

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1858-06  
Bill No.: HCS for HB 660  
Subject: Environmental Protection; Natural Resources Dept.; Waste - Solid  
Type: Original  
Date: April 18, 2005

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Hazardous Waste	\$654,232 to Unknown	(\$1,945,768) to Unknown	(\$1,945,768) to Unknown
Hazardous Waste Remedial	(\$1,300,000)	\$0	\$0
Dry Cleaning Environmental Response Trust	(\$87,600)	(\$87,600)	(\$87,600)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$733,368) to Unknown</b>	<b>(\$2,033,368) to Unknown</b>	<b>(\$2,033,368) to Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 12 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</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 LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials with the **Department of Health and Senior Services (DHSS)** assume this proposal eliminates the Hazardous Waste Remedial Fund (HWRF), but allows for DHSS to continue receiving funding from the Hazardous Waste Fund (HWF) to perform the work required by the statute. It is assumed that the new HWF revenue would replace the current HWRF funding for DHSS with no change to the current level of funding requested.

Thus, the same staff that is currently performing the work would continue to do so. Routine costs for expenses and equipment, plus laboratory costs for water sample analysis, would remain at the current amount.

Officials with the **Department of Agriculture** assume no fiscal impact to their agency.

Officials from the **Department of Transportation (MoDOT)** assume Section 260.273 would reinstate the previous fifty-cents tire fee that expired on January 1, 2004. Due to the expiration

ASSUMPTION (continued)

date, MoDOT currently does not pay the waste tire fee. MoDOT purchases an estimated 6,560 tires annually. Therefore, the estimated annual fiscal impact for the reinstatement of the waste tire fee would be \$3,280. This proposal will become effective on October 1, 2005, therefore the fiscal impact for FY06 would be for 9 months.

Section 260.380 (10) increases the hazardous waste tonnage fees from “not to exceed one dollar” to five dollars. It also changes the generator fee cap from \$10,000 to \$52,000 per site per year, but not less than \$150 per year. Currently, MoDOT has 17 routine hazardous waste generator sites, therefore the fiscal impact for section would be \$2,550 (\$150 minimum per generator site per year x 17 sites).

**Oversight** assumes funding for additional costs should be requested through the normal budgetary process. Therefore Oversight assumes the initial administrative impact of this proposal is \$0.

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

Solid Waste Provisions

If this bill does not pass and the distribution of the Solid Waste Management Fund is not restructured, the cap on the funds that are allocated for the department's solid waste activities would reduce from the 42% allowed in Senate Bill 1040 passed during the 2004 legislative session to 25%. The department will not be able to meet its statutory responsibilities with a 25% allocation of revenue.

For purposes of this legislation, the department assumes annual revenues deposited into the Solid Waste Management Fund of approximately \$11,363,000. Under the restructuring of the distribution of the fund, \$800 thousand dollars will be allocated for the Market Development Program (under the Environmental Improvement & Energy Resources Authority) and \$200 thousand dollars for solid waste management districts who lose funds compared to the allocation percentages used on August 27, 2004 (Senate Bill 530 percentages) leaving approximately \$10,363,000 to be distributed between the department and the solid waste management districts. Approximately \$4,041,570 million (39%) will be allocated to the department and the remaining \$6,321,430 (61%) will be allocated to the districts. This is an increase to district allocations.

This bill will ensure that revenue into the solid waste management fund will provide continued funding for existing solid waste permitting, enforcement, inspection, statewide planning, oversight of financial assistance, and administration activities to the department and the Attorney

ASSUMPTION (continued)

General's office, as well as increased direct financial assistance to the solid waste management districts. Although the bill provides funding for these existing activities, the department will need to reduce the amount of activities it conducts: The department's FY06 requested and governor recommended appropriations for the solid waste activities of permitting, inspections, enforcement, statewide planning, grants management, and administration and related fund transfers is \$4.7 million; under this bill that amount will reduce to approximately \$4,041,570. The department will need to reduce staff and expenses to stay within the estimated \$4 million allocation under this proposed legislation. This reduction will mean the loss of approximately 9 positions in the department.

The proposal also eliminates up to \$150 thousand and 1 position for the department's household hazardous waste activities. In total, the department expects this legislation to reduce operations by approximately \$850 thousand and 10 positions.

