

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2654H.01I
Bill No.: HB 1442
Subject: Parks and Recreation; Federal - State Relations
Type: Original
Date: April 7, 2025

Bill Summary: This proposal establishes the State Natural Resource and Community Protection Act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue Fund*	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on General Revenue	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

***Oversight** assumes a positive net effect of less than \$250,000 from the revenue collected on fees, permits, and mineral rights that are generated on federally managed land within the state.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

☐ 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 2026	FY 2027	FY 2028
Local Government*	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

***Oversight** assumes a positive net effect to the local government from the property taxes received from federally managed land paid to the state then dispersed to the local county governments and positive net effect to school districts from civil penalty violations.

FISCAL ANALYSIS

ASSUMPTION

Section 1.2050 - The Natural Resource and Community Protection Act

Officials from the **Department of Natural Resources (DNR)** state that under Section 604(b) of the Federal Clean Water Act, the department offers grants to assist regional planning organizations to carry out water quality management planning. The department's Water Protection Program (WPP) would absorb those pieces of any comprehensive department natural resources plan relating to **water-quality only** with existing staff or pass through 604(b) funding to the applicable Regional Planning Commission (RPC) to develop the water-quality only portion of the plan.

- 1.2050.5 “The DNR shall develop and implement, with the assistance of the relevant regional planning commission, comprehensive management plans for natural resources within federally managed lands, ensuring sustainable use and prioritizing local community benefits.”

If the expectation is that the department were to review all such plans (to ensure protection of water quality and designated uses), then there may be an impact that the DNR did not account for in the original response. The extent of this impact is unknown as the law doesn't provide details on this expectation.

- 1.2050.16 “Revenues generated from activities on federally managed lands within Missouri, including resource extraction, permits, and fines, shall be shared with the state government. Such revenues shall be allocated in part to:
 - (1) Support local community projects;
 - (2) Fund subsistence activities and conservation efforts; and
 - (3) Develop infrastructure for economic development in areas near federally managed land.”

The department issues permits for federal facilities (e.g. permits for campgrounds owned by the Corps of Engineers). These are permit fees that they collect and use to support their permitting program. If penalties were assessed for noncompliance at one of these facilities, under Missouri law, the penalties collected must go to the school district of the area where the violations occurred.

- 1.2050.17 “The state of Missouri asserts ownership of all surface and groundwater within its boundaries. Federal agencies shall obtain state permits for any water use, diversion, or activities that may impact water quality.”

Under the Missouri Clean Water law (and federal Clean Water Act), the DNR requires permits for storage, discharge or land application of wastewater or sludge (e.g. restrooms at a Corps of Engineers campground). The DNR would not see a change in fees received but collected fees are used to support their permitting program. If penalties were assessed for noncompliance at one of these facilities, under Missouri law, the penalties collected must go to the school district of the area where the violations occurred.

Since the law is asserting ownership and as a condition of the state's ownership, it is establishing permit requirements, it appears these permits are in addition to other established permits issued by the department's Missouri Geologic Survey (MGS). The MGS assumes the Water Resources Center (WRC) would need to issue water use permits on these federal lands if the federal government sought to use or divert water. MGS would expect this volume of permitting work to be very low annually, therefore any expense with this activity can be absorbed by current funding sources and conducted by existing FTE.

- 1.2050.19 "The state of Missouri asserts control over all mineral rights beneath federally managed lands. Federal agencies shall obtain state approval for any mining or resource extraction activities on federally managed lands."

This approval would need to be issued by the state and not the department. Ownership of state property (or in this case mineral rights) would be handled by OA as is other property owned by the state. No fiscal impact since MGS nor the department would own the mineral rights and current approval for mineral extraction activities required through the department are for reclamation or other environmental permitting activities. Those mechanisms are already in place.

- 1.2050.20(1) "A "State-Federal Dispute Resolution Board" shall be established to mediate conflicts between federal agencies and state authorities over land management and enforcement actions."

