

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 615** HLS 19RS 1563
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.: HB 510 **REVISED**

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| Date: May 15, 2019 3:09 PM | Author: BISHOP, S. |
| Dept./Agy.: Environmental Quality | Analyst: David Neef |
| Subject: Voluntary audits | |

ENVIRONMENT/ENFORCEMENT EG INCREASE SD EX See Note Page 1 of 1

Authorizes certain voluntary health, safety, and environmental audits by facilities subject to regulation by the Department of Environmental Quality

Proposed law authorizes facilities subject to regulation by Department of Environmental Quality (DEQ) to conduct voluntary health, safety, and environmental audits. Furthermore, the proposed law requires the owner or operator of the facility to disclose in writing to the department within 6 months of the conclusion of the voluntary audit, in order to be eligible for immunity under certain circumstances.

Effective upon the signature by the governor.

| EXPENDITURES | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | INCREASE | INCREASE | INCREASE | INCREASE | INCREASE | |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Annual Total | | | | | | |
| REVENUES | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 5 -YEAR TOTAL |
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | SEE BELOW | |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

There will be an indeterminable increase in expenditures of DEQ to review voluntary audits from facilities requesting immunity. Additional staffing increases will depend upon the number of audits received annually and the LFO cannot corroborate that number at this time.

DEQ indicated an increase in expenditures of \$621,517 and 7 positions in FY 20 with incremental increases thereafter. The additional staff include: 4 Environmental Scientists (\$323,844), 1 Environmental Scientist Supervisor (\$113,548), 1 Environmental Project Specialist (\$70,716), and 1 Attorney (\$108,159). An annual 2% salary adjustment is accounted for, in accordance with the state's market adjustment policy. The department estimates a \$750 annual expenditure for each employee (\$5,250) for miscellaneous operating costs. In addition, the department indicates that an upgrade to the permitting software system may be necessary. According to a quote provided by the department's software vendor, this upgrade may range from \$43,000 to \$200,000, which is not included in DEQ's expenditure estimates.

DEQ estimates that there are currently 1,600 facilities that could initiate the voluntary audit process in this measure. This includes facilities with air permits (475), facilities with solid or hazardous waste permits (375), and facilities with water permits (750). The department assumes that 25% (400) of these facilities will initiate the voluntary audit process in any given fiscal year.

REVENUE EXPLANATION

There may be an increase in revenues to DEQ as a result of recouping the cost of implementation. The amount of any such revenues are indeterminable at this time. Proposed legislation provides that the costs associated with the department's role shall be paid by the owner or operator after any disclosure to the department. However, it is not clear whether the language contained in proposed legislation provides the necessary fee authorization to allow DEQ to recoup those costs.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H} | | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H} | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Evan Brasseaux
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