

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4879-08  
Bill No.: SS for SCS for HCS for HB 2120 with SA 1, SSA 1 for SA 2, and SA 3  
Subject: Utilities; Water Resources and Water Districts  
Type: Original  
Date: May 12, 2020

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Bill Summary: This proposal modifies provisions relating to utility infrastructure.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue* **	\$0 or (Unknown)	\$0 or (Could Exceed \$5,000,000)	\$0 or (Could Exceed \$5,000,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Could Exceed \$5,000,000)</b>	<b>\$0 or (Could Exceed \$5,000,000)</b>

\*Oversight notes this proposal (§620.2459) extends the sunset date of an existing program (from August 28, 2021 to June 30, 2027). Accordingly, the fiscal note reflects the continuation of appropriations/ expenditures under the Broadband Internet Grant Program at either the FY 2020 level (\$5 million) or the FY 2021-approved level (\$0).

\*\*Subject to appropriation, school districts may test sources of potable water in public school buildings serving students under first grade and constructed before 1996 for lead contamination (§701.200)

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 11 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
State Facility Maintenance and Operation Fund	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Other State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</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 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Due to time constraints, **Oversight** was unable to receive some of the agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

### §67.5122 - Uniform Small Wireless Facility Deployment Act - Expiration Date

**Oversight** notes this section extends the expiration date of the Uniform Small Wireless Facility Deployment Act from January 1, 2021 to January 1, 2025.

**Oversight** notes, in response to a similar proposal from 2020 (HB 2182), which eliminated the expiration date of the Uniform Small Wireless Facility Development Act, officials from the **Department of Revenue, Missouri Department of Commerce and Insurance, Missouri Department of Transportation, Missouri Department of Economic Development, Missouri Department of Natural Resources, Office of State Court Administrator, Office of Administration, City of Springfield, and City of Kansas City** stated this proposed section would not have a direct fiscal impact on their respective organizations.

**Oversight** notes the agencies mentioned above have stated the proposed legislation would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero fiscal impact in the fiscal note for these organizations as it relates to this section.

### §393.1009 - Gas Utility Plan Projects

In response to a similar proposal from 2020 (SB 618), officials from the **Department of Commerce and Insurance (DCI) - Office of the Public Counsel (OPC)** assumed there would be a need for an additional Public Utility Accountant I-III at \$50,112 annually to review the increased costs included in ISRS petitions, the increased projects, plant, and costs that will be reviewed in general rate cases. The cost for such analyst would be approximately \$65,000 annually.

ASSUMPTION (continued)

**Oversight** assumes this legislation will not generate a sufficient workload for the OPC to require an additional FTE, and therefore assume DCI-OPC could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DCI-OPC could request funding through the appropriation process.

§393.1012 - Utility Provisions

In response to a similar proposal from 2020 (SB 618), officials from the **Office of Administration (OA) - Facilities Management Design and Construction (FMDC)** stated that the increase to gas service anywhere in the state individually or when combined with ISRS shall not produce revenues in excess of ten percent of the gas corporation's base revenue. And the commission may not approve an ISRS if the revenues exceed ten percent.

FMDC used a four year average (FY16 - FY19) of Natural Gas, Propane and Fuel Oil cost equaling \$3,533,122 and applied a 1%, 5% and 10% increase to determine the maximum amount that could be charged based on this legislation.

		<b>1.00%</b>	<b>5.00%</b>	<b>10.00%</b>
<b>Gas with Fuel Oil</b>	\$3,533,122	\$35,331	\$176,656	\$353,312

**Oversight** assumes this proposal allows gas corporations to file a petition and propose rate schedules with the Public Service Commission to establish or change ISRS rate schedules (that will allow for adjustment of the gas corporation's rate and charges to provide for the recovery cost).

Oversight assumes this proposal could potentially increase gas utility costs for the Office of Administration as well as other state agencies and local governments if more utility companies are allowed to file ISRS plans. Since it is unknown how many additional amortizations will be authorized (if any), Oversight will range the cost from \$0 (no utility will increase rates) to an unknown amount to the State Facility Maintenance and Operation Fund (0501) and a \$0 to unknown cost to other state funds and local political subdivisions.

