

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0642-02  
Bill No.: HCS for HB 75  
Subject: Political Subdivisions; Sewers and Sewer Districts  
Type: Original  
Date: April 16, 2013

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Bill Summary: This proposal prohibits increases in premiums or fees charged for sewer or wastewater treatment in St. Charles County without a vote of the people.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<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 2014	FY 2015	FY 2016
<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 2014</b>	<b>FY 2015</b>	<b>FY 2016</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 2014</b>	<b>FY 2015</b>	<b>FY 2016</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 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Local Government</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### § 67.312 - Sewage Treatment Fees:

Officials at the **Public Water Supply District #2 of St. Charles County** stated that this proposal would preempt the District's authority to fix rates and charges for wastewater services. 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 would 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.

**Oversight** assumes that the impact to Public Water Supply District #2 of St. Charles County (District) will be \$0 or (unknown). If the sewage or wastewater treatment fees remain at or less than 103% of the sewage or wastewater treatment fees imposed upon the District by the other entity, than there will not be a fiscal impact.

**Oversight** assumes if the current fee rate is greater than 103% of the fee charged by the other entity, and the fee rate is submitted to the voters for approval, and it is approved by the voters, the District would not see a fiscal impact.

**Oversight** assumes if the current fee rate is greater than 103% of the fee charged by the other entity, and the rate is submitted to the voters, and it isn't approved by the voters, the District would not be able to pass the additional fee collection on to its customers. This would result in an (unknown) loss to the District since fee rates would be reduced to 103% or less than the fee rate charged by the other entity.

Officials from the **Office of Secretary of State** and **Department of Natural Resources** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
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**LOCAL POLITICAL SUBDIVISIONS**

<u>Costs</u> - Public Water Supply District #2 of St. Charles County § 67.312 - Fee Collection	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>
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FISCAL IMPACT - Small Business

Small businesses could be affected by differences in sewage and wastewater service fees from what would be allowed under current law.

FISCAL DESCRIPTION

This proposal prohibits any city, town, village, sewer district, or water supply district in St. Charles County that does not actually process or treat sewage or wastewater but pays a premium or fee to another entity for the service from increasing the premium or fee it charges and collects from its customers of more than 3% more than the rate it pays to another entity without a majority vote of the qualified voters of the city, town, village, sewer district, or water supply district.

If the majority of voters are opposed to the question, the question cannot be resubmitted to the voters sooner than 12 months from the date of the last submission opposed 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.

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SOURCES OF INFORMATION

Department of Natural Resources  
Office of Secretary of State  
Public Water Supply District #2 of St. Charles County



Ross Strope  
Acting Director  
April 16, 2013

KB:LR:OD