

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4332S.06T
 Bill No.: Truly Agreed To and Finally Passed SS for HB 2397
 Subject: Boards, Commissions, Committees, and Councils; Elections; Fees; Department of Natural Resources; Utilities; Water Resources and Water Districts
 Type: Original
 Date: June 16, 2026

Bill Summary: This proposal modifies provisions relating to public water supply districts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*Oversight assumes the unknown cost from OSCA will not exceed the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§247.220 – Dissolution of a Public Water Supply District

In response to a previous version, officials from the **High Point R-III School District** assumed the proposal would have a fiscal impact on their organization but did not provide any additional information.

In response to a previous version, officials from the **Kansas City Election Board** stated that if an election is held, the cost to conduct an election in the Kansas City portion of Jackson County could be up to \$800,000, depending on when it is called and what other entities participate.

Oversight assumes the timing for an election to dissolve a public water supply district would take place during a regular election cycle (April or November). Therefore, Oversight will assume no direct fiscal impact from this proposal.

In response to a previous version, officials from the **Jackson County Election Board, St. Louis City Board of Elections, Metropolitan St. Louis Sewer District** and the **Osceola Water/Wastewater District** each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a previous version, officials from **Morgan County PWSD #2** and **St. Charles County PWSD #2** responded to **Oversight's** request for response but did not provide a fiscal impact statement.

Oversight assumes this proposal is codifying in statute specific requirements for the dissolution of a public water supply district. Oversight assumes no fiscal impact for this proposal.

§247.229 – Benefits of Employees of a Public Water Supply District

Oversight assumes this provision provides that the board of directors of a public water supply district may contribute to the cost of a plan including a plan for furnishing all or part of hospitalization or medical expenses, life insurance or similar benefits for the district's employees. Oversight assumes no fiscal impact from this provision.

Responses regarding the proposed legislation as a whole

Officials from the **Office of the State Courts Administrator (OSCA)** state this proposal may have some impact but there is no way to quantify that amount currently. Any significant changes will be reflected in future budget requests.

Oversight notes OSCA assumes this proposal may have some impact on their organization although it can't be quantified at this time. As OSCA is unable to provide additional information regarding the potential impact, Oversight assumes the proposed legislation will have a \$0 or (Unknown) cost to the General Revenue Fund. For fiscal note purposes, Oversight also assumes the impact will be under \$250,000 annually. If this assumption is incorrect, this would alter the fiscal impact as presented in this fiscal note. If additional information is received, Oversight will review it to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

Officials from the **Department of Commerce and Insurance, Department of Natural Resources, Department of Labor and Industrial Relations, Office of the Secretary of State, Platte County Board of Elections, St. Louis County Board of Elections** and the **Wayne County PWS #2** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a previous version, officials from the **South River Drainage District** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities, local election authorities, counties, county recorders, county assessors, county auditors, county circuit clerks, county collectors, local law enforcement agencies, fire protection districts, ambulance districts, school districts, colleges and universities, public libraries and utility districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost – OSCA (§§247.220 & 247.229)</u> Potential increase in caseload p.4	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill requires that a petition for a dissolution of a public water supply district state that an agreement for sale of the district's assets has been entered into by the board of directors contingent upon approval of the circuit court and voters.

Unless the petitioners for the dissolution of the district prove that there is an agreement for sale of the district's assets entered into by the board of directors that would permit all debts and financial obligations of the district be paid in full upon dissolution and provide for the continuation of water supply to the inhabitants of the district, the petition is to be dismissed at the cost of the petitioners.

Currently, a decree of dissolution to dissolve a public water supply must be passed by a majority of two-thirds of the voters of the district voting on the proposition. This bill would allow, at their discretion, the board of directors of a public water supply district, except districts in Barton and Dade Counties, to approve a change in the vote threshold to a majority of three-fifth of the voters of the district voting on the proposition for dissolution, if:

- (1) Four-fifths of the directors vote in favor of the threshold;
- (2) The circuit court approves the threshold; and

(3) The district has received from the Department of Natural Resources a formal enforcement action resulting in an administrative order of consent pursuant to state or federal drinking water laws that has not been rectified.

Current law states that no district will be dissolved until after all of its debts have been paid. The court, in its decree of dissolution must provide for the disposition of the property of the district. This bill clarifies that the decree of dissolution must provide for any excess funds of the district, which can be paid over to the treasurers of the school districts on a pro rata based on the ratio of customers in each school district.

The bill also specifies that the board of directors of public water supply district can contribute to the cost of a plan including a plan for furnishing all or part of hospitalization or medical expenses, life insurance or similar benefits for the district's employees. The board must not enter into a contract to purchase any insurance policy unless the contract is submitted to competitive bidding at least every three years and the contract is awarded to the lowest and best bidder.

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
Office of the Secretary of State
Department of Commerce and Insurance
Department of Labor and Industrial Relations
St. Louis County Board of Elections
Platte County Board of Elections
St. Louis City Board of Elections
Wayne County PWSD #2
High Point R-III School District
Kansas City Election Board
Office of the State Courts Administrator
Jackson County Election Board
Metropolitan St. Louis Sewer District
Osceola Water/Wastewater District
South River Drainage District

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Morgan County PWSD #2
St. Charles County PWSD #2



Julie Morff
Director
June 16, 2026



Jessica Harris
Assistant Director
June 16, 2026