

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4868H.01I
Bill No.: HB 2561
Subject: Department of Natural Resources; Department of Conservation; Agriculture;
Department of Agriculture
Type: Original
Date: February 11, 2024

Bill Summary: This proposal modifies the definition of water contaminant source.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Water Pollution Permit Fee Fund*	\$1,556,800	\$1,556,800	\$1,556,800
Total Estimated Net Effect on <u>Other State Funds</u>	\$1,556,800	\$1,556,800	\$1,556,800

*Savings from no longer matching 40% of federal grant funds

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Federal Funds*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Savings of expenses and loss of federal funding of approximately \$4.7 million annually net to zero.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Federal Funds*	(17 FTE)	(17 FTE)	(17 FTE)
Total Estimated Net Effect on FTE	(17 FTE)	(17 FTE)	(17 FTE)

*Reduction of FTE

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

Section 644.016(25) removes “and nonpoint source pursuant to any federal water pollution control act”. The Department, through its federal delegated and state statutory authority, is responsible for assessing the quality of Missouri’s water and identifying impaired waters and the pollutant impairment for 303d listings. Additionally, the source of the pollutant must be considered in the development of Total Maximum Daily Loads (TMDLs) and 319 nonpoint source reduction incentives in watershed plans. Removal of nonpoint sources of pollution under the federal Clean Water Act could result in more involvement from the United States Environmental Protection Agency, oversight of activities in the state, and loss of nonpoint source grant funding for both administration and pass-through project funding.

The Department would lose approximately \$4,746,000 dollars in federal funding. Of the \$4.7M, \$2,457,800 is pass-through project funds. Losing this federal funding would create a loss of 17 FTE for the Department. (The \$4,746,000 in federal funding includes the Personal Service and Expense & Equipment tied to the 17 FTE.) The federal impacts of loss of grant funding and cost avoidance were netted to \$0.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by DNR.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
WATER POLLUTION PERMIT FEE FUND (0568)			
<u>Savings – DNR – funds no longer needed for federal grant match of 40%</u>	<u>\$1,556,800</u>	<u>\$1,556,800</u>	<u>\$1,556,800</u>
ESTIMATED NET EFFECT ON THE WATER POLLUTION PERMIT FEE FUND (0568)	<u>\$1,556,800</u>	<u>\$1,556,800</u>	<u>\$1,556,800</u>

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
FEDERAL FUNDS			
<u>Loss</u> – DNR – not compliant with the federal Clean Water Act	(\$4,746,000)	(\$4,746,000)	(\$4,746,000)
<u>Savings</u> – DNR – expenses for 17 FTE	\$4,746,000	\$4,746,000	\$4,746,000
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on Federal Funds	(17 FTE)	(17 FTE)	(17 FTE)

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

DNR states the removal of nonpoint sources from the definition of water contaminant source is the foundation of the nutrient trading program. Nutrient trading allows facilities to sell, trade or transfer excess nutrient reductions, or credits, when they are successfully conducting more nutrient removal than required from their wastewater discharge. Alternatively, wastewater treatment facilities can use credits from other facilities to reduce or offset the cost of infrastructure upgrades. Large municipal facilities that must invest in costly upgrades typically pass those costs onto the small businesses connected to their systems. Small facilities may have to invest in upgrades rather than use trading and small businesses may not have the opportunity to sell or otherwise benefit from nutrient credit generation.

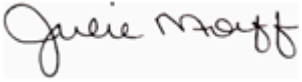
FISCAL DESCRIPTION

This bill modifies the definition of "water contaminant source" for the purposes of the Missouri Clean Water Law.

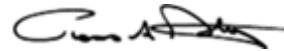
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources



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Director
February 11, 2024



Ross Strobe
Assistant Director
February 11, 2024