

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3506-03
Bill No.: HCS for HB 1147
Subject: Business and Commerce; Environmental Protection; Natural Resources Dept.
Type: Original
Date: April 24, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **State Auditor's Office** assume no fiscal impact to their agency.

Officials from the **Department of Transportation** assume this proposes to create a program administered by the Department of Natural Resources that will allow regulated entities to receive benefits such as: extended duration permits, expedited permit renewal, modified monitoring and/or reporting frequency, electronic application and reporting, modified inspection frequency and any other benefit commensurate with the capabilities of the entity. As it is currently proposed, this program is voluntary and as such will have no fiscal impact on MoDOT.

Officials from the **Department of Natural Resources** assume this proposal may encourage audits and environmental management systems and appropriate follow up efforts to achieve compliance, thus improving the environment by providing limited immunity for violations of environmental statutes and regulations.

Evidence exists that environmental audits are already on the rise, in part because lending institutions and insurance underwriters are requiring it from corporations. In addition, more companies are expressing an interest in self-audits or environmental management systems (EMS) because they are achieving cost savings from improved efficiencies, pollution prevention and

ASSUMPTION (continued)

other business improvements, as well as complying with the environmental statutes and regulations.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<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 bill provides immunity from both civil and criminal actions to certain companies subject to environmental regulation. Companies that comply with the audit requirements are generally exempted from criminal liability, unless there is some intentional scheme to violate environmental regulations. Prosecutors are not allowed to make use of the audit reports for either civil or criminal purposes. Economic damages for noncompliance discovered through methods that meet the audit requirements are generally limited to the benefits gained by the company because of its noncompliance.

In order to comply with the audit requirements, a company must:

- (1) Discover its noncompliance through voluntary internal procedures or audits;
- (2) Disclose its noncompliance to the Department of Natural Resources within 21 days;
- (3) Make the disclosure prior to several types of legal actions and regulatory investigations;
- (4) Correct the noncompliance within 60 days or as determined by the department;

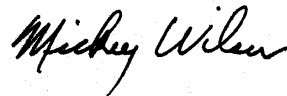
DESCRIPTION (continued)

- (5) Take steps to prevent future noncompliance;
- (6) Show that the specific noncompliance was not part of a pattern and did not occur in the previous three years;
- (7) Show that the noncompliance did not cause serious actual harm or violate any administrative order or consent agreement; and
- (8) Provide certain required information to the department.

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
State Auditor's Office
Department of Transportation



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