

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5301H.01I
 Bill No.: HB 2586
 Subject: Waste - Solid; Environmental Protection
 Type: Original
 Date: February 24, 2022

Bill Summary: This proposal directs the deposit and transfer of funds forfeited from solid waste facilities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	Could exceed (\$997,773)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	Could exceed (\$997,773)	\$0 or (Unknown)	\$0 or (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Solid Waste Forfeitures Post-closure Fund	Could exceed \$997,773	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	Could exceed \$997,773	\$0 or Unknown	\$0 or Unknown

*Transfers in and out net to zero.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
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 2023	FY 2024	FY 2025
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

Sections 260.228. 2, 3 & 260.270.4

Financial Assurance Instruments (FAIs) are collateral provided to the state by permitted landfill owners or operators to guarantee implementation of corrective action, closure, and/or post-closure activities to address public health and safety issues when the owner is unable or unwilling to properly address the issues. For these funds to be effective, the funds must be available to the Department should the permittee fail to take action. Currently the funds are not available to the Department in a way that functions effectively. Historically, obtaining access to these funds to complete the required closure, post-closure, and corrective action plans has been made possible through use of an estimated (E) appropriation. Without the estimated appropriation, the Department no longer has the ability to commit funding across fiscal years and is therefore unable to complete complex, multi-year projects.

The proposed provisions of the bill will allow any forfeited funds, from solid waste facilities or scrap tire sites, end-user facilities, and scrap tire processing facilities, currently held in the state general revenue (GR) fund to be transferred to a Solid Waste Forfeitures Account Post-Closure fund. Without this proposed statutory change, the Department is not able to make progress in completing corrective action, closure, or post-closure activities at these solid waste disposal areas or processing facilities, resulting in increased risk to human health, safety, and the environment.

The current GR forfeiture fund Expense & Equipment appropriation is insufficient to cover the maintenance and corrective actions currently required at landfills and solid waste facilities for which these forfeited FAI funds are intended. In addition, the appropriation level prevents the Department from completing larger projects within one fiscal year, resulting in multiple mobilizations at additional cost.

It is unclear to the Department if the intent of the proposed bill is to create a new fund entitled the "Solid Waste Forfeitures Account Post-Closure" fund or if the intent is to create a subaccount entitled the "Solid Waste Forfeitures account" within the current Post Closure (0198) fund. The Department, through the state budgetary process, is seeking to increase the existing Post-Closure fund (0198) expenditure appropriations. The transfer of these GR funds into either a new Solid Waste Forfeitures Account Post-Closure fund or a subaccount within the current Post Closure (0198) fund, along with increased expenditure appropriations, will allow the Department to more efficiently utilize forfeited FAIs in a timelier manner and reduce overall costs.

The Post Closure (0198) fund was administratively created. Unlike other administrative funds, it

retains its interest and is not subject to the RSMo. 33.080 biennium transfer. If a new fund entitled the "Solid Waste Forfeitures Account Post-Closure" fund is created, Section 260.228 of the proposed bill will require additional language to address retaining earned interest and to address the provisions of RSMo. 33.080.

The amount of forfeited FAI funds held in GR at June 30, 2022 is estimated to be \$997,773.

Oversight does not have information to the contrary and therefore, Oversight will reflect the one-time transfer of funds from General Revenue to the Solid Waste Forfeitures Account Post-closure Fund in FY 2023 as indicated in the legislation as well as potential future unknown moneys that would have gone to the General Revenue Fund without this change.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE FUND			
<u>Transfer Out</u> – funds currently being held in GR to the Solid Waste Forfeitures Account Post-closure Fund	(\$997,773)	\$0	\$0
<u>Loss</u> – DNR - future forfeited collateral funds placed into the new fund instead of General Revenue	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>Could exceed (\$997,773)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
SOLID WASTE FORFEITURES ACCOUNT POST-CLOSURE FUND			
<u>Transfer In</u> – funds currently being held in GR to the Solid Waste Forfeitures Account Post-closure Fund	\$997,773	\$0	\$0
<u>Gain</u> – DNR - future forfeited collateral funds placed into the new fund instead of General Revenue	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON THE SOLID WASTE FORFEITURES ACCOUNT POST-CLOSURE FUND	<u>Could exceed \$997,773</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<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.

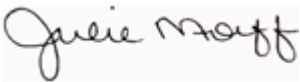
FISCAL DESCRIPTION

This proposal directs the deposit and transfer of funds forfeited from solid waste facilities.

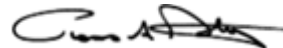
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources



Julie Morff
Director
February 24, 2022



Ross Strobe
Assistant Director
February 24, 2022