

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7388

BILL NUMBER: HB 1197

NOTE PREPARED: Feb 17, 2007

BILL AMENDED: Feb 15, 2007

SUBJECT: Regulation of Confined Feeding Operations.

FIRST AUTHOR: Rep. Pflum

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) *Prohibition:* The bill prohibits construction of a confined feeding operation (CFO) within one mile of a licensed child care center, a public school, a licensed health facility, or a municipality.

Department of Environmental Management (IDEM): It requires IDEM to establish civil penalty matrices for various categories of violations relating to CFOs. It requires IDEM to inspect each CFO at least one time each year.

Annual Inspection Fee on CFOs: The bill applies an annual inspection fee on CFOs that is deposited in a confined feeding fund and used to fund IDEM CFO inspections.

State Chemist: The bill requires the State Chemist to establish a training program for CFO manure applicators and haulers and to report to the General Assembly concerning the training program.

Effective Date: Upon passage; July 1, 2007.

Explanation of State Expenditures: (Revised) *Prohibition:* The bill prohibits construction of a CFO within one mile of a licensed child care center, a public school, a licensed health facility, or a municipality. IDEM may not approve the application if the above limitation is not met. This provision will have a minor impact on IDEM administrative expenses. IDEM would need to notify operators of the new prohibition.

IDEM: IDEM must establish civil penalty matrices. IDEM should be able to accomplish this task given its existing level of resources.

IDEM Inspections: IDEM must inspect each CFO and CAFO at least once a year. Currently, IDEM is required to inspect once every 5 years. In practice, inspections occur about once every 7 years.

The CFO Inspection Fund is to permit IDEM to inspect CFOs and CAFOs. IDEM must administer the fund. Money in the fund is annually appropriated to IDEM for inspections. Expenses of administering the fund must be paid from money in the fund. Money in the fund at the end of a fiscal year does not revert to the state General Fund.

State Chemist: Before November 1, 2007, the State Chemist must submit a report concerning the status of the Manure Handling Program to the General Assembly in an electronic format. The State Chemist should be able to accomplish this task given its existing level of resources.

Explanation of State Revenues: (Revised) *Civil Penalty Matrices:* The range of the penalties for each category of the civil penalty matrix is as follows:

- (1) First time violations, \$100 to \$25,000 for each day of violation.
- (2) Repeat violations, \$500 to \$50,000 for each day of violation.
- (3) Intentional violators, \$10,000 to \$100,000 for each day of violation.

The amount of revenue that will be collected from civil penalties is indeterminable. Civil penalties are deposited in the state General Fund.

Annual Inspection Fee: Each of the 1,600 CFOs must pay an annual inspection fee of \$500, which would generate \$800,000 annually. Each of the 575 CAFOs must pay an annual inspection fee of \$750, which would generate \$431,250 annually. Total fee collections for annual inspections are estimated at \$1.2 M.

Fees collected must be deposited in the Confined Feeding Inspection Fund. The Treasurer of State must invest money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Money in the fund at the end of a fiscal year does not revert to the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IDEM, Treasurer of State.

Local Agencies Affected:

Information Sources: Sandra Flum, IDEM, 317-233-9479.

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