

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0502-03
Bill No.: HCS for HB 192
Subject: Environmental Protection; Motor Vehicles; Natural Resources
Type: Original
Date: April 15, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Solid Waste Management Fund	\$1,730,087	\$2,076,104	\$2,076,104
Total Estimated Net Effect on <u>Other</u> State Funds	\$1,730,087	\$2,076,104	\$2,076,104

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Natural Resources** assume the proposed language in Sections 260.273.3 would reduce the percentage of proceeds Department of Revenue can retain for collection costs from 4% to 2%. This change will allow more of the funds to be spent on program activities.

The proposed legislation would extend the sunset date on the tire fee established in Section 260.273 until January 1, 2010.

Continuing the waste tire fee will generate about \$2.1M annually into the Scrap Tire Subaccount. The department assumes the revenue will be used to fund continued removal of illegally dumped tires, educational programs, and grants to end users.

Section 260.279 of the proposal stipulates that Missouri vendors, or non-Missouri vendors with a subsidiary in Missouri, bidding on the removal or cleanup of waste tires shall be given a 5% preference and shall receive ten bonus points for each of five factors. The department does not anticipate a direct fiscal impact from this section. These provisions may discourage outstate bidders and the department has not had many bidders on previous contracts.

ASSUMPTION (continued)

Officials from the **Department of Revenue** assume this proposal reinstates the tire fee beginning January 1, 2006.

All tire fee retailer accounts must be programmatically reactivated. Taxation estimates that the programming costs for reactivation will be approximately 173 programming hours = \$5,771. All tire retailers will have to be notified to start collecting the fee again. 2,100 notifications will cost \$53 for the letters and \$563 for postage = \$616 for notifications.

For FY04 (6 mos) the Department of Revenue deposited \$1,623,689 into the Solid Waste Management Fund and \$67,653 into General Revenue (based on the statute allowing for 4% to be used for the collection of such fee). This proposal reduces the percent of the proceeds allowed for the collection costs from 4% to 2%.

The Department of Revenue projects that this change will affect the previous deposit to the general revenue fund; however, it is not reflected in the fiscal note costs because the revenue has not been given directly to the department.

Officials from the **Department of Transportation (MoDOT)** assume this proposal would reinstate the previous tire fee of fifty cents per new tire that expired on January 1, 2004 and extends such fee until January 1, 2010. Due to the expiration date, MoDOT currently does not pay the waste tire fee.

MoDOT purchases an estimated 6,560 tires annually. Therefore, the estimated annual fiscal impact for the reinstatement and extension of the waste tire fee would be \$3,280. The fiscal impact for fiscal year 2008 will be for 6 months (July 1, 2007 - December 31, 2007), which would be approximately \$1,640.

Oversight assumes this would be accomplished during the normal budgetary process. Therefore, Oversight assumes the initial administrative impact of this proposal is \$0.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Cost - Department of Revenue</u>			
Programming and Mailing	<u>(\$6,387)</u>	<u>\$0</u>	<u>\$0</u>
NET ESTIMATED EFFECT ON GENERAL REVENUE	<u>(\$6,387)</u>	<u>\$0</u>	<u>\$0</u>
SOLID WASTE MANAGEMENT FUND			
<u>Income - Department of Natural Resources</u>			
Solid Waste Management Fund - Tires	<u>\$1,730,087</u>	<u>\$2,076,104</u>	<u>\$2,076,104</u>
NET ESTIMATED EFFECT ON SOLID WASTE MANAGEMENT FUND	<u>\$1,730,087</u>	<u>\$2,076,104</u>	<u>\$2,076,104</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Tire retailers would have to continue collecting the \$0.50 per tire fee on retail sales and remit the fee to the Department of Revenue.

DESCRIPTION

The waste tire fee expired on January 1, 2004. This bill reimposes the fee until January 1, 2010.

The Department of Natural Resources must give preference to contract bids for waste tire cleanups from vendors that are Missouri residents, employ Missouri workers, or use the tires for

DESCRIPTION (continued)

fuel or to manufacture a useful product. The department may consider prior performance in the awarding of the contract. A vendor will not be given a preference for a bid to fill a landfill with waste tires, waste tire chips, or waste tire shreds, including landfill cover.

The collection fee retained by the Department of Revenue is reduced from 4% to 2%.

The bill contains an emergency clause.

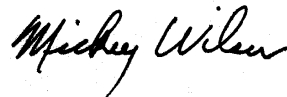
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources

Department of Revenue

Department of Transportation



Mickey Wilson, CPA
Director
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