

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2111H.02I  
Bill No.: HB 1295  
Subject: Department of Natural Resources; Water Resources and Water Districts  
Type: Original  
Date: February 21, 2025

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Bill Summary: This proposal creates provisions relating to water exportation outside the state.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	(\$797,025)	(\$313,713)	(\$318,941)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$797,025)</b>	<b>(\$313,713)</b>	<b>(\$318,941)</b>

\*Oversight notes that the effect on General Revenue is due to the 3 FTE requested by the Department of Natural Resources for water exportation permits. In addition, costs for per diem and milage reimbursement of House and Senate Members for the Water Resource Commission.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>			

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
General Revenue	3 FTE	3 FTE	3 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>

☒ 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

#### **Sections 640.406 and 640.407 – Water Preservation**

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

Sections 640.406.3-12, 640.406.4, 640.406.5, 640.406.6, 640.406.9, 640.406.11, and 640.406.12 This legislation proposes to create a permitting program for water exportation under the authority of a newly created water resources commission. To estimate the fiscal impact of the proposal the department has assumed that 10 new permits would be issued each year through the process outlined in the proposal.

The permitting technical work in preparation of a recommendation from the department to the commission would be conducted by the Water Resources Center (WRC) in the Missouri Geological Survey (MGS). Existing WRC managers will supervise these permitting, technical, administrative and data management activities.

The WRC program would require 1.0 FTE to conduct the permitting technical work, which includes conducting analysis of current and future uses to be impacted, drafting conditions and provisions where necessary to prohibit impact to current and future uses as applicable, drafting the recommended decision, and drafting the statement of basis for the decision. Additional duties would also include technical work associated with any major water user export permit reevaluation request filed with the department.

Further, to implement the legislation by informing permitting decisions, reporting quarterly to the commission, tracking water reporting of annual withdrawal from exempt water exporters, and evaluate the state's water resources beneficial uses; a database/permit submission/major water user re-evaluation request tracking system will need to be built and maintained by the state. This would include initial development costs of around \$500,000 and an MGS-WRC data manager/technical expert at 1.0 FTE to track and manage data related to all facets of water use in MO and to evaluate necessary export permit decisions because of a drought emergency. This data management work would consolidate and display existing water data usage information from other sources such as major water users and public drinking water as well as create new data categories for other beneficial uses.

This will facilitate better understanding and analysis of the data to be used during the initial permitting and 3-year renewal process as well as quarterly reports to the commission. The processing of the permitting decision administratively includes public notice of draft permits, entering data, processing letters, and facilitating approvals of department management.

Notification of reporting requirements to exempt exporters and permitting notifications to the county commission are additional administrative duties to be conducted. Additional administrative work required by this proposed legislation would include commission admin support, meeting scheduling, travel logistics, expense processing for commissioners, and other administrative duties. The WRC would require 1.0 FTE to complete the administrative duties for this proposed legislation.

**DNR** notes the following:

1. The public cost estimates are in current year dollars.

2. Projection Assumptions:

- To estimate the fiscal impact of the proposal the department has assumed that 10 new permits would be issued each year through the process outlined in the proposal.
- FY 26 reflected as earliest potential effective date of rule
- Amount realistically reflects planned expenditures (ie, entry-level salary range):
- 2 FTE at \$57,768 annually reflects salary for Environmental Program Assistant/Analyst role.
- 1 FTE at \$52,680 annually reflects salary for Admin role.
- Salary adjusted to reflect 10 months (\*10/12) in accordance with an effective date of August 28.
- When calculating salaries, an inflationary factor of 1.0% is applied to the 2nd and 3rd fiscal years.

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

4. Anticipated duties of the Environmental Program Analyst include: 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 water exportation permits and applicable state regulations; coordinate with internal units, sections, programs, and regional offices of the Department as well as external private, state, and federal agencies.

Upon further inquiry into SCS for SB 82 (2025), the **Department of Natural Resources - Missouri Geological Survey (MGS)** note that this proposal creates the Water Resources Commission §640.408 to approve the permitting though the MGS and the Department of Environmental Quality is not involved.

