

FISCAL NOTE

EXHIBIT 10
DATE 01/28/05
HB 2

Bill #: SB0143 Title: Authorize loans from orphan share account to other environmental funds

Primary Sponsor: Laible, R Status: As Introduced

[Signature] 4/13/04 [Signature] 1/12/05
Sponsor signature Date David Ewert, Budget Director Date

Fiscal Summary

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
Expenditures:		
General Fund		
State Special Revenue	\$1,000,000	1,000,000
Federal Special Revenue		
Other		

Revenue:
General Fund
State Special Revenue
Federal Special Revenue
Other

Net Impact on General Fund Balance:

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Environmental Quality (DEQ)

- The Department of Environmental Quality will transfer funds from the orphan share fund (02472) solely to the hazardous waste/CERCLA fund (02070) and/or the environmental quality protection fund (EQPF-02162).
- The total amount transferred between the state special revenue funds mentioned above may not exceed \$600,000 during the biennium beginning July 1, 2005.
- The transfers will not increase expenditures in the hazardous waste/CERCLA fund or the environmental quality protection fund, the transfers will correct anticipated revenue shortfalls only.
- If SB 143 passes, HB 2 will need to be amended to include a biennial \$2,000,000 appropriation from the orphan share fund.

SB 143

Fiscal Note Request SB0143, As Introduced
(continued)

5. The department will expend \$1,000,000 each year of the biennium to conduct remedial investigation and feasibility studies for releases at Reliance Refinery, Kalispell Pole and Timber, and Yale Oil facilities located in Kalispell, Montana.
6. Contamination from these three facilities has coalesced into a common plume, which makes any and all of the potentially liable persons (PLPs) jointly and severally liable for the entire cost to address contamination at the facilities under Title 75, Chapter 10, part 7, MCA.
7. The state is identified as a PLP due to its ownership and operation of real property at the Kalispell Pole and Timber and Reliance Refinery facilities.
8. Some of the other PLPs at the three facilities are bankrupt or defunct, while others are viable businesses.
9. If liability for remedial action at these three facilities were to be allocated among the PLPs under Title 75, Chapter 10, part 7, MCA, it is likely that at least \$2,000,000 would be allocated to the state.
10. Liability for remedial action at these three facilities will be allocated among the PLPs of these three facilities beyond the 2007 biennium.
11. The state's share of allocated liability will be reduced by the \$2,000,000 of state funds expended in the 2007 biennium to conduct this investigation and feasibility study.
12. If this bill is not passed, the department will lose significant federal grant money, as the hazardous waste/CERCLA fund is used to match federal grant dollars on a three to one ratio (25 percent state special revenue, 75 percent federal special revenue), and depending on the revenue shortfall this loss could be substantial.

FISCAL IMPACT:

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$1,000,000	\$1,000,000
<u>Funding of Expenditures:</u>		
State Special Revenue – Orphan Share	\$1,000,000	\$1,000,000
<u>Revenue:</u>		
State Special Revenue – Orphan Share	(\$600,000)	\$0
State Special Revenue – Haz Waste or EQPF	\$600,000	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
State Special Revenue – Orphan Share	(\$1,600,000)	(\$1,000,000)
State Special Revenue – Haz Waste or EQPF	\$600,000	\$0

TECHNICAL NOTES:

1. There is currently \$2,000,000 general fund included in the Executive Budget for the Hazardous Waste Cleanup Study. If that appropriation is approved by the legislature, then the \$2,000,000 appropriation from the orphan share fund will not be necessary.