

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6214-01  
Bill No.: HB 1959  
Subject: Sewers and Sewer Districts; Water Resources and Water Districts; Fees; Counties  
Type: Original  
Date: April 2, 2012

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Bill Summary: This proposal prohibits increases in premiums or fees charged for sewage or wastewater treatment in St. Charles County without approval by the voters.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Local Government</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Department of Economic Development - Public Service Commission, Department of Economic Development Office of the Public Counsel and Department of Natural Resources** each assume the current proposal would not fiscally impact their respective agencies.

In response to a similar proposal, HCS for HB 1358, officials from the **Public Water Supply District #2 of St. Charles County** assumed the proposal would preempt the District's authority to fix rates and charges for wastewater services based upon sound financial principles. This could cause the District to violate its existing bond covenants causing a downgrading of its bond rating and increasing interest costs to the District estimated at hundreds of thousands of dollars per year. In addition, substantial banking, bond and legal fees would be incurred to help prevent defaults on existing bonds, causing an increase in the monthly water and sewer bills for District customers.

In addition, the District stated that if the proposal passed it could prevent or limit the District's ability to collect enough revenue to operate effectively and efficiently. Ultimately, if unable to determine its own sewer rate structure to fund sewer system operations and maintenance, pay off existing bond debt and meet legal requirements, the proposal could cause a negative impact in Lake St. Louis and surrounding areas.

Officials from the **County of St. Charles** did not respond to Oversight's request for fiscal impact.

**Oversight** assumes for fiscal note purposes that the impact to Public Water Supply District #2 of St. Charles County will be \$0 or (unknown). If there is no change or it is less than 200% of the sewage or wastewater treatment fee imposed by the other entity, than there will not be a fiscal impact. If there is a change greater than 200%, and it is approved by the voters, there will not be a fiscal impact. If there is a change greater than 200%, and it isn't approved by the voters, the District cannot pass the fee collection on to customers, which will result in an unknown negative impact.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Local Government

FY 2013  
(10 Mo.)

FY 2014

FY 2015

**LOCAL POLITICAL SUBDIVISIONS**

Costs - Prohibits fees from being greater than 200% or more of the fee charged by an 3<sup>rd</sup> party unless approved by the voters. If the fees change but aren't approved for an increase to the customers this could result in a cost to the water districts.

\$0 or  
(Unknown)

\$0 or  
(Unknown)

\$0 or  
(Unknown)

**ESTIMATED NET EFFECT ON  
LOCAL POLITICAL SUBDIVISIONS**

\$0 or  
(Unknown)

\$0 or  
(Unknown)

\$0 or  
(Unknown)

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal prohibits increases in premiums or fees charged for sewage or wastewater treatment in St. Charles County without approval by the voters.

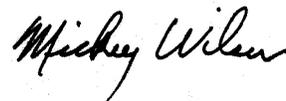
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development  
Public Service Commission  
Office of the Public Counsel  
Department of Natural Resources  
Public Water Supply District #2 of St. Charles County

NOT RESPONDING

**St. Charles County**



Mickey Wilson, CPA  
Director  
April 2, 2012