

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0155-03
Bill No.: SCS for SB 9
Subject: St. Louis City: Utilities
Type: Original
Date: February 2, 2007

Bill Summary: Modifies the amount of time for which an owner is liable for an occupant's sewer and water bill in St. Louis City.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 2008	FY 2009	FY 2010
Local Government	(\$1,681,426)	(\$1,011,444)	(\$783,594)

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Natural Resources** assume this proposal would have no fiscal impact to the department.

Officials of the **Metropolitan St. Louis Sewer District** stated that the service they provide is an unapplied for service. Officials stated that this means an application by the property owner is not received prior to the establishment of an account. Officials stated that they do not turn on and off service when tenants move in and out. All charges remain with the property and are the responsibility of the owner. This is in accordance with MSD ordinances.

Officials stated that since they are not an applied for service and without the means of easy shut-off particularly in the City of St. Louis where there are combined sewers as other utilities have, they are unable to track transient tenants as they move to collect their debts.

While billed services have always remained with the property and the owner is ultimately responsible for the bill, the practice of billing tenants and not strictly the owner has been the substantial contributor over the last 20 years to the District's over current outstanding \$27 million in outstanding receivables and \$26 million in bad debt allowance.

Officials estimate they would have one-time costs in fiscal year 2008 for programming and implementation costs. Officials estimate they would realize operational costs in 2008, 2009, and 2010. There would be one-time operational costs in FY 2008 of \$114,200. There would be on-going costs in all three fiscal years. Total 3 year cost is estimated at \$3,476,464.

<u>FISCAL IMPACT - State Government</u>	FY 2008	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2008	FY 2009	FY 2010
 LOCAL GOVERNMENT			
Costs to Metropolitan St. Louis Sewer District			
From Sewer Collection Costs			
Programming (one-time)	(\$1,530,725)	\$0	\$0
Operational (one-time)	(\$114,200)	(\$227,850)	\$0
On-Going costs	<u>(\$36,501)</u>	<u>(\$783,594)</u>	<u>(\$783,594)</u>
 <u>Total Cost</u> to Metropolitan Sewer District	 (\$1,681,426)	 (\$1,011,444)	 (\$783,594)
 ESTIMATED NET EFFECT TO LOCAL GOVERNMENT	 <u>(\$1,681,426)</u>	 <u>(\$1,011,444)</u>	 <u>(\$783,594)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Currently, a St. Louis City property owner is only liable for up to 90 days of service when an occupant is delinquent more than 90 days on his or her water or sewer bill.

As of the effective date of this act, a St. Louis City property owner shall only be liable for one hundred twenty days of service when an occupant is delinquent more than one hundred twenty days on his or her water or sewer bill.

This act contains an emergency clause.

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

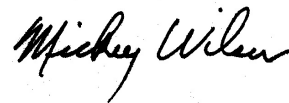
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SOURCES OF INFORMATION

Department of Natural Resources
Metropolitan St. Louis Sewer District

NOT RESPONDED

City of St. Louis

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, slightly slanted style.

Mickey Wilson, CPA
Director
February 2, 2007