

HF167 - 1CE - "Provide Supp Environmental Proj Polluters"

Chief Author: **Fue Lee**
 Committee: **Environment & Natural Resources Finance Division**
 Date Completed: **03/26/2019**
 Lead Agency: **Pollution Control Agency**
 Other Agencies:
 Health Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Health Dept	-	-	-	-	-	-
Environmental	-	-	-	-	-	-
Pollution Control Agency	-	-	-	-	-	-
Environmental	-	-	-	-	-	-
State Total						
Environmental	-	-	-	-	-	-
	Total	-	-	-	-	-
	Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
	FY2019	FY2020	FY2021	FY2022	FY2023	
Health Dept	-	-	-	-	-	
Environmental	-	3	3	3	3	
Pollution Control Agency	-	-	-	-	-	
Environmental	-	1	1	1	1	
	Total	-	4	4	4	4

Lead Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Sean Fahnhorst Date: 03/26/2019
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2	Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Health Dept	-	-	-	-	-
Environmental	-	-	-	-	-
Pollution Control Agency	-	-	-	-	-
Environmental	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Health Dept	-	-	-	-	-
Environmental	-	353	353	353	353
Pollution Control Agency	-	-	-	-	-
Environmental	-	122	122	122	122
Total	-	475	475	475	475
Biennial Total			950		950
2 - Revenues, Transfers In*					
Health Dept	-	-	-	-	-
Environmental	-	353	353	353	353
Pollution Control Agency	-	-	-	-	-
Environmental	-	122	122	122	122
Total	-	475	475	475	475
Biennial Total			950		950

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 Date Completed: **03/26/2019**
 Agency: **Pollution Control Agency**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Environmental	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Environmental	-	1	1	1	1
Total	-	1	1	1	1

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
Environmental		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Environmental		-	122	122	122	122
Total		-	122	122	122	122
Biennial Total				244		244
2 - Revenues, Transfers In*						
Environmental		-	122	122	122	122
Total		-	122	122	122	122
Biennial Total				244		244

Bill Description

This bill as amended requires the Pollution Control Agency (PCA) to offer a regulated facility that has entered into a settlement agreement with the agency concerning a pollution release the option, in addition to paying a fine or engaging in other remedial actions required by the agency, of conducting or paying for a project that provides diagnostic, preventive, or health care treatment to a population exposed to pollution as a result of the facility's noncompliance.

<p>Section 1. Subd. 2. Exceptions. (f) does not prohibit an entity entered into a settlement with the state from contributing money to support a supplemental public health environmental project that would result in money distributed to a person or entity other than the state.</p>
<p>Section 2. Supplemental Environmental Projects.</p> <p>Subd. 1. Definitions. Defines a "supplemental environmental project" as a project benefiting public health or the environment that a regulated party agrees to undertake voluntarily as part of a settlement agreement with respect to an enforcement action.</p> <p>Defines a "public health supplemental environmental project" as one providing diagnostic, preventive, or health care treatment to a population exposed to pollution because of a regulated facility's noncompliance. It also lists a number of things that can be included as part of a project.</p> <p>Subd. 2. Supplemental environmental project. The PCA Commissioner may offer a regulated facility subject to an enforcement action an option to conduct, or pay for a third party to conduct, a supplemental environmental project when the commissioner determines that it is in the public interest to do so.</p>
<p>Subd. 3. Public health supplemental environmental project. The PCA Commissioner must offer a regulated facility subject to an enforcement action an option to conduct, or pay for a third party to conduct, a public health supplemental environmental project when the commissioner, in consultation with the commissioner of health, determines that the pollution resulting from noncompliance may result in measurable health impacts to the exposed population. Specific factors the commissioner must consider in making the determination are listed. Requires the commissioners of health and the Pollution Control Agency to approve a public health supplemental environmental project, and to certify that it was completed in adequate fashion. This requirement does not affect the authority to offer other types of projects for consideration.</p> <p>Amended through the A5, that the party to the settlement agreement must provide the estimated costs to administer the reviews and perform other tasks covered by the act through offsetting payments to the additional agency or Department of Health.</p> <p>Subd. 4. Community participation. The commissioner must meet with and insure that the community actively participates in developing a public health supplemental environmental project.</p> <p>Subd. 5. Legislative report. The commissioner must submit a report to the legislature annually, beginning in 2020, and information regarding the various types of supplemental environmental projects offered by the agency and implemented by regulated facilities. Specific minimum information is listed.</p>



Assumptions

1. The costs reflected in this analysis only address PCA costs and are over and above current program appropriations to the PCA.
2. We anticipate that in an average year, approximately ten (10) enforcement cases from PCA administered programs could potentially be offered supplemental environmental projects (SEPs) and/or public health supplemental environmental projects (PHSEPs). SEPs and PHSEPs have the potential to add six (6) months to one year to negotiate, complete and close out an enforcement case.
3. The PCA estimates that an additional 1.0 FTE would be required each year to monitor and track detailed SEPs/PHSEPs. Workload activities include; additional meetings with the regulated facility, coordination with MDH staff, local units of government, neighborhood organizations and citizens; facilitating citizen engagement meetings; reviewing proposals, receipts, modeling results (technical expertise) and other submittals.
4. The cost to produce an annual report as required in Subd. 5., will cost approximately \$1,000 to gather information, draft and publish.
5. The costs to accomplish reviews and administration of the projects (all agency costs) would be paid from monies contributed by the regulated entity that is a party to the settlement agreement.

