

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5367-01  
Bill No.: Perfected HB 1607  
Subject: Environmental Protection; Fees;  
Type: Original  
Date: February 22, 2018

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Bill Summary: This proposal extends the termination date of the fee imposed on sales of lead-acid batteries and also extends the expiration date of the Petroleum Storage Tank Insurance Fund.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
FUND AFFECTED	FY 2019	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
FUND AFFECTED	FY 2019	FY 2020	FY 2021	FY 2022
Hazardous Waste Management Fund	\$370,500	\$741,000	\$741,000	\$741,000
Petroleum Storage Tank Insurance Fund	\$0	\$0	\$5,750,000	\$11,500,000
<b>Total Estimated Net Effect on Other Funds</b>	<b>\$370,500</b>	<b>\$741,000</b>	<b>\$6,491,000</b>	<b>\$12,241,000</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2019	FY 2020	FY 2021	FY 2022
<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 2019	FY 2020	FY 2021	FY 2022
<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 2019	FY 2020	FY 2021	FY 2022
<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)** assume this proposal would have a positive fiscal impact on their organization.

#### Hazardous Waste Management

DNR states Section 260.262(5) of this proposal will extend the \$0.50 fee on the sale of lead-acid batteries for five years from December 31, 2018 through December 31, 2023. Less collection costs by the retailer and the Department of Revenue, the department estimates approximately \$741,000 will be collected for the lead-acid battery fee annually as revenue to the Hazardous Waste Fund.

The estimate of \$741,000 is based on a total of 1,641,876 batteries subject to the \$0.50 cent fee.

**Oversight** will show a positive fiscal impact in FY 2019 of \$370,500 based on the proposal which extends the fee beginning December 31, 2018. Oversight will show positive fiscal impacts in FY 2020 and FY 2021 in the amount of \$741,000.

Regarding Section 319.129, officials from the **Petroleum Storage Tank Insurance Fund Board of Trustees** assume the proposal would require the Department of Revenue (DOR) to continue collecting the transport load fee for another ten years. The PSTIF Board of Trustees funds 1 FTE at DOR to collect this fee at an annual cost of approximately \$44,000. No impact to general revenue.

The majority of funding for the PSTIF's liabilities comes from the transport load fee, currently assessed at \$20 per 8,000 gallons on all fuel used in Missouri. Actuarial estimates indicate the current cash balance in the trust fund, plus anticipated revenues through the "sunset date" of 12/31/20, will be insufficient to meet long-term liabilities for all claims already filed plus those expected to be filed prior to the "sunset date."

The estimated shortfall is approximately \$35 million. The PSTIF Board is currently considering an increase in the transport load fee, but is prohibited from increasing the fee more than \$15 per year. Even if a \$15 increase is implemented in 2018 and again in 2019, and a \$10 increase in 2020, (to the maximum allowed by law), it is likely the Trust Fund would have unfunded liabilities and would run out of cash in future years while "claims run out" is being paid.

ASSUMPTION (continued)

The bill would mitigate this long-term solvency issue by authorizing continued revenue into the PSTIF for an additional ten years.

If the PSTIF "sunset" on 12/31/20, it is anticipated most or all insured tank owners who have never had a leak or filed a claim will have their property tested for "old pollution;" all of these claims would be filed in the next 36 months. If this bill is enacted, most or all of these claims would still likely be filed, but would be presented over a longer period of time; this would stretch payout of liabilities over more future years, which would affect the PSTIF's solvency in a positive way.

In addition, because the PSTIF Board would continue to insure tank owners for ten more years, additional future liabilities would be incurred for leaks at insured sites occurring after 12/31/2020, and additional administrative costs will be incurred for insuring tank sites and processing new claims.

Officials from the **Department of Health and Senior Services (DHSS)** assume the proposed legislation allows the state to continue to collect revenue from fees on lead-acid batteries sold in the state. The Hazardous Waste Fund supports the Childhood Lead Poisoning Prevention Program, Health Risk Assessment Program, and Radon Assessment Program. Without the proposed legislation, revenues to the Hazardous Waste Fund would be reduced. This would result in fewer funds available for DHSS for activities such as working with parents and property owners to identify sources of lead exposure in homes with lead-poisoned children; determining potential health risks in communities where hazardous substance releases have occurred and providing recommendations for health protective actions; and assessing radon risks in homes and schools statewide.

