FISCAL NOTE

Bill #: HB0499

Title: Encourage use of recycled, post consumer glass--credit against fees

Primary Sponsor: Tom Facey

Status: Third Reading

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Sponsor signature Date

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Chuck Swysgood, Budget Director Date

Fiscal Summary

	FY2002 Difference	FY2003 Difference
Expenditures:	0	0
Revenue:		
State Special Revenue	($50,400)	($50,400)
Net Impact on General Fund Balance:	0	0

Yes	No		Yes	No	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

Department of Environmental Quality

1. Offering a credit for recycling of post-consumer glass will encourage facilities to use post-consumer glass in industrial processes.
2. Increased use of post-consumer glass in industrial processes will require increased air permitting activity, approximately 120 hours per year, which would have to be absorbed by existing staff.
3. The bill will require a one-time effort to draft rules, gather public input, and publish the rules including 240 hours of a solid and hazardous waste specialist's time, 20 hours of attorney time, and operating costs of $825. Existing staff and budgets will absorb the costs associated with this legislation.

4. There will be ongoing costs estimated at 40 hours annually of a solid and hazardous waste specialist and $175 in annual operating costs that will be absorbed. Total absorbed costs in FY 2002 would be over $8,000. Ongoing annual costs of about $3,700 would be absorbed through December 31, 2005, when the bill sunsets.
5. Approximately 36,000 tons of post-consumer glass is available in Montana for recycling.
6. Approximately 20 percent (7,200 tons) of that amount will be recycled if a credit is offered.
7. Air fee revenue collections will decrease by $50,400 (7,200 tons x $7) annually through December 31, 2005.

FISCAL IMPACT:

	FY2002 Difference	FY2003 Difference
Revenues:		
State Special Revenue (02)	($50,400)	($50,400)
Net Impact to Fund Balance (Revenue minus Expenditure):		
State Special Revenue (02)	($50,400)	($50,400)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
Since the authority for local air quality air permit fees comes from 75-2-220, MCA, the credit may also be claimed against air fees assessed by local county programs. This may result in a reduction to county fee revenue.

LONG-RANGE IMPACTS:
The revenue reduction of $50,400 to the state special revenue account from credits of air fees will continue through December 31, 2005.

TECHNICAL NOTES:
1. This bill would create a potential conflict between state law and federal law. Federal law requires states that operate air-permitting programs to collect permit fees sufficient to cover the costs of operating the program. Not collecting sufficient fees creates an obstacle to fully satisfying this federal requirement. Specifically, amending the requirement in Section 5, subsection (1) that "the applicant submit to the department a fee sufficient to cover the costs of administering the permitting program" as adjusted by providing an exception for the post-consumer glass fee credit, is technically in conflict with requirements of the federal Title V air quality permitting program, as stated in 40 CFR 70.9 (a) & (b).
2. Changing the requirement to recover the listed costs in 75-2-220, MCA, from mandatory (the applicant SHALL submit a fee sufficient to recover the reasonable costs... including...) to permissive (The costs that may be considered in establishing the fee may include...) conflicts with the requirements of the federal Title V air quality permitting program, as stated in 40 CFR 70.9 (a) & (b). This change creates a similar problem with the Title V air quality permitting program as discussed in number 1 above.
3. "Section 5(1), as amended by the addition of subsection (12), appears to be internally inconsistent. It appears to require the board to cover the costs of the program, but prohibits the board from increasing fees to offset credits established by the bill. This would prevent the board from covering the full cost of the program.
3. Section 4, subsection (1), which requires the department to adopt rules describing “post consumer glass” and “recycled material", appears unnecessary because those terms are defined in section 1.