

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1129-05  
Bill No.: HCS for SCS for SB 246  
Subject: Bonds - General Obligation and Revenue  
Type: Original  
Date: April 18, 2005

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</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 2006</b>	<b>FY 2007</b>	<b>FY 2008</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 2006</b>	<b>FY 2007</b>	<b>FY 2008</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 LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government *</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

\* expected to exceed \$100,000 after additional cost.

### **FISCAL ANALYSIS**

#### ASSUMPTIONS

##### Water Pollution and Stormwater Control Bonds

In response to a previous version of this proposal, officials from the **Office of the State Treasurer** assumed the proposal would have no fiscal impact on their organization, and defer to the Office of Administration as to the effect the proposal might have on the state's bond rating.

In response to a previous version of this proposal, officials from the **Office of Administration, Division of Accounting** assumed there would be no fiscal impact relating to this legislative authorization increase, but there would be a fiscal impact if any of the currently outstanding authorization is actually issued. There would be one time costs of approximately \$196,289 for each issuance, and approximately \$700,000 in annual debt service cost (principal and interest) for every \$10 million dollars issued.

ASSUMPTIONS (continued)

In response to a previous version of this proposal, officials from the **Office of the Governor**, the **Office of the Lieutenant Governor**, the **Office of the Secretary of State**, the **Office of the State Auditor**, the **Office of the Attorney General**, the and the **Department of Economic Development**, assumed the proposal would have no fiscal impact on their organizations.

Officials from the **Office of Administration, Division of Budget and Planning** assumed the proposal would have no fiscal impact on their organization.

Officials of the **Department of Natural Resources (DNR)** assume the proposal would allow sewer districts in the City of St. Louis and in St. Louis County to place a lien on a property for unpaid sewer charges. In addition, the proposal would authorize the sale of \$40 million in Water Pollution and Stormwater Control Bonds. DNR noted that bonds are sold on an as needed basis, and that bond sales lag authorization by approximately 3 years.

37(e) money is approved for \$10 million to be spent as follows:

\$7 Million for the 40% State Construction Grant Program

\$3 Million for the Rural Water and Sewer grants

37(g) money is approved for \$10 Million to be spent as follows:

\$5 Million for Rural Water grants and loans

\$5 Million for Rural Sewer grants and loans

37(h) money is approved for \$20 Million to be spent as follows:

\$10 Million for storm water grants

\$10 Million for storm water loans

Sewer Charge Collection Procedures

Officials from the **Metropolitan St. Louis Sewer District** assume the proposal would result in additional collections of \$7,542,811 in the first year after the proposal takes effect. Costs of implementing the proposal were estimated at \$250,000 (one time cost) and approximately \$268,000 per year for lien filings and \$377,140 per year for fees paid to the City of St. Louis and St. Louis County. Additional revenues and costs in the following years would fluctuate based on amounts submitted for collection by this method.

Officials from **St. Louis County** and the **City of St. Louis** did not respond to our request for information.<sup>7</sup>

ASSUMPTIONS (continued)

**Oversight** assumes the proposal could result in unknown additional revenues after collection expenses to the sewer district from enhanced collections of delinquent sewer charges, and additional revenues to St. Louis County and the City of St. Louis for collection fees. Oversight assumes these additional net revenues would exceed \$100,000 per year. Further, Oversight assumes there would be sewer charges over one year delinquent which could be added to property tax bills for 2005, and which would be collected in 2005 and disbursed to the sewer district beginning in January 2006 (FY 2006).

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2006 (10 Mo.)	 FY 2007	 FY 2008
<b>LOCAL GOVERNMENT</b>			
<u>Revenue - Sewer districts.</u>			
Additional collections *	Unknown	Unknown	Unknown
 <u>Revenue - St. Louis County and City of St. Louis</u>			
Collection charges *	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
 <b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENT *</b>	 <u>Unknown</u>	 <u>Unknown</u>	 <u>Unknown</u>
* expected to exceed \$100,000 after additional cost.			

FISCAL IMPACT - Small Business

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

## DESCRIPTION

This proposal would authorize the Board of Fund Commissioners to issue additional bonds for grants and loans pursuant to several sections of Article III of the Missouri Constitution. The authorizations are for:

- (1) \$10 million of bonds for waste water pollution control, drinking water system improvements, and storm water control pursuant to Section 37(e);
- (2) \$10 million of bonds for rural water and sewer projects pursuant to Section 37(g); and
- (3) \$20 million of bonds for storm water control plans, studies, and projects in first classification counties and the City of St. Louis pursuant to Section 37(h).

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

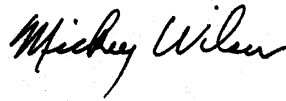
## SOURCES OF INFORMATION

Office of the Governor  
Office of the Lieutenant Governor  
Office of the Secretary of State  
Office of the State Auditor  
Office of the Attorney General  
Office of the State Treasurer  
Office of Administration  
    Division of Accounting  
    Division of Budget and Planning  
Department of Economic Development  
Department of Natural Resources  
Metropolitan St. Louis Sewer District

L.R. No. 1129-05  
Bill No. HCS for SCS for SB 246  
Page 6 of 6  
April 18, 2005

NOT RESPONDING

**St. Louis County  
City of St. Louis**

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial "M".

Mickey Wilson, CPA

Director  
April 18, 2005

SS:LR:OD (12/02)