

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

LR No.: 1640-05  
Bill No.: Perfected SCS for SB 468  
Subject: Sewers: Political Subdivisions  
Type: Original  
Date: April 4, 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 7 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>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials of the **Department of Natural Resources** assume no fiscal impact.

Officials of the **Office of State Courts Administrator** stated there is no fiscal impact on the Courts.

**Oversight** assumes there would continue to be no fiscal impact to the **Little Blue Valley Sewer District**. Officials of the Little Blue Valley Sewer District assumed this proposal would have no fiscal impact to their district.

**Oversight** assumes this proposal allows landowners to more easily form their own sewer districts. Currently, County Commissions are primarily responsible for the sewer districts. This act would enable landowners who form or convert their sewer district into a reorganized common sewer district, to exert more control over the districts themselves.

ASSUMPTION (continued)

**Oversight** assumes that there would be no fiscal impact to the **St. Louis Metropolitan Sewer District**. This proposal as amended exempts the City of St. Louis and St. Louis County from the provisions of Sections 204.600 through 204.672.

**Oversight** assumes this proposal is permissive, and would have no fiscal impact without action by the landowners affected and the governing body. **Oversight** assumes this proposal as written does not mandate any new duties or expenditure of funds for political subdivisions, therefore, Oversight assumes this proposal has no state or local fiscal impact.

|   |                     |            |            |
|---|---------------------|------------|------------|
| <u>FISCAL IMPACT - State Government</u> | FY 2006<br>(10 Mo.) | FY 2007    | FY 2008    |
|   | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |
| <u>FISCAL IMPACT - Local Government</u> | FY 2006<br>(10 Mo.) | FY 2007    | FY 2008    |
|   | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

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

DESCRIPTION

This act allows for the creation or reorganized common sewer districts.

The act allows landowners to more easily form their own sewer districts. Currently, County Commissions are primarily responsible for the sewer districts, this act would enable landowners who form or convert their sewer district into a reorganized common sewer district, to exert more control over the districts themselves. The County Commissions are still involved, but the responsibility is shared here; evoking a more active participation from the landowners within the district.

A condensed breakdown of the draft follows for reference:

SECTION 204.600 - This act allows any sewer organized and existing under current law to convert to a reorganized common sewer district, as well as allowing for the establishment of a

DESCRIPTION (continued)

reorganized common sewer district. Once such a district has been established, it shall enjoy all powers and authority provided for common sewer districts.

SECTION 204.602 - This act details the procedural guidelines for the formation of a new reorganized common sewer district and directs that any such petition be accompanied by a deposit as well as at least fifty signatures from voters and/or property owners living within the proposed district. The petition shall be filed with the Circuit Court and a date for hearing of the petition will be set. Public notice of such a petition shall be given in some newspaper of general circulation in the county which the proceedings are being held and the date of those proceedings. The notice shall then signed by the Clerk of the Circuit Court and published in three successive issues of a weekly newspaper once a week for three consecutive weeks.

Exceptions to the proposed district can be made by any voter or property owner living within the proposed district, provided those exceptions are filed no less than five days prior to the petition's hearing date. Procedural guidelines for exceptions are also laid out in the act.

The court has authority to find in favor of the formation or against, if the decision is positive, the court shall then appoint five voters from the district to constitute the first board of trustees for the district. The decree of incorporation shall not become final until it has been submitted to the voters living within the proposed district, decided by a majority of those voters, and ultimately declared incorporated by the court.

Once a reorganized sewer district has been incorporated, the boundaries of such district can be extended from time to time provided the initiative to do so has come from the Board of Trustees and/or the voters living within the district. Procedural guidelines are laid out in this act for such an extension.

The Board of Trustees may petition the court to allow the district to engage in the construction, maintenance and operation of water supply and distribution facilities.

SECTION 204.604 - This act details the procedural guidelines for the conversion of an existing sewer district into a new reorganized common sewer district, as well as public notice requirements and exceptions to the proposed conversion.

SECTION 204.606 - This act clarifies that any conversion shall not affect the bonded indebtedness or security interest of any creditor of any existing common sewer district, and that all covenants and obligations shall remain in full force and effect.

DESCRIPTION (continued)

SECTION 204.608 - This act states that after a decree of incorporation has been issued, the reorganized common sewer district is considered in law and equity to be a body corporate subject to all the advantages and disadvantages included therein. A reorganized common sewer district, under this act, shall have exclusive jurisdiction and authority to provide wastewater collection and treatment services within the boundaries of the district.

SECTION 204.610 - This act details the powers, compensation, terms, and membership of the board of trustees.

SECTION 204.612 - The board shall have no power to levy or collect taxes in order to pay general obligation bonds.

SECTION 204.614 - This act details the issuance of general obligation bonds from the reorganized common sewer district.

SECTION 204.616 - The Board of Trustees shall have the power to pass all necessary rules for the reorganized common sewer district. Such rules and regulations shall be enforceable by civil or administrative actions.

SECTION 204.618 - This act authorizes the board to make the plans for any construction, acquisition of land, rights-of-ways, or otherwise for the district. The power of the board to contract and/or enter into agreements is detailed in the act, as are the powers available to the board once agreements are made.

SECTION 204.620 - The powers of the board with regard to purchasing, leasing or renting property as well as the power to enter private land for surveying purposes are detailed here.

SECTION 204.622 - The board shall have the authority to enter into contracts for the districts, for both construction projects as well as professional services.

SECTION 204.624 - This act lays out the sources of payments for obligations entered into by the board with regard to acquiring, constructing, improving, or extending a sewer system.

SECTION 204.626 - This act details the issuance of revenue bonds for the reorganized common sewer district.

SECTION 204.628 - This act details the collection of fees and charges by the reorganized common sewer districts.

DESCRIPTION (continued)

SECTION 204.630 - It shall be the mandatory duty of any reorganized common sewer district to collect sufficient revenues in order to maintain the operation of the district. The rates of the district shall be revised from time to time to meet the requirements set forth in the act.

SECTION 204.632 - Net revenue for the reorganized common sewer district is detailed here.

SECTION 204.634 - The board has authority to establish various accounts by resolution.

SECTION 204.636 - The board has the authority to refund bonds.

SECTION 204.638 - The board may apply for and accept grants, funds, materials or labor from the state and/or federal government for the construction of a sewerage system.

SECTION 204.640 - The responsibility to render all services necessary to carry out the provisions of the act lies with local government officials.

SECTION 204.650 - This act introduces the Sanitary Sewer Improvement Area Act. This section provides definitions.

SECTION 204.674 - The provisions of Sections 204.600 to 204.672 would not apply to the provisions in Section 204.472 or to the City of St. Louis or St. Louis County. Section 204.472 pertains to sewer service provided by agreement for the City of Poplar Bluff/Butler County.

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

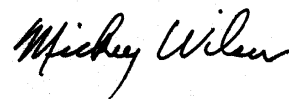
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SOURCES OF INFORMATION

Department of Natural Resources  
Office of State Courts Administrator  
Little Blue Valley Sewer District

NOT RESPONDING

St. Louis Metropolitan Sewer District



Mickey Wilson, CPA  
Director  
April 4, 2005