

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5925-01  
Bill No.: HB 1946  
Subject: Water Resources and Water Districts; Property, Real and Personal; Utilities  
Type: Original  
Date: March 12, 2014

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Bill Summary: This proposal changes the laws regarding water resources.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Local Government</b>	<b>(\$100,000 to Unknown)</b>	<b>(\$100,000 to Unknown)</b>	<b>(\$100,000 to Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **City of O'Fallon** assume that currently new customers are required to pay this full cost of main extensions to not be a burden on the existing customer base. Either one of two things will occur with this legislation. Either a financial burden will be placed on the current customer base for main extensions or no main extensions will be made. There exist the Neighborhood Improvement District (NID) or the Community Improvement District (CID) legislation which can be utilized to spread out the costs of main extensions if this is the desired outcome of this legislation. There would be no need for the legislative change if the NID or CID legislation were used. With the well, there are many reasons that a municipality may want to limit the installation of wells. A few are: groundwater contamination, low water availability in the aquifer, or negative impacts to an existing community well.

Officials at the **City of Columbia** assume this bill would effectively eliminate 50% of the City Water and Light Department's capital contribution from property developers, or about \$100,000 - \$200,000 per year. This depends on the amount of subdivision development, which varies. During a high growth period, for example, this would cost Columbia Water & Light \$1.5 - \$2 million per year. An additional 10% would need to be added to these figures to cover the fact that we require extensions to "continue entirely across the front or other dimension of each lot or tract to be served..." and not the "the minimum feasible distance".

Officials at the **City of Kansas City** assume the exact cost of this legislation cannot be determined at this time, however the cost could be considerable. Should the City pay 1/2 the cost of the water main extension means that the cost would have to be spread out among all ratepayers, and would be charged regardless of whether or not they received any service. Second, if the utility was forced to absorb half of the cost of water main extensions, the cost would vary from year to year and be highly unpredictable. The yearly average cost for water main extensions permitted by the City for the last ten years is roughly \$3.3 million dollars. At this time, such costs are paid by the parties calling for the expansion (generally the property owner). If the City were forced to pay half because an interpretation of the statute that the property owner should only pay half of the cost, then the City would potentially be required to pay an average of \$1.65 million dollars per year. If this money was not available to the City for this purpose, this could substantially slow or even stop development.

Officials at the **Department of Economic Development's Public Service Commission** and **Office of Public Counsel**, the **Department of Agriculture** and the **Department of Natural Resources** each assume no fiscal impact to their respective agencies from this proposal.

ASSUMPTION (continued)

Officials at **St. Louis County**, the **City of Jefferson** and the **Metropolitan St. Louis Sewer District** each assume no fiscal impact to their respective organizations from this proposal.

Officials at the following counties: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
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**LOCAL POLITICAL SUBDIVISIONS**

<u>Costs - Local Political Subdivisions - Main Extensions</u>	(\$100,000 to <u>Unknown</u> )	(\$100,000 to <u>Unknown</u> )	(\$100,000 to <u>Unknown</u> )
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<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>(\$100,000 to <u>Unknown</u>)</b>	<b>(\$100,000 to <u>Unknown</u>)</b>	<b>(\$100,000 to <u>Unknown</u>)</b>
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FISCAL IMPACT - Small Business

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

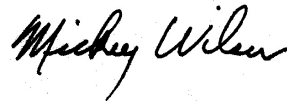
FISCAL DESCRIPTION

This bill specifies that if a water main of a public water supply district, commercial water supplier, or municipal water utility needs to be extended for a residential property owner to connect water service lines from the property to the water main, the owner will not be charged or liable for more than 50% of the cost of extending the main the minimum distance necessary for the owner to establish a connection and will not be charged or liable for the cost of any additional extension of the main beyond the point of connection. Also, no political subdivision by rule, regulation, order, or ordinance may prevent a property owner from constructing a private domestic well if the construction is allowed under state law.

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 Agriculture  
Department of Natural Resources  
Department of Economic Development's Public Service Commission and Office of Public  
Counsel  
St. Louis County  
City of O'Fallon  
City of Columbia  
Metropolitan St. Louis Sewer District  
Jefferson City  
City of Kansas City



Mickey Wilson, CPA  
Director  
March 12, 2014

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March 12, 2014