

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5753-01
Bill No.: HB 1667
Subject: Sewers and Sewer Districts; Water Resources and Water Districts; Fees
Type: Original
Date: February 12, 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 beginning January 1, 2015.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	(Unknown)	(Unknown)	(Unknown)

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. If the City is required to ensure or guarantee repair of all lateral lines, the program could be costly to the City, exceeding the amount of funds actually collected. Savings, if any, would be a 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 cost of the City's system will not change with passage of this legislation, however, the allocation of its cost will have to change and will cause certain ratepayers to pay for costs not related to their contribution to the system.

Officials at the **Kansas City Board of Elections Commission** assumes the cost to hold a jurisdiction wide election in the Kansas City portion of Jackson County is between \$350,000 to \$400,000.

Officials at the **Public Water Supply District Number 2 of St. Charles County** assumes 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 (2015 - 2017). 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 Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **Cole County Public Water District Number 3** assume no fiscal impact from this proposal. The District bills and collects monies only for sewer usage for the City of Jefferson and the City of St. Martins.

ASSUMPTION (continued)

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

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

Oversight part of this assumes this proposal is permissive in nature and would have no local fiscal impact without action by the governing body and approval by the 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: Clay County Board of Election Commission and Jackson County Board of Election Commission, and 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
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LOCAL POLITICAL SUBDIVISIONS

<u>Loss - Local Political Subdivisions - Restrictions on fees (67.313.7)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal, unless a political subdivision imposes the lateral sewer service line fee.

FISCAL DESCRIPTION

Beginning January 1, 2015 and upon voter approval this bill authorizes any city, town, village, sewer district, or water supply district to impose 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

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



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