District allocations under this proposal will increase to 61% (approximately \$6.3 million).

The program assumes the Solid Waste Management Districts will receive a minimum of \$95,000 each for district operations and district grants as well a proportionate share of the \$200,000 for districts that are eligible, for grants and operational expenses.

The program also assumes except for the amount up to one-fourth of the department's previous fiscal year expense, that any remaining unencumbered funds generated under subdivision (1) of subsection 2 of this section in prior fiscal years shall be reallocated under this section.

Waste Tire Fee

Proposed language in Sections 260.273.3 would reduce the percentage of proceeds Department of Revenue can retain for collection costs from 4% to 2%. This change will allow more of the funds to be spent on program activities.

The proposed legislation would extend the sunset date on the tire fee established in Section 260.273 until January 1, 2010.

Continuing the waste tire fee will generate about \$2.1M annually into the Scrap Tire Subaccount. The department assumes the revenue will be used to fund continued removal of illegally dumped tires, educational programs, and grants to end users.

Hazardous Waste Fees

Current law directs the department to collect fees deposited into the Hazardous Waste Fund to

ASSUMPTION (continued)

June 30, 2006. The proposed legislation extends this date to December 31, 2011 resulting in an additional five and one-half years of overseeing Hazardous Waste efforts in Missouri with the associated operating costs.

The proposed legislation requires that the fund balance of the Hazardous Waste Remedial fund be transferred to the Hazardous Waste Fund. The department assumes this transfer will take place on August 28, 2005. The department projects a balance of \$1.3 million remaining in the Hazardous Waste Remedial Fund to be transferred to the Hazardous Waste Fund .

All references to the Hazardous Waste Remedial Fund have been removed in this legislation and the appropriations previously required under the Hazardous Waste Remedial Fund will be authorized under the Hazardous Waste Fund.

All fees paid from out of state facilities are removed. Estimated net effect to the Hazardous Waste Fund is a reduction of \$1.9 million based on Fiscal Year 2004 revenues.

Section 260.380 adds a requirement for Missouri TSDFs to submit to the department a fee of \$2 per ton for all hazardous wastes received from outside the state and sets penalty amounts of 15% of the amount due for failure to pay fees under this section. This change will result in estimated revenue of \$458,958. This number is based on an estimated 229,000 tons of out-of-state waste coming to Missouri. The department unable to estimate the number of facilities that may be subject to interest penalties for failure to pay, therefore this portion of the proposed legislation will result in an unknown fiscal impact.

The fee paid per ton for hazardous waste generated is currently \$1 per ton. This proposed legislation increases this fee to \$5 per ton, sets a maximum threshold for this fee at \$52,000 and a minimum threshold at \$150.00 resulting in net increase in revenue to \$776,169.

Section 260.391 RSMo adds language requiring the department to request appropriation from General Revenue in the amount equal to any state Superfund Match obligations with the U.S. Environmental Protection Agency. Because the department is unable to determine the amount future obligations, the fiscal impact from this provision to General Revenue for Fiscal Year 2006 through 2008 is \$0 to unknown.

This proposal removes certain fees paid by hazardous waste generators in Section 260.479. The department estimates a net fiscal impact of (\$1,280,895).

Current law directs the department to administer the Drycleaner Program through August 28,

ASSUMPTION (continued)

2007. The proposed legislation adds 260.965 RSMo extending the expiration date to August 28, 2012 resulting in an additional five years of overseeing the program with the associated on-going operating costs.

This proposed legislation would extend the date for the Hazardous Waste Management Commission to promulgate and adopt rules to July 1, 2007.

This proposal would also extend the period from July 1, 2004 to July 1, 2009 in which persons may notify the department of abandoned drycleaner facilities. Persons contacting the department may be eligible for corrective action funds from the Drycleaner Environmental Response Trust Fund. The department is unable to determine how many more persons would notify the department and choose to apply for funding, therefore fiscal impact from this change is unknown but cannot exceed corrective action funds available.