If there is a fiscal impact or need for FTE it depends on what is meant in the proposed legislation. If it is to support the Board by providing some general input and support through the normal activities the FTE could be absorbed. Also, the department has an appeal process built within their system and, as such, would likely absorb additional challenges as part of normal operations. If the board needed to be fully staffed, e.g. conduct all research, reviews and decisions of the Board then additional FTE would be needed.

DNR states any funds collected by their programs would be used internally to support the WPP activities (as is being done now). If the department administration receives additional funds through this bill and opts to re-distribute additional funds to the WPP those funds could be used to support additional water quality monitoring and management plan development for waters of the state identified as potential subsistence fishing locations.

Officials from the **Office of Administration - Budget and Planning (BAP)** state the proposal would establish the Natural Resource and Community Protection Act which includes several sections that could increase TSR; however, the bill does not include specific fee amounts, tax rates, or estimates to make those exact determinations. The DNR is required to develop and implement a comprehensive management plan for natural resources within federally managed lands.

BAP defers to the **Department of Natural Resources** for specific details on the estimated impacts.

BAP further state:

RSMo. 1.2050.16 includes revenues generated from activities on federally managed lands within Missouri, including resource extraction, permits, and fines that would be shared with the state. These revenues would result in increased TSR.

RSMo. 1.2050.17 includes water permits for federal agency water use, diversion, or activities that may impact water quality. These permits would result in increased TSR.

RSMo. 1.2050.19 asserts control over all mineral rights beneath federally managed lands, requiring state approval for federal agency mining or resource extraction activities. To the degree that state approvals include fees, permits, or other forms of revenue, this would result in increased TSR.

RSMo. 1.2050.21 imposes an annual property tax on all federally managed lands within its boundaries. These taxes would result in increased TSR.

RSMo. 1.2050.22 allows for civil penalties to the State of Missouri in the form of injunctive relief or damages through suit in state courts for violations of this section by federal agencies. These civil penalties would result in increased TSR.

Oversight notes that violations of section §1.2050.22 could result in fines or penalties. Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties collected by counties are distributed to school districts. Fines vary widely from year to year and are distributed to the school district where the violation occurred. Oversight will reflect a positive fiscal impact of \$0 to Unknown to local school districts. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula.

Oversight assumes there will be an increase in revenue from items such as fees, permits, property tax, mineral rights, and civil penalties that are generated on federally managed land within the state and returned to the State of Missouri. Oversight will show the potential fiscal impact to the state as a \$0 to unknown positive impact in the fiscal note.

Officials from the **State Tax Commission (STC)** have reviewed this proposal and determined it would have an unknown positive impact on taxing jurisdictions reliant on property taxes for revenue. The bill requires the state to collect property taxes from the federal government on behalf of counties.

It is unclear if payments in lieu of taxes qualify under this proposal, and it is also unclear which agency would enforce the property tax provisions.

Officials from the **Missouri House of Representatives (MHR)** assume the proposal will have no fiscal impact on their organization. The MHR assumes they will absorb any reasonable expenses of the MHR members serving. If the legislation passes and the commitment seems too great the MHR will address the proposal at that time.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Officials from the **Missouri Senate (SEN)** state that the Missouri State Senate anticipates a negative fiscal impact to reimburse two Senators for travel to State-Federal Dispute Resolution Board meetings. In summary, it will cost approximately \$334.05 per meeting.

Oversight assumes the SEN is provided with core funding to handle a certain amount of activity each year. Oversight assumes the SEN could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, The SEN could request funding through the appropriation process.

