

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5161-01  
Bill No.: HB 1230  
Subject: Sewers and Sewer Districts; Water Resources and Water Districts; Political Subdivisions  
Type: Original  
Date: April 8, 2014

---

Bill Summary: This proposal allows any city, town, village, sewer district, or water supply district to levy and impose a fee on certain lateral sewer service lines.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<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 2015	FY 2016	FY 2017
<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 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</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 2015</b>	<b>FY 2016</b>	<b>FY 2017</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 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **City of Kansas City** assume if the maximum amount of \$4 were approved by voters, it could bring in approximately \$6.7 million dollars annually. These funds, however, would have to be set aside and used for repair of private lines, and would not be available as additional revenue. Assuming the City could put a program in place to handle the work, the money would likely be spent on repair during the year received, and would not result in any surplus funds. The overall impact would be revenue neutral. Care must be taken to ensure that the City's obligation under the program would not exceed the money actually collected. No additional revenue would be gained. Costs incurred by the City but not covered due to this limitation would have to be covered by shifting the burden for those costs to other ratepayers.

Savings, if any, would be the result of a program with sufficient volume to cause a decrease in the cost of the work. There is no way to quantify this amount at this time, or to guarantee that it will occur. The costs to the City's sewer system will not change with passage of this proposal.

Officials at the **Public Water Supply District Number 2 of St. Charles County** assume the Water District would lose \$1,720,000 in revenue per year due to the restriction in sewer charges described in §67.313.7. Additional costs of \$2,000,000 per year, §67.313.7, would also cause increased bond interest costs to the Water District of two million dollars per year. In addition, tens of thousands of dollars in banking, bond and legal fees would be incurred to help prevent defaults on existing bonds.

Officials at the **Office of the State Treasurer**, the **Department of Economic Development's Public Service Commission** and the **Office of Public Counsel**, the **Office of the Secretary of State** and the **Department of Natural Resources** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the **City of Columbia**, the **Platte County Board of Election Commission**, the **Cole County Public Water Supply District Number 3**, the **St. Louis County Board of Election Commission**, the **City of Jefferson**, the **Northwest Missouri Regional Council of Governments**, the **Metropolitan St. Louis Sewer District** and the **Kansas City Board of Election Commission** each assume no fiscal impact to their respective organizations from this proposal.

ASSUMPTION (continued)

**Oversight** assumes part of this proposal is permissive in nature and would have no local fiscal impact without action by the governing body and approved by a majority of voters.

However, Oversight will reflect a loss to local political subdivisions starting in FY 2015 due to the provisions in subsection 67.313.7, which do not appear to be subject to voter approval.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O’Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight’s** request for fiscal impact.

Officials at the following board of election commissions: St. Louis City Board of Election Commission, Clay County Board of Election Commission and Jackson County Board of Election Commission did not respond to **Oversight’s** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017

**LOCAL POLITICAL SUBDIVISIONS**

<u>Loss - Local Political Subdivisions - Restrictions on fees (67.313.7)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
--	------------------	------------------	------------------

<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
---	-------------------------	-------------------------	-------------------------

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill authorizes any city, town, village, sewer district, or water supply district to impose, upon voter approval, a fee of up to \$4 per month or \$48 annually for each lateral sewer service line providing sewer service to a residential property having four or fewer dwelling units for the purpose of repair or replacement due to failure of the lateral sewer service lines extending from the residential dwelling to its connection with the public sewer system. The fee may be added to the general tax levy bill of the property owner and collected in the same manner as delinquent real estate taxes and tax bills. The bill also 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 charging and collecting from its customers a premium or fee of more than 33 1/3% of the premium or fee it pays.

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

City of Columbia  
City of Jefferson  
Northwest Missouri Regional Council of Governments  
Kansas City Board of Election Commission  
Office of the State Treasurer  
Metropolitan St. Louis Sewer District  
Office of the Secretary of State  
Department of Natural Resources  
Department of Economic Development's Public Service Commission and the  
Office of Public Counsel  
St. Louis County Board of Election Commission  
Platte County Board of Election Commission  
Cole County Public Water Supply District Number 3  
City of Kansas City  
Public Water Supply District Number 2 of St. Charles County



Mickey Wilson, CPA  
Director  
April 8, 2014

Ross Strope  
Assistant Director  
April 8, 2014