

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3418-02
Bill No.: HB 1531
Subject: Cities: Utilities
Type: Original
Date: March 3, 2008

Bill Summary: Prohibits a municipality or utility company from requiring an owner of a premises to pay delinquent utility bills for his or her occupants.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of State Courts Administrator** assume no fiscal impact on the Courts.

Officials of the **Department of Economic Development - Public Service Commission, Office of Public Counsel** assume no fiscal impact.

Officials of the **St. Louis Metropolitan Sewer District** stated that a change which requires the district to pursue only the tenant for delinquent sewer charges would result in major programming and implementation costs to current district systems. There would be additional staffing needs and costs, and an estimated increase in the district's outstanding accounts receivables and bad debt allowance. Officials estimate on-going costs to the district of \$380,750 in FY 2009; \$2,456,893 in FY 2010; and \$3,769,071 in FY 2011.

Officials of the **St. Charles Public Water Supply District # 2** estimate that without the ability to hold landlords responsible for their tenants' water and sewer bills, the districts would lose revenue of approximately \$4,000 to \$8,000 annually.

Officials of the **Pulaski County Sewer District # 1** stated that the potential would exist for an annual loss of revenue for the district. Officials did not estimate the amount of annual loss but assumed it would be significant.

Officials of the **City of West Plains** assume no fiscal impact to their city.

Officials of the **Little Blue Valley Sewer District** assume this proposal would have no fiscal impact on their district.

In response to almost identical legislation of 2007, in responses to fiscal note 0472-01, HB 494 the following fiscal impact statements were made:

Officials of the **City of Poplar Bluff** assume there could be some costs related to the collection of delinquent accounts.

Officials of the **City of Centralia** assume no fiscal impact.

ASSUMPTION (continued)

Oversight, based on responses, assumes local governments and other political subdivisions would realize costs associated with collecting delinquent utility bills from locating tenants that had moved. **Oversight** assumes that court action costs would be defrayed by the tenant. **Oversight** assumes that without the ability to collect a delinquent account from the owner, and if the delinquent tenant were not located, then Oversight assumes there would be an unknown loss of income to the utility or political subdivision.

Oversight will show an annual loss of income from delinquent utility collections to political subdivisions. **Oversight** assumes the amount of annual loss is indeterminable and will be shown as unknown. **Oversight** assumes the annual loss on a statewide basis would exceed \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011

**LOCAL GOVERNMENTS - CITIES,
 WATER DISTRICT, SEWER
 DISTRICT, OTHER UTILITIES**

<u>Loss of Income</u> - Collection of delinquent utility charges.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL GOVERNMENT *	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

* This proposal affects public utilities which is defined in the legislation as “any public or private electrical corporation, gas corporation, heating company, water corporation, cable television service, telecommunications service, or any other similar corporation, company, or service in this state.”

FISCAL IMPACT - Small Business

Small utility businesses in the state could realize a loss of income associated with the collection of delinquent accounts if the delinquent tenant were not located for the collection process.

FISCAL DESCRIPTION

This bill prohibits a municipality or utility company supplying an occupant of a premise with a utility service from holding the owner of the premise liable for the occupant's delinquent utility payment. The municipality or utility company can recover reasonable attorney fees in a civil suit against the occupant.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of State Courts Administrator
Department of Economic Development - Public Service Commission
Office of Public Counsel
St. Louis Metropolitan Sewer District
Little Blue Valley Sewer District
St. Charles Public Water District # 2
Pulaski County Sewer District # 1
City of West Plains

NOT RESPONDING

Cities of :

Bonne Terre
Bridgeton
Fulton
Joplin
Lebanon

NOT RESPONDING (continued)

Lees Summit
Linn
Mexico
Pacific
Rolla
Springfield
St. Robert

Boone County Regional Sewer District
Timber Creek Sewer District
Public Water Supply District # 2
Franklin County Water Supply District
Cole County Public Water Supply District # 4
Independence Power and Light



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Director
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