Officials from the **Office of Attorney General (AGO)** assume 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 **Department of Economic Development, Department of Social Services, Missouri Department of Agriculture, the Office of Administration, the Missouri Department of Conservation, the Missouri Office of Prosecution Services, the Office of the State Courts Administrator, and the Office of the State Treasurer** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from **City of Kansas City, Phelps County Sheriff, the Branson Police Department, the Kansas City Police Department, and the St. Louis County Police Department** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary; therefore, Oversight will reflect a zero impact on the fiscal note.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities and county commissioners 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 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE FUND (0101)			
<u>Revenue</u> - §1.2050 Generated by certain activities on federally managed land that is shared with the state p.3	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Revenue</u> - §1.2050.17 Generated by permits for federal agency water use p.3	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> – §1.2050.21 Property tax on federally managed land dispersed to local county governments	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Revenue</u> - §1.2050.22 To local school districts from civil penalty violations p.3	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</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 establishes the "Natural Resources and Community Protection Act", which applies to all Federally managed lands within the State, except any area specifically excluded by the United States Constitution and specifies that Missouri residents have priority rights to engage in subsistence activities within Federally managed lands. Federal agencies operating within the state will not impose regulations or restrictions that interfere with subsistence activities unless explicitly authorized by Congress.

The Department of Natural Resources must develop and implement, with the assistance of the relevant regional planning commission, comprehensive management plans for natural resources within Federally managed lands. The plans must ensure sustainable use and prioritize local community benefits.

Federal agencies operating in Missouri must adopt and adhere to State management plans for water, wildlife and game, timber, and mineral resources, and coordinate with state authorities before implementing any regulations or actions affecting natural resources. Federal agencies must also submit an economic, environmental, and cultural impact assessment to the Missouri Attorney General before undertaking any actions on Federally managed lands unless specifically authorized by Congress.

The bill prohibits Federal agencies from acquiring land within Missouri or imposing new regulations on existing Federally managed land unless specified requirements are met. Federal regulations conflicting with State laws governing natural resources are unenforceable unless explicitly authorized by Congress.

The bill specifies that State and local law enforcement agencies have primary authority to enforce laws related to natural resources and subsistence activities within areas of concurrent jurisdiction. Federal enforcement actions related to natural resources, traffic laws, or the Missouri criminal code within Missouri must meet certain requirements, specified in the bill.

Any enforcement actions by Federal officers in violation of these requirements are unlawful and subject to penalties, specified in the bill. Federal law enforcement officers are prohibited from impounding vehicles, seizing domestic animals, or confiscating personal property except under certain circumstances specified in the bill. Any property seized in violation of these provisions will be returned immediately to the owner and the Federal agency involved will be subject to penalties.

Revenues generated from activities on Federally managed lands within Missouri, including resource extraction, permits, and fines, must be shared with the state government and allocated as specified in the bill.

Federal agencies must obtain State permits for any water use, diversion, or activities that may impact water quality. Hunting, fishing, and wildlife management on Federally managed lands must comply with State laws and regulations. Federal agencies must obtain State approval for any mining or resource extraction activities on Federally managed lands.

A "State-Federal Dispute Resolution Board" must be established to mediate conflicts between federal agencies and State authorities over land management and enforcement actions. The board must include representatives from the Department of Natural Resources, local governments, legal experts, two members of the House of Representatives appointed by the Speaker, and two members of the Senate appointed by the President Pro Tem. The bill requires mediation before any new federal regulations or enforcement actions affecting natural resources are implemented.

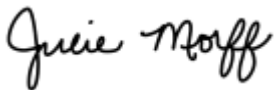
The bill requires the State to impose an annual property tax on all Federally managed lands within its boundaries. Revenue from this tax must be allocated to local governments to offset economic impacts of Federal land ownership.

Residents or local governments adversely affected can file suit in State court for injunctive relief or damages. Any Federal agency found in violation the provisions of this bill must cease the offending action immediately, and pay civil penalties as determined by a court of competent jurisdiction.

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

Attorney General's Office
Office of Administration - Budget and Planning
Department of Natural Resources
Department of Economic Development
Missouri Department of Conservation
Missouri Department of Agriculture
Office of Administration
Office of the Secretary of State
Office of the State Treasurer
Joint Committee on Administrative Rules
Missouri House of Representatives
Missouri Senate
State Tax Commission
Missouri Office of Prosecution Services
Office of the State Courts Administrator
City of Kansas City
City of Osceola
Branson Police Department
Kansas City Police Department
St. Louis County Police Department



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