

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6254-01
Bill No.: HB 2252
Subject: Waste-Solid; Natural Resources Department
Type: Original
Date: April 23, 2014

Bill Summary: This proposal changes the laws regarding solid waste management districts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government*	\$0	\$0	\$0

Losses and Income net to zero.

FISCAL ANALYSIS

ASSUMPTION

§§ 260.300, 260.335, and 260.337 - Solid Waste Management Districts:

Officials from the **Department of Natural Resources (DNR)** assume this proposal would reduce the number of solid waste management districts from twenty (20) to ten (10).

DNR assumes this proposal would remove the provision for a county to change from one solid waste management district to another, or for new solid waste management districts to be formed.

DNR assumes this proposal would modify the funding formula currently used to allocate funds to the solid waste management districts.

DNR notes this proposal would remove a requirement for \$200,000 to be used to "hold harmless" solid waste management districts from a prior funding formula allocation change that occurred in 2005.

DNR notes the proposal would further modify the allocation methodology by changing the attributes percentages:

1. Population from 40% to 25%
2. Revenue generated within the district from 60% to 40%
3. Adds a new attribute for land area of the district to 35%.

DNR assumes the proposal sets a minimum amount of \$50,000, but no more than \$250,000, or 15%, whichever is less, for district administration with the remainder made available for solid waste management grants.

DNR assumes this proposal will allow DNR to optimize staff resources, effectively and efficiently, oversee expenditure of public funds passed through solid waste management districts as grants, improve oversight of project related activities, and ensure compliance with state law.

DNR assumes the same funding level would continue to flow to the remaining 10 solid waste management districts. Changes would occur in the allowable uses of the funds at the solid waste management district level, administration, and grants.

ASSUMPTION (continued)

Officials from the **St.Louis-Jefferson Solid Waste Management District (SWMD)** assume this proposal would impose significant administrative costs on districts and others across the state. Local ordinances, contracts, by-laws, security agreements, administrative contracts, etc. would need to be redone throughout the state. This proposal would impose costs on local governments, as well as non-profit organizations and private entities.

SWMD assumes this proposal would reduce direct funding to the St. Louis region by approximately \$500,000 per year as a result of changes to the distribution formula. This would reduce leveraged investment by grant recipients through matching and other project funds. This proposal would result in a loss of approximately \$1.5 million annually to the St. Louis region.

Oversight assumes any administrative costs caused by the reorganizing of the 10 solid waste management districts created in this proposal would be absorbed by the SWMD.

Oversight assumes revenues remaining in the Solid Waste Management Fund (0570) after the allocation of funds to the Environmental Improvement and Energy Resources Authority are split between the Department of Natural Resources and the Solid Waste Management Districts, with 39% to the department and 61% to the solid waste management districts.

Oversight assumes this proposal changes the allocation of the 61% to the 10 solid waste management districts through the following formula.

- (1) 25% based on population in each district in the latest decennial census.
- (2) 35% based on the land area of each district.
- (3) 40% based on the amount of revenue generated within each district.

Oversight assumes this proposal would redistribute the approximately \$6.5 million per year of funding from the Solid Waste Management Fund (0570) for community-based reduce, reuse, and recycle grants from the current 20 solid waste management districts to 10 solid waste management districts.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** state 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 \$2,500. 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 the 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

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

Officials from the **Department of Economic Development** and **Cole County** each assume the proposal would not fiscally impact their respective agencies.

Officials from the Lake of the Ozark Solid Waste Management District, the Mid-Missouri Solid Waste Management District, the Northwest Missouri Solid Waste Management District, the Ozark Rivers Solid Waste Management District, the Quad Lakes Solid Waste Management District, Region D Recycling & Waste Management District, and the Southwest Missouri Solid Waste Management District did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
SOLID WASTE MANAGEMENT DISTRICTS			
<u>Loss - SWMD</u>			
§ 260.300 - Closure of 10 Solid Waste Management Districts	(Less than \$6,500,000)	(Less than \$6,500,000)	(Less than \$6,500,000)
<u>Income - SWMD</u>			
§ 260.300 - Additional grant funds distributed from DNR	Less than <u>\$6,500,000</u>	Less than <u>\$6,500,000</u>	Less than <u>\$6,500,000</u>
ESTIMATED NET EFFECT ON THE SOLID WASTE MANAGEMENT DISTRICTS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

§§ 260.300, 260.335, and 260.337 - Solid Waste Management Districts:

This proposal reduces the number of districts from 20 to 10 and specifies the counties that are included in each district.

The proposal changes the funding formula for the districts. Currently, the revenues remaining in the Solid Waste Management Fund after the allocation of funds to the Environmental Improvement and Energy Resources Authority are split between the Department of Natural Resources and the Solid Waste Management District, with 39% to the department and 61% to the districts.

FISCAL DESCRIPTION (continued)

This proposal changes how the 61% is allocated to the districts. The revenues are allocated as follows:

- (1) 25% based on population in each district in the latest decennial census.
- (2) 35% based on the land area of each district.
- (3) 40% based on the amount of revenue generated within each district.

Each district must allocate at least \$50,000 but no more than \$250,000 or 15% of the revenue allocated to the district for district administration. The remaining revenue must be provided as grants to cities, counties, or persons in the district for solid waste management, waste reduction, recycling, or other related services.

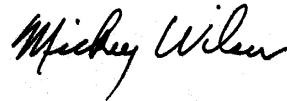
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Department of Economic Development
Office of Secretary of State
Joint Committee on Administrative Rules
Cole County
St.Louis-Jefferson Solid Waste Management District

Not Responding:

Lake of the Ozark Solid Waste Management District
Mid-Missouri Solid Waste Management District
Northwest Missouri Solid Waste Management District
Ozark Rivers Solid Waste Management District
Quad Lakes Solid Waste Management District
Region D Recycling & Waste Management District
Southwest Missouri Solid Waste Management District



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April 23, 2014

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April 23, 2014