

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1945-01
Bill No.: HB 914
Subject: Department of Natural Resources; Waste - Hazardous
Type: Original
Date: March 29, 2019

Bill Summary: This proposal creates new provisions relating to hazardous waste sites.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| General Revenue | Could Exceed (\$949,984) | Could exceed (\$994,576) | Could exceed (\$999,074) |
| Total Estimated Net Effect on General Revenue | Could Exceed (\$949,984) | Could exceed (\$994,576) | Could exceed (\$999,074) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|--------------|--------------|--------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| General Revenue | 6 FTE | 6 FTE | 6 FTE |
| | | | |
| Total Estimated Net Effect on FTE | 6 FTE | 6 FTE | 6 FTE |

☒ 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 2020 | FY 2021 | FY 2022 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from **Department of Natural Resources (DNR)** assume the following regarding this proposal:

Section 640.042, RSMo - Notification requirements for property owners of hazardous waste sites

This section requires notification of three categories of "hazardous waste sites". The three categories are:

- Sites on the registry of confirmed abandoned or uncontrolled hazardous waste disposal sites;
- Any hazardous waste facility; or
- Any site that once contained hazardous waste that is under long term stewardship in order to prevent residual contamination from posing a risk to the public

Each property owner in Missouri within three miles of a site in any of these three categories must be notified by mail every three years about the name of the site and instructions about how to obtain more information on the Department's website.

Number of hazardous waste facilities

To determine the number of "hazardous waste sites" for which notification of property owners within three miles would be required, the Department used FY 2018 data. The following category of sites would be considered a "hazardous waste facility" as defined in the bill.

| | |
|--|--------------|
| Treatment Storage Disposal and Cleanup Sites | 92 |
| Resource Recovery Sites | 22 |
| Underground Storage Tank/Leaking Sites | 3,366 |
| Federal Facility Sites | 245 |
| Brownfield Voluntary Cleanup Sites | 530 |
| Hazardous Waste Generators | 4,920 |
| Superfund Sites Evaluated Under CERCLA | 326 |
| Total | 9,501 |

ASSUMPTION (continued)

In addition to these 9,501 sites, the Department has a total of 605 sites that are considered to be in long term stewardship in order to prevent exposure to residual contamination. Therefore, there are **10,106** total hazardous waste facilities. The Department anticipates mailing letters for one-third of the existing sites each year.

Staff time to conduct property owner searches identified in Section 640.042.2, RSMo:

- For each facility, the Department would need to conduct a search using the site address for property owners within three miles of the site. The Department assumes that this search would be conducted by reviewing information provided by the State Tax Commission on property owners in each county.
- The Department assumes that it would take approximately 4 hours of staff time per site for an Environmental Specialist III to search the provided information in order to identify all property within three miles of each hazardous waste facility.

The Environmental Specialist III would require GIS support to possibly create an additional GIS layer of property owners by county that could be cross referenced against GIS data for our sites to assist in preparation of a customized list of property owners within three miles for each of our hazardous waste facilities. The Department anticipates the required letters would be mailed out for one-third of the hazardous waste facilities each year, and therefore 6 FTE would be needed.

$(10,106 \text{ sites} * 4 \text{ hrs/site} = 40,424 \text{ hrs}/3 \text{ years} = 13,475 \text{ hrs per year}/2080 \text{ hrs} = 6.48)$

6 Environmental Specialists III at \$51,808 = \$310,848

In addition to staff time for researching property ownership records, there would also be staff time for preparation of the required letter notifying each property owner of the site within three miles within their address and sorting and mailing all of the required letters.

Total number of property owners required to be notified per section 640.042.2:

To determine how many property owners would have to be notified for each site, the Department assumes that most property owners in the state have a "hazardous waste facility", as defined in Section 640.042, RSMo, within three miles of their property address.

The Department assumes that most, if not all, property owners in Missouri are within three miles of one type of facility considered a "hazardous waste facility" in the bill.

ASSUMPTION (continued)

An initial assessment focused only on the city of Springfield and using all known hazardous waste facilities and a three mile diameter based on the statutory language revealed overlapping circles for each hazardous waste facility in the city that covered the entire metropolitan area.

Assuming that most cities would be similarly situated once you count all of the various categories of hazardous waste facilities as defined in the legislative proposal; it is assumed that notification would be required of each property owner statewide.

The Missouri State Tax Commission, which oversees all county property assessment officers in the state, used their existing data and determined there are 2,597,446 residential parcels in the state.

Total number of property owners required to be notified = 2,597,446

Costs for preparation and mailing of required letters per section 640.042.2, RSMo:

The Department used the Office of Administration rate of 50 cents per letter to determine the mailing costs.

50 cents x 2,597,446 property owners = \$1,298,723 in mailing costs

The Department assumes that OA Printing Services charges \$.03 to print, fold, and stuff for each mailing.

3 cents x 2,597,446 mailings = \$77,923.38

The rate of \$.50 as postage was used as the cost per mailing for all 3 years.

In addition to postage, each letter requires an envelope. A box of window DNR envelopes is \$19.87 for a box of 500. $2,597,446 / 500 = 5,195$ boxes at \$19.87 = \$103,225

Department total estimated cost per year:

Total estimated fiscal impact is \$939,926 to unknown per year. The Department would have to complete an initial comprehensive analysis of all 10,106 hazardous waste sites and all parcels in the state in order to determine actual costs.

The Department would not be able to absorb the costs related to this proposed legislation.

ASSUMPTION (continued)

Oversight does not have any information to the contrary in regards to DNR's assumptions; therefore, Oversight will reflect DNR's costs on the fiscal note.

| <u>FISCAL IMPACT - State Government</u> | FY 2020 (10 Mo.) | FY 2021 | FY 2022 |
|--|--|--|--|
| GENERAL REVENUE FUND | | | |
| <u>Cost</u> - DNR - postage (\$1,298,723/3 for every 3 years) p. 5 | (\$432,908) | (\$432,908) | (\$432,908) |
| <u>Cost</u> - DNR - OA Printing services (\$77,923/3 for every 3 years) p. 5 | (\$25,974) | (\$25,974) | (\$25,974) |
| <u>Cost</u> - DNR - envelopes (\$103,225/3 for every 3 years) p. 5 | (\$34,408) | (\$34,408) | (\$34,408) |
| <u>Cost</u> - DNR p. 4 | | | |
| Personal Services | (\$259,040) | (\$313,956) | (\$317,096) |
| Fringe Benefits | (\$141,989) | (\$171,334) | (\$172,291) |
| Expense and Equipment | (\$55,665) | (\$15,996) | (\$16,397) |
| <u>Total Costs</u> - DNR | <u>(\$456,694)</u> | <u>(\$501,286)</u> | <u>(\$505,784)</u> |
| Total FTE Change - DNR | 6 FTE | 6 FTE | 6 FTE |
| ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND | Could Exceed <u>(\$949,984)</u> | Could exceed <u>(\$994,576)</u> | Could exceed <u>(\$999,074)</u> |
| Estimated Net FTE Change to the General Revenue Fund | 6 FTE | 6 FTE | 6 FTE |
| <u>FISCAL IMPACT - Local Government</u> | FY 2020 (10 Mo.) | FY 2021 | FY 2022 |
| | <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 that every three years, the Department of Natural Resources notifies, by mail, property owners within a three-mile radius of a hazardous waste site of the existence of the site. The notice must contain certain information. In addition, the department must post on its website information on all hazardous waste sites and a method for the public to sign up to receive updates on any site.

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



Kyle Rieman
Director
March 29, 2019

Ross Strobe
Assistant Director
March 29, 2019