

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5325-02
Bill No.: HCS for HB 1358
Subject: Fees; Sewers and Sewer Districts
Type: Original
Date: March 16, 2012

Bill Summary: This proposal combines myriad provisions relating to political subdivisions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
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 2013	FY 2014	FY 2015
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** state there is no anticipated state cost to the foundation formula associated with this proposal. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to school districts increases the deduction in the foundation formula the following year. Therefore the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

Officials from the **Department of Economic Development, Department of Insurance, Financial Institutions and Professional Registration, Department of Public Safety - Missouri Highway Patrol, Office of the Governor, State Tax Commission, Office of the State Treasurer, Missouri Local Government Employees Retirement System, Office of the State Auditor, Joint Committee on Public Retirement and Office of the State Courts Administrator** each assume the current proposal would not fiscally impact their respective agencies.

Officials from the **Joint Committee on Administrative Rules** state that the legislation is not anticipated to cause a fiscal impact beyond their current appropriations.

Officials from the **County of St. Louis** assume the current proposal would not fiscally impact their county.

Officials from the **Metropolitan St. Louis Sewer District** assume the current proposal would not fiscally impact their district.

In response to a previous version of this legislation, officials from the **Department of Natural Resources** assumed the proposal would not fiscally impact their agency.

Section 67.312

Officials from the **Public Water Supply District #2 of St. Charles County** assume the proposal would preempt the District's authority to fix rates and charges for wastewater services based

ASSUMPTION (continued)

upon sound financial principles. This could cause the District to violate its existing bond covenants causing a downgrading of its bond rating and increasing interest costs to the District estimated at hundreds of thousands of dollars per year. In addition, substantial banking, bond and legal fees would be incurred to help prevent defaults on existing bonds, causing an increase in the monthly water and sewer bills for District customers.

In addition, the District states that if the proposal passed it could prevent or limit the District's ability to collect enough revenue to operate effectively and efficiently. Ultimately, if unable to determine its own sewer rate structure to fund sewer system operations and maintenance, pay off existing bond debt and meet legal requirements, the proposal could cause a negative impact in Lake St. Louis and surrounding areas.

Oversight assumes for fiscal note purposes that the impact to Public Water Supply District #2 of St. Charles County will be \$0 or (unknown). If there is no change or it is less than 200% of the sewage or wastewater treatment fee imposed by the other entity, then there will not be a fiscal impact. If there is a change greater than 200%, and it is approved by the voters, there will not be a fiscal impact. If there is a change greater than 200%, and it isn't approved by the voters, the District cannot pass the fee collection on to customers, which will result in an unknown negative impact.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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LOCAL POLITICAL SUBDIVISIONS

Costs - Prohibits fees from being greater than 200% or more of the fee charged by an 3rd party unless approved by the voters. If the fees change but aren't approved for an increase to the customers this could result in a cost to the water districts.

\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (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.

FISCAL DESCRIPTION

This proposal combines myriad provisions relating to political subdivisions.

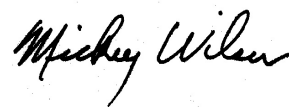
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
 Division of Business and Community Services
 Missouri Housing Development Commission
 Missouri Development Finance Board
 Office of the Public Counsel
 Public Service Commission
Department of Natural Resources
Department of Public Safety
Office of the State Courts Administrator
Department of Insurance, Financial Institutions and Professional Registration
State Tax Commission
Office of the State Auditor
Office of the State Treasurer
Missouri State Employees Retirement System
Joint Committee on Public Retirement
Missouri Local Government Employees Retirement System
Joint Committee on Administrative Rules
Department of Elementary and Secondary Education
Office of the Governor
County of St. Louis
Public Water Supply District #2 of St. Charles County
Metropolitan St. Louis Sewer District

NOT RESPONDING

Office of the Secretary of State
Department of Health and Senior Services
Attorney General's Office
Department of Revenue
Office of Administration



Mickey Wilson, CPA

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