DHSS's current appropriation from the Hazardous Waste Fund (0676) is \$275,665.

Officials from the **Office of Administration** defer to DNR for the fiscal impact of this proposal.

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** assumed 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.

ASSUMPTION (continued)

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.

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

Officials from the **Joint Committee on Administrative Rules** state that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

Officials from the **Department of Revenue (DOR), Department of Agriculture, Department of Insurance, Financial Institutions and Professional Registration, Office of the State Treasurer** and **Wellsville-Middletown R-1** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Department of Transportation** deferred to DOR.

Officials from the **Attorney General's Office (AGO)** assume that any potential costs arising from this proposal can be absorbed with existing resources. AGO may seek additional appropriations if there is a significant increase in litigation.

In response to a similar proposal from 2018 (SB 961), officials from the **Office of the Governor** assumed the proposal would have no fiscal impact on their organization.

In response to a previous version, officials from the **Summersville R-2 School District, Kirksville R-III Schools** and **West Plains Schools** each assumed the proposal will have no fiscal impact on their respective organizations.

**Oversight** notes the Petroleum Storage Tank Insurance Fund (0585) balance as of June 30, 2017 was \$49,752,551. Over the past three calendar years (2015 - 2017), an average of \$11.5 million was collected for transport load fees. Oversight will reflect this average as a revenue extension for FY 2021 (6 months) through FY 2022.

ASSUMPTION (continued)

House Amendment 1

**Oversight** notes this amendment is identical to SB 961 from 2018 and similar to HB 2257 from 2018.

<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2019 (6 Mo.)	FY 2020	FY 2021	FY 2022
<b>HAZARDOUS WASTE FUND</b>				
<u>Revenue</u> - DNR - lead-acid battery fee	<u>\$370,500</u>	<u>\$741,000</u>	<u>\$741,000</u>	<u>\$741,000</u>
<b>ESTIMATED NET EFFECT ON THE HAZARDOUS WASTE FUND</b>	<b><u>\$370,500</u></b>	<b><u>\$741,000</u></b>	<b><u>\$741,000</u></b>	<b><u>\$741,000</u></b>
<b>PETROLEUM STORAGE TANK INSURANCE FUND</b>				
<u>Revenue</u> - PSTIF Board of Trustees - Extension of transport load fee from 12/31/2020 to 12/31/2030	<u>\$0</u>	<u>\$0</u>	<u>\$5,750,000</u>	<u>\$11,500,000</u>
<b>ESTIMATED NET EFFECT ON THE PETROLEUM STORAGE TANK INSURANCE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$5,750,000</u></b>	<b><u>\$11,500,000</u></b>

<u>FISCAL IMPACT -</u>	FY 2019			
<u>Local Government</u>	(6 Mo.)	FY 2020	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

#### FISCAL IMPACT - Small Business

Retail facilities that sell lead-acid batteries will continue to collect the fee as allowed under this legislation and transfer the fees and remittance reports to the Department of Revenue. They will continue to retain 6% of the fees for collection costs.

Small businesses that purchase lead-acid batteries will continue to be subject to the \$.50 fee on each battery purchased.

#### FISCAL DESCRIPTION

This bill extends from December 31, 2018, to December 31, 2023, the \$.50 fee that is collected on the retail sale of a lead-acid battery as well as the fees for any hazardous waste generated.


In addition, currently, the Petroleum Storage Tank Insurance Fund is set to expire on December 31, 2020, after which claims made prior to such date may continue to be paid. This act extends such expiration to December 31, 2030.

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 Health and Senior Services  
Office of the Secretary of State  
Attorney General's Office  
Joint Committee on Administrative Rules  
Department of Revenue  
Department of Transportation  
Summersville R-2 School District  
Kirksville R-III Schools  
West Plains Schools  
Petroleum Storage Tank Insurance Fund Board of Trustees  
Department of Agriculture  
Office of Administration  
Office of the Governor  
Department of Insurance, Financial Institutions and Professional Registration  
Office of the State Treasurer  
Wellsville-Middletown R-1

Ross Strobe



Acting Director  
February 22, 2018