



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0638 - Phase out use of styrofoam in food-related businesses (Marler, Marilyn)

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$140,912	\$187,869	\$185,269
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$21,137	\$28,180	\$27,790
Net Impact-General Fund Balance:	<u>\$0</u>	<u>(\$140,912)</u>	<u>(\$187,869)</u>	<u>(\$185,269)</u>

Description of fiscal impact: HB 638 requires the Department of Environmental Quality (DEQ) to develop rules to implement and enforce restrictions on the use of expanded polystyrene foam (Styrofoam) at restaurants or food establishments, resorts, and hotel, and for food packagers.

FISCAL ANALYSIS

Assumptions

1. HB 638 requires the DEQ to create a new program for phasing out the use of Styrofoam and provides the authority for rule making.
2. Because HB 638 will be codified within a new part in Title 75, Chapter 10, MCA, new rules will need to be drafted, made available for public comment, and adopted during FY 2025. The rules would need to establish a process for receiving, processing, and acting on applications for exemptions; would further define appropriate exemptions to Section 3 of the bill; and would include an enforcement mechanism.
3. HB 638 provides rulemaking authority to establish a fee and deposit this dedicated revenue source in the environmental rehabilitation and response account.

4. This dedicated revenue is only an amount necessary to process exemption applications and would not be received until FY 2026 when rules are established, and fees are collected.
5. A 0.50 FTE environmental scientist specialist, 0.20 FTE environmental program manager, and .05 FTE paralegal would be needed for development of the program. The estimated salary and benefits for FTE would be \$96,865 in FY 2025 and general fund would be needed for program development until fees are collected.
6. Approximately 0.50 FTE environmental scientist specialist, 0.20 FTE environmental program manager, and 0.50 senior environmental sciences and enforcement specialist would be needed to administer the program. The estimated salary and benefits for FTE would be \$132,637 in FY 2026 and \$132,637 in FY 2027.
7. The requirements for implementation of the bill are phased, with the first prohibition beginning January 1, 2026, for restaurants or food establishments (for food/beverages to be served in the food establishment). The next phase begins on January 1, 2027, for restaurants, food establishments, resorts, and hotels (for food to be consumed on or off the premises). The final phase begins January 1, 2028, for food packagers.
8. In accordance with the Department of Public Health and Human Services Food and Consumer Safety Bureau, it is estimated that 7,500 establishments would have to comply after full implementation of program.
9. Ongoing expenses would be required to review and process exemption requests, provide compliance assistance and training, perform inspections, address citizen complaints, and implement enforcement provisions.
10. There will also be ongoing operating expenses including travel, training, and outreach and are estimated to be \$20,000 in FY 2025, \$22,500 in FY 2026, and \$20,000 in FY 2027.
11. Section 4 of the bill allows the department to establish fees for processing applications for exemptions and provides that these fee revenues be deposited in the Environmental Rehabilitation and Response account established in 75-1-110, MCA.
12. Money in the environmental rehabilitation and response account cannot be used to pay for administration and enforcement of HB 638; therefore, expenses for administration and enforcement would be paid from the general fund.
13. Only 15% of the costs to administer and enforce HB 638 are for processing exemption applications. Fees for processing exemption applications are to be set commensurate with costs.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.75	1.20	1.20
<u>Expenditures:</u>				
Personal Services	\$0	\$96,865	\$132,637	\$132,637
Operating Expenses	\$0	\$44,047	\$55,232	\$52,632
TOTAL Expenditures	<u>\$0</u>	<u>\$140,912</u>	<u>\$187,869</u>	<u>\$185,269</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$140,912	\$187,869	\$185,269
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$140,912</u>	<u>\$187,869</u>	<u>\$185,269</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$21,137	\$28,180	\$27,790
TOTAL Revenues	<u>\$0</u>	<u>\$21,137</u>	<u>\$28,180</u>	<u>\$27,790</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	(\$140,912)	(\$187,869)	(\$185,269)
State Special Revenue (02)	\$0	\$21,137	\$28,180	\$27,790

NOT SIGNED BY SPONSOR

Sponsor's Initials

Date



Budget Director's Initials

2-28-23

Date