

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 0203-01
Bill No.: HB 58
Subject: Political Subdivisions: Purchases, Financial Statements, Utilities
Type: Original
Date: February 2, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Sections 50.760 - 50.784 County Purchasing Procedure:

Oversight sent fiscal note request to counties, cities, and sewer districts on their fiscal note list. Only one sewer district and 3 cities responded. Counties on the list did not respond. Therefore, Oversight will make the following assumptions concerning those sections which changes the county's purchasing procedures and publication procedures of financial statements.

Oversight assumes those sections 50.760 - 50.784 pertains to county purchasing procedures. Oversight assumes certain counties that have not appointed a Purchasing Agent could realize some savings from the competitive bid process, provided they are not currently taking bids on purchases. Oversight does not know how many counties are currently taking bids on purchases. **Oversight** assumes that by allowing counties to purchase supplies at public auctions could also provide some savings on county purchases. **Oversight will show fiscal impact on the above mentioned sections as \$0 if counties have a purchasing agent and Unknown savings on counties that will begin their purchasing procedures pursuant to the procedures in this proposal.**

ASSUMPTION (continued)

Sections 50.800 to 50.815 - County Financial Statement:

Oversight assumes that all counties without a charter form of government would now prepare and publish the county's financial statement pursuant to Section 50.815 and not 50.800 which is being deleted by this proposal. **Oversight** assumes there could be some savings from printing cost associated with the different procedural requirements of those sections..**Oversight will show savings to certain counties from printing cost of financial statements. Savings will be shown as a positive unknown.**

Section 250.140 - Cities, Sewer Districts, and Water Districts Collection Procedures:

Officials of the **Little Blue Valley Sewer District** assume this proposal would not affect their district.

Officials of the **City of Sullivan - Office of City Administrator** stated that elimination of holding the property owner jointly responsible for a tenant's water or sewer bill has the potential of costing the City of Sullivan \$175,000 annually.

Officials of the **City of Belton - Office of Finance Director** stated that 75% of their write-offs come from non owner-occupied properties. Anything impacting our already impaired ability to collect from this group could have significant implications on revenue, and cause rates to be adjusted shifting that burden to the other customers.

Officials of the **City of Raytown - Director of Finance** stated that "eliminating the option of cities to assess delinquent sewer or water service charges to either the occupant or property owner will result in revenue losses that will ultimately be bore by all paying customers and cause higher service charges or deposits." Officials estimate this proposal would result in \$20,000 in lost revenues.

Oversight will show a loss of income to certain political subdivisions because one of the sources of collection for delinquent water or sewer bills is being eliminated. Some respondents stated no fiscal impact. **Oversight will show loss of revenue** as \$0 to a negative Unknown.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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POLITICAL SUBDIVISIONS

<u>Savings</u> to Certain Counties from bid purchasing (sections 50.760 - 50.784)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
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<u>Savings</u> to Certain Counties from publication cost of financial statement (sections 50.800 - 50.815)	Unknown	Unknown	Unknown
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<u>Loss of Income</u> to Certain Cities, Water and Sewer Districts from elimination of source of revenue (section 250.140)	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
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ESTIMATED NET EFFECT TO LOCAL GOVERNMENT	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (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.

DESCRIPTION

This bill requires all County Commissions without a Purchasing Agent to estimate county expenditures for supplies, excluding utility services, for the following year. The commission may authorize the purchase of supplies at a public auction within the county. No contract for purchase is valid until the commission has approved a purchase order for the supplies for which

bids were advertised and submitted as required.

DESCRIPTION (continued)

Competitive bids may be waived by the County Commission under emergency circumstances or when there is only a single feasible source for the supplies.

A proposed purchase of more than \$5,000 from a single feasible source must be posted, and a proposed purchase of more than \$25,000 must be advertised. The County Commission may delegate its procurement authority to county departments provided that the department follows all the laws for purchasing, entering contracts, and keeping records.

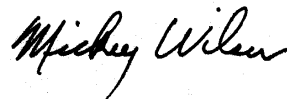
This proposal changes the procedures that are used by certain counties to publish their county's financial statement.

This proposal eliminates owners of property from being sued by cities, water and sewer districts for delinquent water or sewer bills made by occupants of the property.

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

Little Blue Valley Sewer District
City of Belton
City of Raytown
City of Sullivan



Mickey Wilson, CPA
Director
February 2, 2005