Officials from the **Department of Natural Resources - Department of Environmental Quality (DEQ)** state that there is no fiscal impact for the Water Protection Program as the proposed legislation now references the Missouri Water Resources Commission

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the estimated impact by DNR in the fiscal note.

Officials from the **Missouri Senate (SEN)** anticipates a negative fiscal impact to reimburse 2 Senators for travel and per diem to attend Missouri Water Resources commission meetings. In summary, it will cost approximately \$2,475.40 per year if the commission meets quarterly.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the estimated impact by the Senate in the fiscal note.

Officials from the **Missouri House of Representatives (MHR)** assume this proposal creates the Water Resource Commission which appoints 2 of their members and who are entitled to mileage and per diem. MHR estimates a total impact of \$2,527.80 of General Revenue for the members per diem and mileage for serving on the Water Resource Commission.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the estimated impact by the MHR in the fiscal note.

Officials from the **Missouri Department of Conservation** and the **Missouri Department of Agriculture** 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 **Office of the Governor** state this bill adds to the Governor's current load of appointment duties. Individually, additional requirements should not fiscally impact the Office of the Governor. However, the cumulative impact of additional appointment duties across all enacted legislation may require additional resources for the Office of the Governor.

Officials from the **Office of Attorney General (AGO)** assumed any potential litigation costs arising from this proposal can be absorbed with existing resources. However, the AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation.

**Oversight** does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **South River Drainage District, Wayne County Public Water Supply District #2, Metropolitan St. Louis Sewer District, Morgan County Public Water Supply District #2**, and the **City of O'Fallon** 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.

In response to similar legislation, SCS for SB 82 (2025), officials from the **City of Kansas City** assumed the legislation has no fiscal impact as long as the city is not required to build any infrastructure to export water. The city recommends that any infrastructure costs to export water should be the responsibility of the permit holder.

The city also has an emergency inter-connect agreement with BPU in Kansas where the city can supply them with water, and vice versa, in times of extreme shortage. The city is still concerned that the bill would require BPU, or any Kansas entity that may wish to export water from the city in emergency cases, to have to apply for a permit.

In response similar legislation, SB 29 (2025), officials from the **St. Charles County Public Water Supply District #2** assumed the proposal will have no fiscal impact on their organization.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other water supply districts and 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>GENERAL REVENUE FUND</b>			
<u>Costs – DNR - §640.406 &amp; 640.407</u>			
Personnel Service	(\$140,180)	(\$171,580)	(\$175,012)
Fringe Benefits	(\$95,664)	(\$116,145)	(\$117,521)
Expense & Equipment	(\$56,178)	(\$20,985)	(\$21,405)
<u>Total Costs - DNR</u>	<u>(\$292,022)</u>	<u>(\$308,710)</u>	<u>(\$313,938)</u>
FTE Change	3 FTE	3 FTE	3 FTE
<u>Cost – DNR/ITSD – initial development costs</u>	(\$500,000)	\$0	\$0
<u>Cost – House §640.407 mileage reimbursement &amp; per diem p. 4</u>	(\$2,528)	(\$2,528)	(\$2,528)
<u>Cost – Senate §640.407 mileage reimbursement &amp; per diem p. 5</u>	(\$2,475)	(\$2,475)	(\$2,475)
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$797,025)</u></b>	<b><u>(\$313,713)</u></b>	<b><u>(\$318,941)</u></b>
Estimated Net FTE Change on the General Revenue Fund	3 FTE	3 FTE	3 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

#### FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

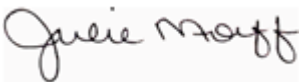
#### FISCAL DESCRIPTION

The act creates provisions relating to water exportation outside the state.

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 Agriculture  
Missouri Department of Conservation  
Office of the Governor  
Missouri House of Representatives  
Missouri Senate  
Attorney General's Office  
City of Kansas City  
City of O'Fallon  
Metropolitan St. Louis Sewer District  
South River Drainage District  
St. Charles County Public Water Supply District #2  
Wayne County Public Water Supply District #2  
Morgan County Public Water Supply District #2



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February 21, 2025



Jessica Harris  
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