

N.C. GENERAL ASSEMBLY LEGISLATIVE FISCAL NOTE

Fiscal Research
733-4910

Prepared By: F.Aikens/M.Marbet	Date Prepared: 4-18-89	Bill No.: SB 27	Edition: 3
Approved By: Tom Covington TOMC	4/24/89		Senators Winner, Daniel, Sponsor: Ballance, Others
Short Title: N.C. May Exceed U.S. Environmental Regs			

TYPE OF FISCAL IMPACT	COUNTY		FUNDS AFFECTED:			
	State Gov't	Local Gov't	(X) General	() Highway	() Other: Local	
			State Fiscal Impact	FY	FY	FY
No Fiscal Impact	()	()	State Total Req'ments	\$659,179	\$612,379	
			Receipts/Revenues	(7)	(7)	
Increase Expenditure	(X)	()	Net State Expend./Rev.	\$659,179	\$612,379	
			No. of Positions	(7)	(7)	
Decrease Expenditure	()	()				
			Local Fiscal Impact	FY	FY	FY
Increase Revenue	()	()	Local Total Req'ments			
			Receipts/Revenues			
Decrease Revenue	()	()	Net Local Expend./Rev.			
No Estimate Avail.	()	()	No. of Positions			

Description of Legislation

1. Summary of Legislation:

SB 27 repeals portions of the General Statutes which require environmental regulations be no more restrictive than comparable federal regulations, requires the preparation of an assessment report as to burdens and benefits likely to result from environmental rulemaking, and requires that benefits of environmental rulemaking exceed the burdens.

North Carolina General Statutes that require environmental rules be no more restrictive than comparable federal regulations are known as the "Hardison amendments". These amendments restrict rules for automobile emission standards, underground storage tanks, wastewater effluent standards, air quality standards, and air emission standards.

2. Effective Date:

Upon ratification

3. Fund or Tax Affected:

General Fund

4. Principal Department/Program Affected:

Departments of Natural Resources and Community Development and Human Resources

Cost or Revenue Impact on State

1. Non-Recurring Costs/Revenues

2. Recurring Costs/Revenues	\$659,179	\$612,379
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3. Fiscal/Revenue Assumptions

1. Enactment of legislation to consolidate environmental agencies may impact costs required to implement SB 27, if enacted.
2. Cost estimates provided are minimum costs required to implement SB 27 in 1989-90, if the bill is enacted. Actual costs may be higher and will depend upon several factors including the number of new rules proposed and consolidation of environmental agencies.
3. Assuming that no consolidation of environmental agencies occurs, the Department of Human Resources will in all likelihood be required to perform the same required assessments for environmental programs it regulates. The costs estimates associated with SB 27 requirements from the Department of Human Resources are \$781,141 in FY 89-90 and \$702,308 in FY 90-91 for a rule development unit.

Cost/Revenue Impact on County or Local Government

1. Non-Recurring Costs/Revenues

2. Recurring Costs/Revenues

3. Fiscal/Revenue Assumptions Sources of Data for Fiscal Note

Departments of Natural Resources and Community Development and Human Resources

Technical Considerations/Comments

The Fiscal Research Division estimates the costs of complying with SB 27 to be \$659,179 in 89-90 and \$612,379 in 90-91. These costs include funds to add and support 7 additional positions and \$150,000 each year for contractual econometric studies. Positions required are an economist and six environmental engineer I's. Environmental I's will be allocated equally among the Air Quality, Water Quality, and Groundwater programs. These costs are reasonable, and might be trimmed modestly depending upon when new personnel are brought on board, delay of equipment purchases, and reduction in contracted personal services.

SB 27, if enacted, mandates additional requirements upon environmental rulemaking agencies. These additional mandates tend to bolster the argument that additional appropriations are required to comply with SB 27. In particular, SB 27 will require an assessment report, the contents of which are clearly identified, as part of the rulemaking process. The assessment report attempts to estimate aggregate social and economic benefits and burdens to affected parties likely to result from the proposed rulemaking. In the Department of Human Resources, for example, a unit would have to be established to support rule development and preparation, and to prepare assessment reports, since this capability currently does not exist. The assessment would apply to rules proposed affecting all environmental programs in both departments, and seems to increase substantially the number of activities subject to an assessment report compared to those standards currently restricted by the "Hardison Amendments". It is the proposed contents and specificity of the assessment report that offers strong evidence of the need for additional funds to comply with this bill, if enacted.

Section 8 of this bill indicates that the General Assembly is not obligated to appropriate funds to implement this Act. Based on our analysis, data provided by the Departments, the complexities of the bill, the additional mandates, and the specificity and details of the assessment report, additional funds will be required if SB 27 is enacted and if compliance with the bill is expected.



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