This proposal removes the drycleaning environmental response registration surcharge on drycleaning facilities using non-chlorinated solvents and the solvent surcharge on suppliers of non-chlorinated solvents. The department estimates approximately 12% of current revenues are received from the users and suppliers of non-chlorinated solvents resulting in a decrease in revenues of approximately \$87,600 annually. The department projects expenditures will remain the same.

This proposal to extend the expiration date of the Drycleaner Program will generate about \$642,400 annually into the Drycleaner Environmental Response Trust Fund. The department assumes the revenue will be used to fund continued investigation, assessment and remediation of releases of solvents from drycleaning facilities.

ASSUMPTION (continued)

Below is a summary of fiscal impact for Fiscal Years 2006 through 2008 related to the Hazardous Waste and Dry Cleaners Portions of the legislation.

Proposal	FY06	FY07	FY08
Out-of-State Generators	(\$1,900,000)	(\$1,900,000)	(\$1,900,000)
Fees on out of state hazardous waste received by in-state TSDFs	\$458,958	\$458,958	\$458,958
Category & registration renewal fees no longer collected	(\$1,280,895)	(\$1,280,895)	(\$1,280,895)
Increase in per ton generator from \$1 to \$5 per ton (maximum cap \$52,000 & minimum cap \$150)	\$776,169	\$776,169	\$776,169
Interest on Late Payments	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Transfer Balance of HWRF to HWF**	\$0	\$0	\$0
Dry Cleaning Environmental Response Trust Fund	(\$87,600)	(\$87,600)	(\$87,600)
<b>Impact to General Revenue</b>	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<b>Impact to All State Funds</b>	(\$2,003,368) to Unknown	(\$2,003,368) to Unknown	(\$2,003,368) to Unknown

\* Net effect on the transfer of estimated \$1.3 million from the Hazardous Waste Remedial Fund to the Hazardous Waste Fund is \$0

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>GENERAL REVENUE</b>			
<u>Income - Department of Natural Resources</u>			
Request on Superfund Obligations	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>
<b>HAZARDOUS WASTE FUND</b>			
<u>Transfer In - Department of Natural Resources</u>			
Hazardous Waste Remedial Fund	\$1,300,000	\$0	\$0
<u>Cost - Department of Natural Resources</u>			
Hazardous Waste Fund	(\$645,768) to Unknown	(\$1,945,768) to Unknown	(\$1,945,768) to Unknown
<b>ESTIMATED NET EFFECT ON HAZARDOUS WASTE FUND</b>	<b><u>\$654,232 to Unknown</u></b>	<b><u>(\$1,945,768) to Unknown</u></b>	<b><u>(\$1,945,768) to Unknown</u></b>
<b>HAZARDOUS WASTE REMEDIAL FUND</b>			
<u>Transfer Out - Department of Natural Resources</u>			
Hazardous Waste Remedial Fund	(\$1,300,000) to <u>Unknown</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON HAZARDOUS WASTE REMEDIAL FUND</b>	<b><u>(\$1,300,000) to Unknown</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>



**DRY CLEANING  
 ENVIRONMENTAL RESPONSE  
 TRUST FUND**

Cost - Department of Natural Resources

Elimination of surcharge on non-chlorinated solvents	<u>(\$87,600)</u>	<u>(\$87,600)</u>	<u>(\$87,600)</u>
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**NET EFFECT ON DRY CLEANING  
 ENVIRONMENTAL RESPONSE  
 TRUST FUND**

<u>(\$87,600)</u>	<u>(\$87,600)</u>	<u>(\$87,600)</u>
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FISCAL IMPACT - Local Government

FY 2006 (10 Mo.)	FY 2007	FY 2008
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Solid Waste Provisions

There will be a significant economic impact on small business in the solid waste industry if this proposed legislation does not pass. The resulting loss of the state's EPA Subtitle D authority will cause some of these businesses to shut down their existing landfills in many areas of the state (especially in the St. Louis urban area), as these landfills reach capacity and cannot be expanded or replaced. It will be necessary for those remaining businesses to significantly increase their costs in an effort to recognize profits. Although difficult to determine with any certainty, increases of 30%-50% in current rates are possible. These increased rates will increase the costs for solid waste disposal services to all businesses as well as to private citizens.

