Offices | 12.08 | \$ 891,874 |
| Environmental Services Program | .96 | \$ 83,409 |
| Geological Survey & Resource Assessment Division | 3.00 | \$ 164,745 |
| Environmental Investigator | .40 | \$ 29,659 |
| Hazardous Waste Program | 1.04 | \$ 17,656 |
| Attorney General's Office | | \$ 47,749 |
| Fund Transfers & HB 13/HB 5 Leases / Contract Audits | | \$ 794,822 |
| Department Totals | 58.00 | \$ 4,300,257 |
| Solid Waste Management Districts | | \$ 5,700,341 |
| Total Fund Expenditures | | \$11,000,598 |

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

GENERAL REVENUE

| | | | |
|--|-------------------------|-------------------------|-------------------------|
| <u>Savings</u> - Program costs previously allocated to Solid Waste Management Fund | <u>\$725,272</u> | <u>\$725,272</u> | <u>\$725,272</u> |
| ESTIMATED NET EFFECT GENERAL REVENUE | <u>\$725,272</u> | <u>\$725,272</u> | <u>\$725,272</u> |

| | | | |
|---|---------------------|---------|---------|
| <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

There will be a significant economic impact on small business in the solid waste industry if this proposed legislation does NOT pass. The resulting loss of the state's EPA Subtitle D authority will cause some of these businesses to shut down their existing landfills in many areas of the state (especially in the St. Louis urban area), as these landfills reach capacity and cannot be expanded or replaced. It will be necessary for those remaining businesses to significantly increase their costs in an effort to recognize profits. Although difficult to determine with any certainty, increases of 30%-50% in current rates are possible. These increased rates will increase the costs for solid waste disposal services to all businesses as well as to private citizens.

Enforcing the solid waste law will provide an even playing field for those who handle solid waste properly by removing any economic benefit from those who illegally dump or handle waste. Increased emphasis on waste reduction and reuse will save many businesses money in disposal costs and could, ultimately, create jobs in another area of the industry.

Continued emphasis (at both the state and local level) on preventing and prosecuting those who illegally dump or handle their waste will increase business for waste haulers, transfer stations and landfills, as those previous violators turn to proper disposal methods for their solid waste. Removing and keeping trash out of Missouri's roadsides, ditches, lakes, and waterways will benefit property values and tourism.

DESCRIPTION

This bill revises provisions relating to allocation of revenues deposited into the Solid Waste Management Fund each fiscal year. Up to 43% of the revenues will be dedicated to the elimination of illegal solid waste disposal, to identify and prosecute persons disposing of solid waste illegally, to conduct solid waste permitting activities, and to administer grants and perform other duties imposed in Sections 260.200 - 260.345, RSMo, and Section 260.432. At least 57% of the revenues will be allocated through grants to participating cities, counties, and districts.

Sixty percent of the revenue generated within each region will be allocated to the cities and counties of the district or to persons or entities providing solid waste management, waste reduction, or recycling services in these cities and counties. Each district will receive a minimum of \$75,000.

Up to \$400,000 of the moneys allocated will be made available for solid waste management districts to apply to the department for a three-to-one matching grant of up to \$20,000 per district per year to be used for the purpose of solid waste district operations.

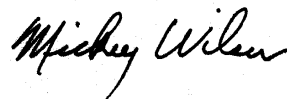
Any remaining moneys in the fund will be used to provide grants for statewide solid waste management planning or research projects including contracted services.

If moneys owed are not transmitted in the time frame established by the rule promulgated, interest will be imposed at the rate of 10% per annum from the prescribed due date until payment is actually made. These interest amounts will be deposited to the credit of the fund.

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

Office of Administration -
Division of Budget and Planning
Department of Natural Resources
Department of Revenue
Department of Conservation
State Treasurer's Office



L.R. No. 4649-01
Bill No. HB 1536
Page 7 of 7
March 9, 2004

Mickey Wilson, CPA
Director
March 9, 2004