

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0472-01
Bill No.: HB 494
Subject: Cities, Towns, and Villages: Utilities, Landlords
Type: Original
Date: March 1, 2007

Bill Summary: Prohibits a municipality from requiring an owner of a rental property to pay delinquent utility bills for the owner's occupants.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 2008	FY 2009	FY 2010
Local Government *	(Unknown)	(Unknown)	(Unknown)

*** Loss of income from delinquent utility accounts on a statewide basis is expected to exceed \$100,000.**

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Pulaski County Sewer District** stated that this proposal would make it harder to collect the service charges. Officials concluded that the only clout they would have is to file liens. Officials estimate this could cost them up to 5% of their revenues or \$58,000 annually.

Officials of the **City of Kansas City** stated that they assume that as much \$10,535,400.00 could be at risk from FY 2008 thru FY 2010 in water and sewer revenues. This risk is based upon 2000 Census bureau data regarding the number of tenant occupied residences serviced by the Kansas City Water Department. Sewer charges are particularly at risk because it is not readily possible to render a sewer line unusable due to the potential of creation of health or environmental hazards.

Officials stated that currently their cost of service does not reflect these proposed changes and they would have to increase water & sewer rates to all residential customers to account for the cost of preparing and sending multiple billing statements to owners and tenants of the same property, if we continued to allow tenants to have water and sewer accounts. Also this change would make all residential customers liable for any past due accounts that are 90 days or greater. This also would likely cause the City to consider a policy that requires only owners of properties to open water & sewer service accounts, thus preventing tenants from obtaining such service in their own name.

Officials of the **City of West Plains** assume this proposal would have some fiscal impact on the city. Officials stated that fiscal impact is indeterminable and unknown.

Officials of the **City of Poplar Bluff** assume there could be some fiscal impact from collecting delinquent accounts.

Officials of the **City of Centralia** assume no fiscal impact.

Officials of the **City of Raytown** issued a statement of recommendations.

Oversight assumes this proposal prohibits municipalities from holding owners of rental property liable for a renters delinquent utility bills.

ASSUMPTION (continued)

Oversight assumes there would be costs associated with locating tenants, and trying to collect in court action. **Oversight** will show an unknown loss of income to cities. Loss of income from delinquent utility collections on a statewide basis is expected to exceed \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010

CITIES - UTILITIES FUND

<u>Loss of Income</u> - collection of delinquent utility charges.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT TO LOCAL GOVERNMENT *	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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*** Loss of income from delinquent utility accounts on a statewide basis is expected to exceed \$100,000.**

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill prohibits a municipality supplying an occupant of a premise with a utility service from holding the owner of the premise liable for the occupant's delinquent utility payment. The municipality can recover reasonable attorney fees in a civil suit against the occupant.

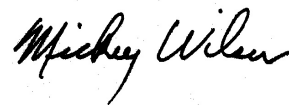
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

City of Kansas City
Pulaski County Sewer District # 1
City of Centralia
City of West Plains
City of Poplar Bluff
City of Raytown

NOT RESPONDING

Cities of :
Belton
Boonville
Cape Girardeau
Excelsior Springs
Columbia
Gladstone
Harrisonville
Independence
Jefferson City
Lees Summit
Manchester
Maryland Heights
North Kansas City
Rolla
Springfield
St. Charles
Warrensburg
St. Louis Metropolitan Sewer District
Little Blue Valley Sewer District
Cole County Public Water Supply District # 4
Boone County Regional Sewer District



Mickey Wilson, CPA

L.R. No. 0472-01
Bill No. HB 494
Page 6 of 6
March 1, 2007

Director
March 1, 2007

RWB:LR:OD (12/02)