Enforcing the solid waste law will provide an even playing field for those who handle solid waste properly by removing any economic benefit from those who illegally dump or handle waste. Increased emphasis on waste reduction and reuse will save many businesses money in disposal costs and could, ultimately, create jobs in another area of the industry.

Continued emphasis (at both the state and local level) on preventing and prosecuting those who illegally dump or handle their waste will increase business for waste haulers, transfer stations and landfills, as those previous violators turn to proper disposal methods for their solid waste.

FISCAL IMPACT - Small Business (continued)

Removing and keeping trash out of Missouri's roadsides, ditches, lakes, and waterways will benefit property values and tourism.

Waste Tire Fee

Tire retailers would have to continue collecting the \$0.50 per tire fee on retail sales and remit the fee to the Department of Revenue.

Hazardous Waste Fee Legislation

Currently, Missouri treatment, storage, and disposal facilities (TSDFs) have the option of registering, reporting, and paying applicable fees on behalf of out-of-state generators. The proposed legislation removes the registration and reporting requirements for out-of-state generators and directs Missouri TSDFs to pay a fee of \$2.00 per ton on all hazardous waste received from outside the state.

Currently, Missouri hazardous waste generators pay up to \$1.00 per ton of hazardous waste generated to the department. This proposal increases this fee to \$5.00 per ton or portion thereof, increases the maximum amount generators could pay from \$10,000 to \$52,000 per year with a minimum amount of \$150.00 paid by all generators. This proposal also allows for a penalty of 15% for failure to pay the fees as required in section 260.380 RSMo.

Dry Cleaners

Dry cleaning facilities will continue to operate under current statutes and pay applicable registration fees. Solvent suppliers will continue to pay a surcharge on the amount of solvents supplied to drycleaning facilities. However, the fees assessed on non-chlorinated solvents are eliminated in this proposed legislation.

DESCRIPTION

Currently, each operator of a solid waste sanitary landfill or a transfer station in Missouri will collect a charge of \$1.50 per ton, and each operator of the solid waste demolition landfill will collect \$1 per ton for deposit into the Solid Waste Management Fund. These charges will be adjusted annually by the same percentage as the increase in the Consumer Price Index. This bill requires that no annual adjustment be made to the charges imposed during October 1, 2005, to October 1, 2009, except those needed to fund the operating costs of the Department of Natural Resources. During this time, no annual increase will exceed the percentage increase measured by the Consumer Price Index.

The bill increases the percentage dedicated to the elimination of illegal solid waste disposal

DESCRIPTION (continued)

from 42% to 43% and decreases the percentage that will be allocated through grants to participating cities, counties, and districts from 58% to 57%. Of the 57%, one-half must be allocated based on the population of each district, and one-half will be allocated based on the amount of revenue generated within each district. The minimum a district may receive is increased from \$45,000 to \$95,000.

**Sections 260.375, 260.380, 260.391, 260.420, 260.475, 260.480, 260.481, 260.546, and 260.569**

This bill eliminates the requirements that generators located outside the state must register with the Department of Natural Resources. The bill requires that Missouri treatment, storage, and disposal facilities pay a fee equal to \$2 per ton or a portion thereof, not to exceed \$52,000 but not less than \$150 per site per year, for all hazardous waste received from outside the state. Additionally, payment for any other expenditures which are not covered under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 will be received by the Hazardous Waste Fund. Currently, 40% of all moneys collected by the department pursuant to hazardous waste regulation is deposited into the Hazardous Waste Remedial Fund and 60% deposited into the Hazardous Waste Fund. The bill allows for all moneys collected to be deposited into the Hazardous Waste Fund and eliminates the Hazardous Waste Remedial Fund.

**Sections 260.900, 260.905, 260.925, 260.935, 260.940, 260.945 and 260.965**

This act pertains to hazardous waste, in particular, the Dry Cleaning Emergency Response Trust Fund (DERT).

The act extends the operation of the DERT Fund to 2012. The act directs the Hazardous Waste Management Commission to promulgate rules to carry out the provisions of the act no later than July 1, 2007. The act exempts dry-cleaners who use non-chlorinated solvents from the operation of the program.

The bill contains an emergency clause.

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

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SOURCES OF INFORMATION

Department of Natural Resources  
Department of Health and Senior Services  
Department of Agriculture  
Department of Transportation



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