

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2311-01  
Bill No.: HB 1162  
Subject: Waste - Hazardous; Natural Resources Department; Boards, Commissions,  
Committees, and Councils  
Type: Original  
Date: March 28, 2017

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Bill Summary: This proposal changes the laws regard the Hazardous Waste Commission.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Fully Implemented (FY 2023)</b>
General Revenue Fund	\$0	(\$656,587)	(\$656,587)	Greater than (\$656,587)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>(\$656,587)</b>	<b>(\$656,587)</b>	<b>Greater than (\$656,587)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Fully Implemented (FY 2023)</b>
Hazardous Waste Fund*	\$0	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

\* Transfer In and Costs net to zero

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2023)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2023)
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2023)
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials at the **Department of Natural Resources (DNR)** state this proposal appears to require the Missouri Hazardous Waste Management Commission to promulgate rules addressing both coal combustion residual (CCR) landfills and surface impoundments. Once rules are promulgated, DNR staff would be responsible for oversight, implementation, and enforcement of the regulations adopted by the commission.

Based on information compiled by DNR staff, there are currently nineteen (19) operating utilities in Missouri which have coal-fired power plants. An EPA assessment of CCR surface impoundments in each state identified thirty-five (35) CCR impoundments at fourteen (14) sites in Missouri (not all plant sites have surface impoundments).

DNR assumes staff would be responsible for oversight, inspections, closure and all associated activities for these 35 existing CCR impoundments. In addition to existing facilities, department staff would be responsible for review and approval of proposed new facilities, as well as expansion of existing facilities.

Section 260.255.1 states that "The general assembly finds that it in the best interest of the state of Missouri to adopt a system of prior approval and conditions....to regulate coal combustion residual units in Missouri....." Further language in this paragraph indicates that the rules must be in a form that would meet any requirements for federal approval, which seems to imply that the state rules must cover all CCR units.

Section 260.255.1(1) applies to CCR surface impoundments;

Section 260.255.1(2) applies to CCR landfills

Section 260.255.1(3) and (4) apply to CCR units;

DNR assumes that the legislature intends that DNR will promulgate rules for all types of CCR units, and provides 'guidance' specific to the applicability certain aspects of the rule paragraphs (1) through (4).

There is no funding source for the activities and expenditures mandated by this bill. In general, DNR currently does not have a sufficient source of funding to pay for any additional work associated with implementation of the requirements of this bill at CCR facilities in Missouri. Staff resources and funding would be needed for ongoing work involved with implementing this proposed legislation, beyond the contractual work that would be needed starting in FY2019. It is anticipated the additional staff and funding could be needed as early as FY2022.

ASSUMPTION (continued)

Due to the time involved in promulgating rules and to receive federal equivalency, approval work would not begin until at least FY2019.

DNR would procure contractual services for the initial work which is estimated to last three to five years. Work consists of evaluation and impoundment pond closures at each of the 35 CCR impoundments identified by EPA in Missouri.

Project Manager/Engineer Contractor

15,152 initial hours (over 3 years) X \$130/hour = \$1,969,760

\$1,969,760.00/3 years = \$656,587 annually

**Oversight** will show this proposal as fully implemented in FY 2023 based the estimate provided by DNR of three to five years.

**Oversight** assumes the \$656,587 annual costs provided by DNR for a contracted Project Manager/Engineer Contractor based on three years will remain the same through five years or for an additional two years.

**Oversight** will show a negative fiscal impact in the amount of \$656,587 to the General Revenue Fund beginning in FY2019 through FY2021 for funds transferred to the Hazardous Waste Fund for a contracted Project Manager/Engineer Contractor related to the closure of 35 CCR landfills in Missouri.

**Oversight** will show a negative fiscal impact of Greater than \$656,587 for FY2022 and FY2023 to the General Revenue Fund for funds transferred to the Hazardous Waste Fund and the “Greater than” will represent additional costs related to personnel and expenses necessary to implement this proposal and support the contracted Project Manager/Engineer Contractor and closure of 35 CCR landfills.

Officials at the **Department of Health and Senior Services** and the **Joint Committee on Administrative Rules** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year’s legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented (FY 2023)
<b>GENERAL REVENUE FUND</b>				
<u>Transfer Out -</u> Hazardous Waste Fund	<u>\$0</u>	<u>(\$656,587)</u>	<u>(\$656,587)</u>	Greater than <u>(\$656,587)</u>
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE FUND</b>	<u><b>\$0</b></u>	<u><b>(\$656,587)</b></u>	<u><b>(\$656,587)</b></u>	<b>Greater than</b> <u><b>(\$656,587)</b></u>
<b>HAZARDOUS WASTE FUND</b>				
<u>Transfer In - General</u> Revenue Fund	\$0	\$656,587	\$656,587	Greater than \$656,587
<u>Costs - closure of 35</u> CCR landfills				
Contract Services - Project Manager - Engineer Contractor Personnel - Hazardous Waste Program	\$0	(\$656,587)	(\$656,587)	(\$656,587)
Expenses - Hazardous Waste Program	\$0	\$0	\$0	(Unknown)
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
Total Costs	<u>\$0</u>	<u>(\$656,587)</u>	<u>(\$656,587)</u>	Greater than <u>(\$656,587)</u>
<b>ESTIMATED NET EFFECT TO HAZARDOUS WASTE FUND</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

FISCAL IMPACT -  
Local Government

FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented (FY 2023)
<u>\$0</u>	<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.

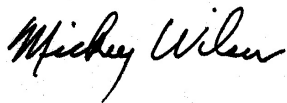
FISCAL DESCRIPTION

This bill requires the Missouri Hazardous Waste Commission to draft rules by December 31, 2017, and to promulgate such rules by June 1, 2018, regulating coal combustion residual units in lieu of federal solid waste regulations. Such regulations promulgated by the Hazardous Waste Commission may not be in the form of a permit program. Further, such regulations must include certain technical standards and procedures as specified in the bill, such as procedures for the closure of coal combustion residual surface impoundments, location restriction requirements for coal combustion residual landfills, a process for an owner of a coal combustion residual unit to seek approval of certain alternate groundwater effluent limitations, and standards for closure criteria that are applied to coal combustion residual units on a statewide basis. The bill does not restrict the authority of the Department of Natural Resources to issue guidance or enter into agreements with owners of coal combustion residual units not subject to federal solid waste regulations, or to develop a closure plan for an interim system of prior approval for any coal combustion residual unit, as may be allowed under federal law.

This proposal is not federally mandated; however federal law allows the Environmental Protection Agency to implement a coal combustion residual permitting program in states that fail to establish regulations equivalent to federal regulations. The Department of Natural Resources' Solid Waste Management Program currently implements the laws and regulations applying to utility waste landfills under the authority of the Missouri Solid Waste Management Law. Landfills where coal combustion residuals are disposed of are classified as utility waste landfills and subject to regulation accordingly. This proposal generally directs the Hazardous Waste Management Commission to create similar regulations. The proposal would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources  
Department of Health and Senior Services  
Joint Committee on Administrative Rules  
Office of Secretary of State

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

Mickey Wilson, CPA  
Director  
March 28, 2017

Ross Strobe  
Assistant Director  
March 28, 2017