

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7413

BILL NUMBER: SB 431

NOTE PREPARED: Feb 27, 2007

BILL AMENDED: Feb 26, 2007

SUBJECT: Animal Feeding Operations.

FIRST AUTHOR: Sen. Gard

FIRST SPONSOR: Rep. Pflum

BILL STATUS: As Passed Senate

FUNDS AFFECTED: GENERAL
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) The bill defines "applicant", "modification", and "responsible party" for purposes of confined feeding control statutes.. It specifies that confined feeding control statutes apply to both confined feeding operations (CFOs) and concentrated animal feeding operations (CAFOs), and to both original construction and modifications. The bill establishes good character disclosure requirements for CFOs and CAFOs. It allows the Department of Environmental Management (IDEM) to review and act on disclosed good character information. It sets fees for CFOs and CAFOs and eliminates separate NPDES permit fees for CAFOs.

The bill increases the otherwise applicable NPDES permit fee. It provides that IDEM and the environmental boards have sole regulatory authority for protection of human health and the environment concerning CFOs and CAFOs, and that political subdivisions have regulatory authority concerning CFOs and CAFOs with respect to only land use and zoning. The bill requires IDEM to publish notice of proposed CFO or CAFO construction or modification. It applies certain provisions of the act to pending confined feeding projects.

State Chemist: The bill also requires the State Chemist to adopt rules relating to the use of fertilizer material and the distribution and storage of bulk commercial fertilizers. The bill makes conforming amendments.

Effective Date: (Amended) Upon Passage; July 1, 2007.

Summary of Net State Impact: (Revised) The bill would increase permit revenue by an estimated \$1.28M annually. This revenue would be deposited in the Environmental Management Permit Operation Fund. Under existing law, animal feeding operations fee revenue generates about \$42,000 per year.

Explanation of State Expenditures: (Revised) *Department of Environmental Management (IDEM):* A person and a responsible party must submit to IDEM a disclosure statement and certain additional information. IDEM may investigate and verify the information provided. Based on findings, the commissioner may deny the application. The bill provides that the Solid Waste Management Board may adopt rules to administer the provisions of the bill. Additionally, IDEM must adopt rules, publish certain notices, and make certain determinations on fees for modifications. It is expected that IDEM will be able to cover any additional expenses associated with this provision given existing resources and increased fee revenue.

State Chemist: The bill also requires the State Chemist to adopt rules relating to the use of fertilizer material and the distribution and storage of bulk commercial fertilizers. The State Chemist's Office should be able to cover expenses associated with adopting rules given existing resources.

Explanation of State Revenues: (Revised) *Summary:* The bill would increase permit revenue by an estimated \$1.28 M annually. This revenue would be deposited in the Environmental Management Permit Operation Fund. Under existing law, animal feeding operations fee revenue generates about \$42,000 per year. The individual provisions are described below.

Permit Fee Details- The bill establishes fees payable to IDEM for CFOs and CAFOs. This section provides annual fees. Under existing law, there are no annual fees. Revenue generated from the annual fees are as follows.

Revenue Generated by New Annual Fees on CFOs and CAFOs			
Farm Size	Number	New Fee	New Revenue
Small CFOs	927	\$100	\$92,700
Small	694	\$200	\$138,800
Medium	481	\$800	\$384,800
Large	132	\$1,500	\$198,000
Total Revenue			\$814,300

Fee Increase for Application for Approval of Construction: The bill increases from \$100 to \$4,000 the fee for a CFO application for approval of construction. An estimated 120 applications will be received in FY2008. Given this figure, the **fee increase would generate an additional \$468,000** (120 * \$3,900). The current fee generates about \$12,000 (which is part of the \$42,000 referenced above).

IDEM must adopt rules and make certain determinations on fees for modifications. The amount of revenue that this provision will generate will depend on fee schedules established in rule.

Repeal of CAFO NPDES Fee. Under existing law, a large CAFO has to have either an individual NPDES permit or a general NPDES permit. The bill repeals IC 13-18-20-11.5, which provides an initial or renewal fee of \$100 for a general CAFO NPDES and a \$250 fee for an individual CAFO NPDES initial or renewal permit. With respect to the \$100 general fee for CAFO NPDES, there are 413 facilities to which the fee applies which generates \$41,300 every five years, or \$8,260 annually. With respect to the individual permits,

there are 11 facilities to which the \$250 fee applies which generates \$2,750 every five years, or \$550 annually. **The total reduction in fees would equal \$8,810 annually.**

Wastewater Treatment Facilities: The bill increases the fee for a NPDES permit from \$50 to \$75. This provision will apply to about 340 facilities and will **increase revenue by an estimated \$8,500 annually.**

Net increase in revenue would equal an estimated \$1.28 M.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IDEM.

Local Agencies Affected:

Information Sources: Sandra Flum, IDEM, 317-233-9479; Bruce Palin, Assistant Commissioner for the Office of Land Quality, 233-6591.

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