ASSUMPTION (continued)

§393.1015 - Gas Corporation Petitions

**Oversight** notes this section extends the amount of time for reporting to the Public Service Commission and when orders become affective after a petition. Oversight assumes there will no fiscal impact from this section.

§620.2459 - Broadband Internet Grant Program Sunset Extension

In response to a similar proposal from 2020 (SS for SB 632), officials from the **Office of Administration - Budget & Planning Division (B&P)** stated this proposal will have no direct impact on General Revenue (GR) and Total State Revenues (TSR) or the calculation pursuant to Article X, Section 18e.

For Fiscal Year 2020, \$5 million is appropriated for the Broadband program. This proposal extends the program to June 30, 2027. To the extent new appropriations are made from GR, resources otherwise available for other budget priorities might be reduced.

This proposal may result in additional induced revenues, which B&P cannot estimate.

**Oversight** notes HB 7 of the 2019 Regular Session appropriated \$5 million for the Broadband Internet Grant Program. Oversight also notes the **current** (CCS for SCS for HS for HCS for HB 2007) version of **HB 2007 (2020)** appropriates **\$0** to DED for Broadband Grants (Section 7.105).

In response to a similar proposal from 2020 (SS for SB 632), officials from the **Missouri Department of Economic Development (DED)** stated, because the grant program is subject to appropriation, the impact to GR is not yet known. Based on the current appropriation, the cost could be equal to or exceed \$5 million. DED anticipates the need for an additional 0.5 FTE (Economic Development Specialist III - 26,163 annually) to assist with program administration, logistics, and compliance.

**Oversight** notes DED has stated an additional .05 FTE is required to assist with program administration, logistics, and compliance. Oversight assumes, as this is an existing program under DED, that DED could absorb the costs associated with the extension of the sunset date. Oversight further assumes if the program is appropriated revenues that generate a significant increase in applicants who wish to receive a grant under this program, DED may seek additional FTE through the appropriation process.

ASSUMPTION (continued)

**Oversight** notes this proposed legislation extends the sunset date of the Broadband Internet Grant Program from August 28, 2021 to June 30, 2027. Oversight notes \$5,000,000 was appropriated to the program for Fiscal Year 2020. Oversight notes this program is subject to appropriation each year and, therefore, the fiscal impact cannot be quantified until future appropriations are made by the General Assembly.

For purposes of this fiscal note, Oversight will report a potential negative fiscal impact from \$0 (FY 2021 appropriation level) to an amount that could exceed the amount equal to Fiscal Year 2020's appropriation level for the program of \$5,000,000.

Oversight notes the **Missouri Department of Agriculture**, the **Missouri Department of Elementary and Secondary Education**, the **Missouri Department of Transportation** and the **State Treasurer's Office** have stated the proposed legislation would not have a direct 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 organizations.

§§640.141, 640.142, 640.144 & 640.145 - Community Water Systems

Officials from the **Department of Natural Resources**, **Department of Economic Development** and **Department of Corrections** each assume the proposal will have no fiscal impact on their respective organizations.

**Oversight** notes that the agencies mentioned above have 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 for these agencies.

Officials from the **City of Kansas City** assume the proposal would have no fiscal impact on their organization. Exceptions have been created in various provisions of the proposal for cities with populations in excess of 30,000.

**Oversight** notes that the City of Kansas City 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 for the City of Kansas City.

**Oversight** notes that cities with a population of less than 30,000 could incur costs to upgrade their water systems and perform the required inspections listed in this proposal; therefore, Oversight will reflect an "unknown" cost to local political subdivisions.

ASSUMPTION (continued)

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities and water districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

§701.200 - Water Testing in Certain Elementary School Buildings

Officials from the **Department of Natural Resources, Department of Health and Senior Services** and **Department of Elementary and Secondary Education** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal from 2020 (SB 885), officials at the **Secretary of State** assumed that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could require additional resources.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

**Oversight** received no responses from school districts regarding the fiscal impact of SB 885. Oversight presents this fiscal note on the best current information available. If additional responses are received, Oversight will review to determine whether to prepare an updated fiscal and seek the necessary approval to publish a new fiscal note.