Expenditure and/or Revenue Formula

Project(s) administration. 1 FTE = \$121,000/year (includes salary, fringe, shared services costs, travel and training)

Annual report. To gather information, draft and publish = \$1,000/year

Offsetting payment from the party to the settlement agreement for conducting the public health supplemental environment project = (\$122,000)/year

Total = \$0

Long-Term Fiscal Considerations

The costs associated with this bill will continue in future fiscal years.

Local Fiscal Impact

The bill will have some fiscal impact on local government for staff to provide input and/or monitor the process.

References/Sources

PCA staff with experience in enforcement actions and development of supplemental environmental projects.

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Chief Author: **Fue Lee**
 Committee: **Environment & Natural Resources Finance Division**
 Date Completed: **03/26/2019**
 Agency: **Health Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Environmental	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Environmental	-	3	3	3	3
Total	-	3	3	3	3

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Chardae Kimber Date: 3/26/2019 1:36:18 PM
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State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023	
Environmental	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Environmental	-	353	353	353	353	353
Total	-	353	353	353	353	353
Biennial Total			706			706
2 - Revenues, Transfers In*						
Environmental	-	353	353	353	353	353
Total	-	353	353	353	353	353
Biennial Total			706			706

Bill Description

Sections 2-5 in this bill provides for the commissioner of MPCA to consult with the commissioner of MDH when MPCA determines to conduct a public health supplemental environmental project.

Assumptions

Our cost assumptions are for Sections 2-5. We assume that MDH will provide health expertise to MPCA on a maximum of three eligible projects per state fiscal year. We assume that we would have sufficient cash flow or appropriation authority to make expenditures in the environment fund and that we would receive revenue to reimburse actual costs.

Our role in the process includes:

- Scientific expertise to inform the design, analysis, interpretation, and reporting for projects, including expertise in epidemiology, exposure assessment, and toxicology. These projects require a high-level of technical skills and planning to ensure that they provide meaningful information to inform individuals, communities, and health care professionals.
- Planning and communication expertise to facilitate coordination and communication across MDH and MPCA.
- Communications expertise sufficient to review, comment and edit scientific aspects of community fact sheets, reports; web content; and annual legislative reports.
- Communications expertise to respond to community inquiries (e.g., phone calls, community meetings) and the media regarding public health impacts and appropriate referrals for health professional and medical consultation.
- Administrative support for purchasing equipment/supplies, scheduling meetings, submitting and tracking forms, expenses, and other approval steps.
- Coordination of the MDH Institutional Review Board (IRB) process for human subjects.

We assume that the following factors are not MDH's responsibility and, therefore, have no cost to our department:

- MDH has no specified role in supplemental environmental projects in the bill.
- MDH is not the third party referenced in the bill.
- MDH is not anticipated to sponsor, implement or conduct any projects in this bill or convene any community meetings.
- This bill, as written, does not specify testing or analysis of environmental or biological samples by MDH's Public Health Laboratory; therefore, any testing is assumed to be conducted by another laboratory or entity.
- Health care treatment, medical treatment, medical examinations, and rehabilitation therapy, as referenced in the bill, are provided by a medical or other appropriate professional.

Expenditure and/or Revenue Formula

Full-time Equivalent (FTE) Staff	Annual Salary & Fringe	FY20	FY21	FY22	FY23
Epidemiologist Principal	\$110,288	1.00	1.00	1.00	1.00
Research Scientist 3	\$102,966	0.50	0.50	0.50	0.50
Planner Principal State	\$85,981	1.00	1.00	1.00	1.00
Office Administrative Specialist, Intermediate	\$60,918	0.50	0.50	0.50	0.50
Total FTE units		3.00	3.00	3.00	3.00

Expenditure	FY20	FY21	FY22	FY23
Salary & Fringe, Subtotal	\$278,211	\$278,211	\$278,211	\$278,211
Information Technology:				
Computer, phone, software, support (\$2,252*FTE)	\$6,756	\$6,756	\$6,756	\$6,756
IT, Subtotal	\$6,756	\$6,756	\$6,756	\$6,756
Other Operating Expenditures:				
Materials, supplies & training (\$600*FTE)	\$1,800	\$1,800	\$1,800	\$1,800
Other Operating, Subtotal	\$1,800	\$1,800	\$1,800	\$1,800
Indirect Costs, Subtotal	\$66,415	\$66,415	\$66,415	\$66,415
Total Expenditure	\$353,182	\$353,182	\$353,182	\$353,182

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Fiscal Tracking (dollars in thousands)						
FUND	BACT	Description	FY20	FY21	FY22	FY23
2800	01	Health Improvement	\$353	\$353	\$353	\$353
		Total	\$353	\$353	\$353	\$353

Agency Contact:

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