

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5479H.011
Bill No.: HB 2734
Subject: Department of Natural Resources; Mining and Oil and Gas Production; Business and Commerce; Economic Development; Department of Conservation
Type: Original
Date: March 8, 2024

Bill Summary: This proposal modifies standards relating to mining practices.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	Less than (\$1,782,582)	Less than (\$2,181,880)	Less than (\$2,225,518)
Total Estimated Net Effect on General Revenue	Less than (\$1,782,582)	Less than (\$2,181,880)	Less than (\$2,225,518)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	25 FTE	25 FTE	25 FTE
Total Estimated Net Effect on FTE	25 FTE	25 FTE	25 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:

§444.070 - no impact to cost as this law is obsolete.

§444.090 - no impact to cost as this law is obsolete.

§444.100 - no impact to cost as this law is obsolete.

§444.110 - no impact to cost as this law is obsolete.

§444.352 - no impact to cost as aluminum is not mined in Missouri.

§Section 444.765 - no impact to costs as these are definitions.

Note: §444.765(11) definitions of metallic minerals as defined in §444.352 are not in their natural formation or surfaced mined in Missouri. Peat and talc are not mined in Missouri. Fill dirt such as topsoil is exempt from the mining law.

§§444.770, 444.772, 444.773, 444.786, 444.791, 444.991, 444.992, 444.993, 444.994, & 444.995

DNR estimates that they will need **25 FTE** as a result of this proposal. The anticipated duties of the Environmental Program Analysts include: Processing 729 sites that would go out on public notice. Consultation with the Missouri Department of Conservation and political subdivisions of all types to develop model standards and criteria for mining, including setback distances from seven different land features. Develop standard hours of operation, air monitoring, dust control, noise testing, and blast monitoring which are controlled by other agencies or other media within the department, with the exception of noise. In addition, develop and maintain a database involving political subdivision ordinances and permits for regulation of mining permits. This would also involve developing and reviewing administrative rules; improving permit processing efficiency, timely issuance of permits, and maintaining the accuracy and quality of permit related data in state and federal systems used to track permitting actions, generate reports, and monitor state and federal performance metrics and goals; coordinate and participate in public meetings, including present information to and gather feedback from stakeholders, permittees, and the general public on matters relating to mining permits and applicable state regulations; coordinate with internal units, sections, programs, and of the Department as well as other state agencies. Finally, conduct and develop hydrologic investigations and environmental impact worksheets, air quality impact assessments, traffic impact analysis, assessment of compatibility of a mine site

with other existing uses, for all mine sites in Missouri along with other requirements for specific minerals.

Rulemaking has the potential to result in additional economic impacts that are **unknown** at this time.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates for 25 FTE as provided by DNR.

Upon further inquiry in regards to permit fees, **Oversight** notes DNR states:

DNR currently collects the geologic resources fees authorized under Section 256.700, and a permit fee approved by the Missouri Mining Commission, as specified in Section 444.772.6. The proposed bill language does not alter either Section 256.700 or Section 444.772.6, thus does not change the geologic resources fee amount authorized, or the permitting fees.

While the proposed language does not directly impact the fee language, the current fee structure would not cover the estimated costs of the additional proposed requirements or the additional staff to carry out these requirements. DNR could either cover those additional funds required through an unfunded mandate, or DNR could engage in some rulemaking to expand the fees to the maximum amount allowed under statute.

For the geologic resources fee, the maximum allowed under statute would be a fee for each:

- permit not to exceed one hundred dollars;
- site listed on the permit not to exceed one hundred dollars per site; and
- acre permitted not to exceed ten dollars per acre (then reduced by 50% for each acre bonded by a single operator that exceeds a total of three hundred acres).

The geologic resources fee is capped overall at \$3,500. DNR is currently in the process of rulemaking changes on 10 CSR 40-10.025 to increase the current fees to the following:

- A permit fee of \$75; and
- A site fee of \$75; and
- An acreage fee of \$8 for the first 300 acres and \$4 for each additional acre.

DNR could undergo another rulemaking to increase these fees to the maximum amount allowed under Section 256.700, which would be estimated to increase the annual revenue from approximately \$200,000 (current) to \$250,000 (currently proposed rule) to \$300,000 (maximum estimated).

For other fees located in the Land Reclamation Act, “[n]otwithstanding any statutory fee amounts or maximums to the contrary, the director of the department of natural resources may conduct a comprehensive review and propose changes to the fee, bond, or assessment structure as set forth in this chapter. . . . If the commission approves, by vote of two-thirds majority, the fee, bond, or assessment structure recommendations, the commission shall authorize the

department to file a notice of proposed rulemaking containing the recommended structure, and after considering public comments may authorize the department to file the final order of rulemaking for such rule with the joint committee on administrative rules[.]” Section 444.768, RSMo. Thus, the department has some leeway to increase some or all of the fees within the Land Reclamation Act to the maximum statutory limits. Further, to the extent the proposed bill increases the number of permits, the permitting fees would proportionally increase. DNR estimates that the proportional increase in the number of permits in addition to increasing the fees to the statutory maximums will not be sufficient to account for the amount necessary to fund the proposed changes to the Land Reclamation Act.

Oversight assumes DNR will see an increase to the current amount of revenue collected (\$200,000); however, Oversight is unable to determine how much of an increase in revenue DNR will be able to collect through permit fees as additional rulemaking will have to be completed. Therefore, Oversight will reflect an “Unknown” amount of revenue to DNR with an overall fiscal impact (FTE and revenue) showing as “Less than...” the cost of the FTE’s per DNR’s statement that any permit fees would not be able to cover the costs of the administration of the program.

Officials from the **Missouri Department of Conservation** and **Missouri Department of Transportation** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **City of Kansas City** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 \$5,000. 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 its 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 – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE FUND			
<u>Revenue</u> – DNR – permit fees for mining sites	Unknown	Unknown	Unknown
<u>Costs - DNR</u>			
Personnel Service	(\$1,055,917)	(\$1,292,442)	(\$1,318,291)
Fringe Benefits	(\$635,873)	(\$778,309)	(\$793,875)
Expense & Equipment	(\$90,792)	(\$111,129)	(\$113,352)
<u>Total Costs - DNR</u>	<u>(\$1,782,582)</u>	<u>(\$2,181,880)</u>	<u>(\$2,225,518)</u>
FTE Change	25 FTE	25 FTE	25 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>Less than (\$1,782,582)</u>	<u>Less than (\$2,181,880)</u>	<u>Less than (\$2,225,518)</u>
Estimated Net FTE Change on the General Revenue Fund	25 FTE	25 FTE	25 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

Small mining operations could be impacted as a result of this proposal.

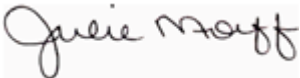
FISCAL DESCRIPTION

This proposal modifies standards relating to mining practices.

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
Missouri Department of Conservation
Missouri Department of Transportation
Office of the Secretary of State
Joint Committee on Administrative Rules
City of Kansas City



Julie Morff
Director
March 8, 2024



Ross Strobe
Assistant Director
March 8, 2024