

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1671-01
Bill No.: HB 720
Subject: Sewers and Sewer Districts; Utilities
Type: Original
Date: March 4, 2019

Bill Summary: This proposal modifies provisions for discontinuation of sewer services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Safe Drinking Water (0679)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unk

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Natural Resources (DNR)** assume that due to not knowing how many may be disconnected, which ones may be disconnected, the actual duration of the disconnection if disconnected, and if the sewer district or board of trustees would disconnect the customer's sewer line or pump or request the private water company, public water supply district, or municipality to discontinue service to the customers until sewer charges and related fees are paid; the full fiscal impact to the Missouri primacy fee and clean water fees is unknown.

The proposed legislation could cause an increase in the workload for existing compliance and enforcement staff for water pollution cases to manage related to the incidents of sewage discharging to the environment without a permit when the sewer lines are disconnected.

It is anticipated the proposed legislation could result in more work in the regional offices for investigations related to increased number of complaints due to discharge of sewage into the environment and onto neighboring properties.

The Department anticipates being able to absorb these costs. However, until the FY20 budget is final, the Department cannot identify specific funding sources.

Oversight notes that §640.100.5 states “...the department (DNR) is hereby directed to request appropriations from the general revenue fund and all other appropriate sources to fund the activities of the public drinking water program and in addition ...an annual fee for each customer service connection with a public water system is hereby authorized to be imposed upon all customers of public water systems in this state. Each customer of a public water system shall pay an annual fee for each customer service connection.” If a discontinuation of service is executed, there could be a loss in fees that go to the Safe Water Drinking Fund (0679). Below is a chart of the activity into this fund:

SAFE WATER DRINKING FUND

	<u>Beginning Balance</u>	<u>Receipts/ Transfers In</u>	<u>Disbursements/ Transfers Out</u>	<u>Ending Balance</u>
FY2018	\$ 5,821,788	\$ 5,409,158	\$ 5,320,082	\$ 5,910,864
FY2017	\$ 6,640,321	\$ 4,491,699	\$ 5,310,233	\$ 5,821,788
FY2016	\$ 6,108,543	\$ 5,279,857	\$ 4,748,078	\$ 6,640,321

ASSUMPTION (continued)

Oversight is unclear on the how much the fund could lose as a result of this proposal. Therefore, Oversight will reflect a \$0 or unknown loss to the Safe Water Drinking Fund for this proposal.

Officials at the **Department of Economic Development** assume no fiscal impact from this proposal.

Oversight notes that the Department of Economic Development has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

Officials at **Greene County**, the **Monroe County Assessor**, the **City of Kansas City** and the **Metropolitan St. Louis Sewer District** each assume no fiscal impact to their respective entities from this proposal.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other water and sewer districts, cities and counties were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
SAFE WATER DRINKING FUND			
<u>Loss</u> - on fees from disconnection of service from unpaid bills	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE SAFE WATER DRINKING FUND	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill specifies that if sewer charges remain unpaid for a period of more than three months, a sewer district, after notifying the customer by certified mail, has the authority to disconnect the customer's sewer line or pump until the sewer charges, including any disconnect and reconnect fees, have been paid. The district and its board of trustees are not liable for sewer overflows or other issues resulting from the discontinuance of the sewer services.

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

Department of Natural Resources
Department of Economic Development
Greene County
Monroe County Assessor
City of Kansas City
Metropolitan St. Louis Sewer District



Kyle Rieman
Director
March 4, 2019

Ross Strobe
Assistant Director
March 4, 2019