ASSUMPTION (continued)

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other school districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

**Oversight** assumes that because this bill permits schools to test drinking water for lead, and makes it subject to appropriation, this will have net \$0 direct fiscal impact to school districts, and \$0 or (Unknown) to state agencies depending upon the number of school districts that apply to be tested, the number of water sources tested, and the appropriation approved by the state.

**Oversight** notes, according to statistics from the Department of Elementary and Secondary Education, there are 1,228 elementary school buildings and 44 charter elementary school buildings in Missouri. Oversight does not have information regarding the ages of the buildings. Oversight notes testing could be conducted at several water sources within a single building.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
<b>GENERAL REVENUE</b>			
<u>Revenue Reduction</u> - Extended expiration date of the Broadband Internet Grant Program (subject to appropriation) (§620.2459) p. 5	\$0	\$0 or Could exceed (\$5,000,000)	\$0 or Could exceed (\$5,000,000)
<u>Transfer out</u> - Appropriation for school water testing (§701.200) p. 7	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or (Could Exceed <u>\$5,000,000</u>)</b>	<b>\$0 or (Could Exceed <u>\$5,000,000</u>)</b>



<u>FISCAL IMPACT - State Government</u> (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023
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**STATE FACILITY MAINTENANCE  
 AND OPERATION FUND (0501)**

<u>Cost - § 393.1012 and 393.1015: Office of Administration</u>	\$0 to	\$0 to	\$0 to
Potential increase in gas utility costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<b>ESTIMATED NET EFFECT ON THE STATE MAINTENANCE AND OPERATION FUND</b>	<b>\$0 to <u>(Unknown)</u></b>	<b>\$0 to <u>(Unknown)</u></b>	<b>\$0 to <u>(Unknown)</u></b>
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**VARIOUS STATE FUNDS**

<u>Cost - § 393.1012 and 393.1015: Various State Agencies</u>	\$0 to	\$0 to	\$0 to
Potential increase in gas utility costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<b>ESTIMATED NET EFFECT TO VARIOUS STATE FUNDS</b>	<b>\$0 to <u>(Unknown)</u></b>	<b>\$0 to <u>(Unknown)</u></b>	<b>\$0 to <u>(Unknown)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Transfer in</u> - Funds to school districts for water testing (§701.200) p. 7	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> - § 393.1012 and 393.1015: Local Governments Potential increase in gas utility costs	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
<u>Cost</u> - School district water testing (§701.200) p. 7	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost</u> - Update water systems and perform inspections (§§640.141, 640.142, 640.144 & 640.145) p. 5	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

FISCAL IMPACT - Small Business

§620.2459 - This proposed legislation could impact any small business that would not have been awarded a grant had the sunset/expiration date of this program be extended.

§§640.141, 640.142, 640.144 & 640.145 - There may be a direct fiscal impact to those community water systems that meet the definition of a small business as a result of this proposal. This may include not only those systems that will be regulated, but also any small business that may have to adjust water rates to allow the water system to comply with this bill.

FISCAL DESCRIPTION

This proposal establishes provisions relating to utility infrastructure.

This legislation is not federally mandated but may be duplicative of parts of the American Water and Infrastructure Act (AWIA). It would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources  
Department of Corrections  
Department of Economic Development  
City of Kansas City  
Department of Elementary and Secondary Education  
Department of Health and Senior Services  
Joint Committee on Administrative Rules  
Secretary of State  
Department of Commerce and Insurance - Office of the Public Counsel  
Office of Administration - Facilities Management Design and Construction  
Office of the State Treasurer  
Department of Agriculture  
Office of Administration - Budget and Planning  
Department of Transportation  
Department of Revenue  
City of Springfield  
Office of the State Courts Administrator



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May 12, 2020



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