

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5064-01
Bill No.: HB 2135
Subject: Bonds - General Obligation and Revenue; Environmental Protection; Natural Resources Dept.
Type: Original
Date: February 25, 2008

Bill Summary: Modifies requirements relating to the issuance of grants and loans by the Department of Natural Resources for storm water control

FISCAL SUMMARY

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

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

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

☐ 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).

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Secretary of State's Office** assume most joint resolutions are considered by the General Assembly that would require the Secretary of State's office to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.6 million historically appropriated in even numbered fiscal years and \$100,000 appropriated in odd numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2007, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.2 million to publish (an average of \$193,000 per issue). Therefore, the Secretary of State's Office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

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 **State Treasurer's Office (STO)** assume this proposal creates the Storm Water Loan Revolving Fund. This fund will be used for purposes of financing and constructing storm water control plans, studies and projects. The fund will be exempt from the biennial transfer and interest is retained by the fund.

Oversight assumes any need for additional resources to administer this program will be pursued through the normal budgetary process.

Officials from the **Department of Natural Resources (DNR)** assume current law requires the Department of Natural Resources to provide both grants and loans using the funds resulting from the issuance of storm water control bonds. This proposal would modify this requirement so that both are no longer simultaneously required, but either one would still be permissible.

ASSUMPTION (continued)

This proposal would remove the requirement that 50% of the proceeds from the bonds be allocated to grants and 50% to loans. It would also create a storm water revolving loan program.

By being able to reallocate remaining funds after an initial offer, the department will be able to disperse bond proceeds in a timelier manner. Historically, potential recipients did not accept the offer of loans. So, by eliminating the requirement that funds must be offered as 50 percent grant and 50 percent loan, the department will be able to disperse more funds as grants.

The storm water awards from 37(h) began in SFY 2000. In SFY 2000, the department offered \$10 million in grants and \$10 million in loans. Total grant applications were \$9,893,278. Total loan applications were \$2,765,839. This trend continued for SFY 2001 and 2002, the last “normal” years of storm water grant and loan offers. The total grant applications for the first three years were \$29,949,348. During those same three years, the total loan applications were \$9,544,467. Of those loan applications, \$8,011,300 in loans actually closed. Because storm water utilities are new for several Missouri communities, many eligible applicants don’t have rate collection systems in place that would allow them to pay debt service on a loan. Until the constitution is amended, the department can only offer matching grants to recipients that are willing to accept a loan.

The effective date of the act is contingent upon the passage of a constitutional amendment regarding the financing and constructing of storm water control plans, studies, and projects.

The DNR needs staff to effectively administer these funds. General Revenue shortfalls in previous years resulted in staff reductions in this area.

The DNR assumes any need for additional resources would be pursued through the normal budgetary process.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<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.

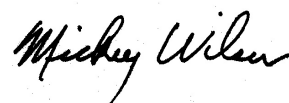
FISCAL DESCRIPTION

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



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