

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4407H.01I
Bill No.: HB 2134
Subject: Department of Natural Resources; Water Resources and Water Districts
Type: Original
Date: January 8, 2024

Bill Summary: This proposal modifies permit requirements and exemptions in relation to Missouri Fertilizer and Clean Water laws.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	(\$93,976)	(\$98,852)	(\$100,829)
Total Estimated Net Effect on General Revenue	(\$93,976)	(\$98,852)	(\$100,829)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Water Pollution Permit Fee Fund	\$0 to \$38,000	\$0 to \$38,000	\$0 to \$38,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to \$38,000	\$0 to \$38,000	\$0 to \$38,000

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	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 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

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

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

Proposed changes to §644.041.2 RSMo (new section), the department's Water Protection Program would likely need to contract groundwater impact assessments or monitoring programs with the department's Missouri Geological Survey, for an estimated 10 sites per year, with a cost per assessment site of \$1,468, for a total annual estimated cost of **\$14,678**. Reviewing compliance with the additional requirements of this proposed language would likely be incorporated into the current review with negligible fiscal impact and would be absorbed with current funding.

§644.051.6, codifies the current status of land application for sites and materials that were previously under the fertilizer permit exemption. This is the current regulatory status of permitting land application of materials previously licensed under the Missouri Fertilizer law. The department is currently processing these permits, which has significantly increased the workload of the permitting team in particular, but has also impacted the enforcement, inspection, and engineering teams, resulting in slower process times, and increasing current backlog. In order to maintain statutory requirements and effective permit processes, there is a need for **one FTE (Environmental Program Analyst)** at \$57,768 annually. (NDI was requested for this FTE; does not include fringe and indirect, see fund summary for expense and equipment costs) Revenue increase could range from **\$0 to \$28,000** for these facilities.

§644.051.7, this proposal would require new and more involved construction permits for facilities that were not previously required. This could equate to an additional **\$10,000** in revenue to the department (10 facilities x \$1,000). The construction and operating permit development and oversight would also take more time and effort due to the additional activities of closure, assessment of the impact of the closure, and the new construction.

Overall Impact: Gain in revenue of \$0 to \$38,000

Absorbed costs of groundwater impact assessments: \$14,678

1 FTE - \$57,768 (does not include fringe and indirect; see fund summary for expense and equipment costs)

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
GENERAL REVENUE FUND			
<u>Costs - DNR</u>			
Personnel Service	(\$48,140)	(\$58,923)	(\$60,102)
Fringe Benefits	(\$28,990)	(\$35,484)	(\$36,193)
Expense & Equipment	(\$16,846)	(\$4,445)	(\$4,534)
<u>Total Costs - DNR</u>	<u>(\$93,976)</u>	<u>(\$98,852)</u>	<u>(\$100,829)</u>
FTE Change	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$93,976)</u>	<u>(\$98,852)</u>	<u>(\$100,829)</u>
Estimated Net FTE Change on General Revenue	1 FTE	1 FTE	1 FTE
WATER POLLUTION PERMIT FEE FUND (0568)			
<u>Revenue – DNR – water pollution permit fees</u>	<u>\$0 to \$38,000</u>	<u>\$0 to \$38,000</u>	<u>\$0 to \$38,000</u>
ESTIMATED NET EFFECT ON THE WATER POLLUTION PERMIT FEE FUND	<u>\$0 to \$38,000</u>	<u>\$0 to \$38,000</u>	<u>\$0 to \$38,000</u>

<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

Certain small businesses that require a permit could be impacted by this proposal.

FISCAL DESCRIPTION

This bill specifies that land application of industrial wastewater, industrial wastewater sludge, and related process wastes must be subject to a nutrient management technical standard established by rule by the Department of Natural Resources. The Department may require surface water sampling and groundwater monitoring when land application fields are located in hydrologically sensitive areas.

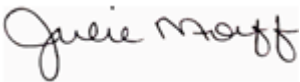
The bill also prohibits the Missouri Clean Water Commission from exempting any entity from the requirement to obtain any water pollution permit based on licensure under the Missouri Fertilizer law, including labeling requirements, unless the entity is producing products that are commercially sold to an end user.

In order to receive an operating permit, a point source or operating location must have applied for and received a construction permit, if required, prior to construction of the facility.

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



Julie Morff
Director
January 8, 2024



Ross Strobe
Assistant Director
January 8, 2024