

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3588-01  
Bill No.: HB 1584  
Subject: Environmental Protection; Natural Resources Dept.  
Type: Original  
Date: March 4, 2008

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Bill Summary: Changes certain fees that are collected by the Department of Natural Resources

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
Natural Resources Protection Fund	\$655,000	\$655,000	\$655,000
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$655,000</b>	<b>\$655,000</b>	<b>\$655,000</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

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### **ASSUMPTION**

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

Officials from the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Secretary of State's Office (SOS)** assume this bill requires the Department of Agriculture and the Department of Revenue to promulgate rules. These rules will be published by our division in the Missouri Register and the Code of State Regulations. Based on experience with other divisions, the rules, regulations and forms issued by the various agencies could require as many as 116 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23.00. The estimated cost of a page in the Code of State Regulations is \$27.00. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

**Oversight** assumes the SOS could absorb the costs of printing and distributing packets and sections of the State Manual related to this proposal. If multiple bills pass which require the printing and distribution of packets at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Natural Resources (DNR)** assume the Air Pollution Control Program has several fee rates that are not sufficient to cover the reasonable costs of providing the corresponding services and services without associated fees. This proposal would provide additional revenue to support the program's services and in turn this would help alleviate some of the current funding problems. By increasing each of the fees, additional funding would be provided to the program for these current operations.

In addition, the open burning fee could encourage use of other means of disposal of waste vegetation, which would mean less air pollution and a possible reduction in the number of open burning permits issued.

ASSUMPTION (continued)

The program currently processes vapor recovery permits for gasoline dispensing facilities in the St. Louis area. Construction permits are required for all new stations and modifications at existing facilities. Testing is required as a result of each of these permits to ensure the systems are leak tight. Additionally, each gasoline dispensing facility must have an operating permit that is renewed every five years. These must also be modified when a construction permit is issued to individual facilities. The program currently has no direct funding source for these responsibilities. The department also processes demolition notifications and there is no funding source associated for these reviews. The present limited emission state fees or federal funds must cover all of the program's activities.

Overall, current funding is running short for all air activities, and this proposal would help to cover the cost of all reviews and allow the program to protect air quality and meet statutory requirements for its operations.

Natural Resources Protection Fund --Air Pollution Permit Fee Subaccount (Fund 0594)

Approximately 2,000 open-burning permits are estimated to be issued each year, therefore at the proposed \$100 application fee, open-burning permits would generate an estimated \$200,000 annually.

Approximately 380 gasoline vapor recovery permits are estimated to be issued each year, therefore at the proposed \$100 application fee; vapor recovery permits would generate an estimated \$38,000.

Operating permits are renewed every 5 years. The average number of Basic Operating permits applied for each year is 209. With the proposed fee increase approximately \$20,900 in additional revenue would be generated annually.

209 Basic Op Permits X \$100 current fee = \$20,900

209 Basic Op Permits X \$200 proposed fee = \$41,800

\$41,800 - \$20,900 = \$20,900 estimated additional revenue generated

The average number of Part 70 and Intermediate Operating permits applied for each year is 120. With the proposed fee increase approximately \$48,000 in additional revenue would be generated annually.

120 P70 & Intermediate Op Permits X \$100 = \$12,000

120 P70 & Intermediate Op Permits X \$500 = \$60,000

\$60,000 - \$12,000 = \$48,000 estimated additional revenue generated

VL:LR:OD (12/02)

ASSUMPTION (continued)

Construction Permit application review fees are currently recouped at the \$50 per hour rate. With this proposal the hourly rate would be \$90 per hour, for review of each construction permit application. As a result of this proposal, approximately \$192,000 in additional revenue would be generated annually.

4,795 hours X \$50/hour = \$239,750  
4,795 hours X \$90/hour = \$431,550  
\$431,550 - \$239,750 = \$191,800 estimated additional revenue generated

Natural Resources Protection--Air Pollution Asbestos Fee (Fund 0584)

Asbestos renewal of certificates is proposed to increase from \$5 to \$50 per certificate. This proposal would generate approximately \$96,000 in additional revenue annually.

2,123 certificates X \$5 = \$10,615  
2,123 certificates X \$50 = \$106,150  
\$106,150 - \$10,615 = \$95,535 estimated additional revenue generated

The department currently processes roughly 600 demolition notifications annually. With this proposal approximately \$60,000 would be generated in revenue yearly.

600 demolitions X \$100 fee = \$60,000 estimated additional revenue generated

The actual increase in funding is impossible to predict because of the economic factors affecting construction of facilities required to apply for construction or operating permits as well as the number of asbestos certifications renewed.

Officials from the **Department of Transportation (MoDOT)** assume this proposal will require a \$100 fee for every capital improvement project MoDOT has that is determined to be a demolition project. MoDOT believes that a demolition project is defined as one that removes "load bearing" portions of a structure. On average MoDOT addresses 10-15 projects that meet this definition annually. It appears MoDOT would be required to reimburse the Department of Natural Resources \$1,000 - \$1,500 annually. MoDOT should also assume an additional cost per notification submission for cost associated with preparation of the notification. Additionally, MoDOT assumes an increased cost from asbestos abatement contractors due to increased fees they must pay as well. It is difficult to determine the net impact this will have on MoDOT.

**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 2009 (10 Mo.)	FY 2010	FY 2011
<b>NATURAL RESOURCES PROTECTION FUND</b>			
<u>Revenue</u> - Department of Natural Resources			
Asbestos Fees	\$156,000	\$156,000	\$156,000
<u>Revenue</u> - Department of Natural Resources			
Permit Fees	<u>\$499,000</u>	<u>\$499,000</u>	<u>\$499,000</u>
<b>ESTIMATED NET EFFECT ON NATURAL RESOURCES PROTECTION FUND</b>	<b><u>\$655,000</u></b>	<b><u>\$655,000</u></b>	<b><u>\$655,000</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<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.

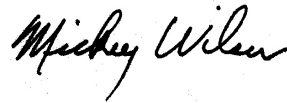
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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  
Secretary of State's Office  
State Treasurer's Office  
Attorney General's Office

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
March 4, 2008