

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5243-04  
Bill No.: Truly Agreed To and Finally Passed SCS for HCS for HB 1713  
Subject: Environmental Protection; Natural Resources, Department of, Sewers and Sewer Districts; Utilities: Water Resources and Water Districts  
Type: Original  
Date: June 3, 2016

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Bill Summary: This proposal modifies provisions relating to water systems.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(\$221,060)	\$0 or Up to (\$220,270)	\$0 or Up to (\$222,249)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$221,060)</b>	<b>\$0 or Up to (\$220,270)</b>	<b>\$0 or Up to (\$222,249)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Multipurpose Water Resource Program Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Transfers In from General Revenue in addition to Contribution Fees Generated and Costs Net to Zero

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 2017</b>	<b>FY 2018</b>	<b>FY 2019</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Multipurpose Water Resource Program Fund	3 FTE	3 FTE	3 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>	<b>3 FTE</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Natural Resources (DNR)** assumed the proposal would have a negative fiscal impact to their organization as follows:

#### **§67.5070 - Design-Build Contract**

This proposal would authorize any political subdivision to use a design-build contractor for waste water and water treatment projects. The Department of Economic Development is required to consider design-build waste water or water treatment projects when disbursing grants under the Community Development Block Grant program. The Department of Natural Resources would be prohibited from precluding design-build contracts from being considered for funding from the Water and Wastewater Loan Fund. However, the proposal would not directly affect sources of income to the Fund; therefore, **Oversight** will not show a not show a fiscal impact to DNR.

**Oversight** assumes subdivisions will not use “design-build” unless it would be beneficial; therefore, Oversight will show an unknown positive fiscal impact on local political subdivisions.

#### **Sections 256.437, 256.438, 256.440, and 256.443**

The DNR would request one (1) Engineer III, one (1) Planner II, and one (1) Accounting Specialist III to support project review, planning, administration and oversight of the Multipurpose Water Resource Program Fund. This is based on department knowledge of financial assistance administration and operation of grant programs for planning and infrastructure development. At a minimum, this program requires engineering review, accounting oversight, and planning expertise.

For purposes of this fiscal note, the department has assumed the funding source of this proposal would be General Revenue to the Multipurpose Water Resource Program Fund created by this proposal. The existing Multipurpose Water Resource Program Renewable Water Program Fund has never had money appropriated to it and has a balance of \$0. Once the program is up and running, it would most likely take a number of years before any revenues would cover the costs of activities to implement this proposal.

**Oversight** will show a fiscal impact for the new positions with costs related to equipment and expenses for these positions beginning with FY17 because the proposal contains an emergency clause. And Oversight will assume there will not be any contribution fees generated in FY17.

ASSUMPTION (continued)

**Oversight** will show a \$0 or costs Up to \$220,270 for FY18 and a \$0 or costs Up to \$222,249 for FY19 to General Revenue. This reflects the impact of contribution fees generated for participation in the program which would reduce the amount needed to be transferred from General Revenue to the Multipurpose Water Resource Program Fund for personnel costs.

**Oversight** will show a positive \$0 or Up to \$220,270 for FY18 and a positive \$0 or Up to \$222,249 for FY19 to the Multipurpose Water Resource Program Fund as a transfer from General Revenue. Also, Oversight will show a positive \$0 or Up to \$220,270 for FY18 and a positive \$0 or Up to \$222,249 for FY19 to the Multipurpose Water Resource Program Fund as revenue generated from contribution fees for participation in the program.

**Oversight** will show a \$0 impact to the Multipurpose Water Resource Program Fund because it is assumed that the revenue received from General Revenue and contribution fees deposited directly to the Multipurpose Water Resource Program Fund combined will equal the costs of the program.

**§640.136 - Oversight** will show an unknown negative fiscal impact to local political subdivisions for the cost of mailing written notification of intended modifications to fluoridation of water supply to customers.

**§644.200 - DNR** would not anticipate a direct fiscal impact from these provisions of the proposal.

Officials at the **Department of Agriculture, Department of Conservation, and Department of Health and Senior Services** each assume the proposal would not have a fiscal impact on their respective organizations.

Officials at the **Metropolitan St. Louis Sewer District** assumed the proposal would not have a fiscal impact on their organization.

Officials at **Kansas City** assumed the proposal would not have a fiscal impact on their organization.

Officials at the **St. Louis County** assumed the proposal would not have a fiscal impact on their organization.

<u>FISCAL IMPACT - State Government</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
<b>GENERAL REVENUE</b>			
<u>Transfer Out</u> - to Multipurpose Water Resource Program Fund - DNR - §256.437, §256.438, §256.440, and §256.443	( <u>\$221,060</u> )	\$0 or Up to ( <u>\$220,270</u> )	\$0 or Up to ( <u>\$222,249</u> )
<b>NET EFFECT ON GENERAL REVENUE</b>	<b>(<u>\$221,060</u>)</b>	<b>\$0 or Up to (<u>\$220,270</u>)</b>	<b>\$0 or Up to (<u>\$222,249</u>)</b>
<b>MULTIPURPOSE WATER RESOURCE PROGRAM FUND</b>			
<u>Revenue</u> - Contribution Fees - §256.437, §256.438, §256.440, and §256.443	\$0	\$0 or Up to \$220,270	\$0 or Up to \$222,249
<u>Transfer In</u> - from General Revenue - §256.437, §256.438, §256.440, and §256.443	\$221,060	\$0 or Up to \$220,270	\$0 or Up to \$222,249
<u>Costs</u> - §256.437, §256.438, §256.440, and §256.443			
Personnel	(\$119,740)	(\$145,125)	(\$146,576)
Fringe Benefits	(\$57,943)	(\$69,924)	(\$70,321)
Equipment and Expenses	( <u>\$43,377</u> )	( <u>\$5,221</u> )	( <u>\$5,352</u> )
Total Costs	( <u>\$221,060</u> )	( <u>\$220,270</u> )	( <u>\$222,249</u> )
FTE Change - DNR	3 FTE	3 FTE	3 FTE
<b>NET EFFECT ON MULTIPURPOSE WATER RESOURCE PROGRAM FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
Estimated Net FTE Change for the Multipurpose Water Resource Program Fund	3 FTE	3 FTE	3 FTE
<u>FISCAL IMPACT - Local Government</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>

**LOCAL POLITICAL SUBDIVISIONS**

<u>Savings</u> - Local Political Subdivisions - use of design-build procurement method - §67.5070	Unknown	Unknown	Unknown
<u>Costs</u> - Local Political Subdivisions - Mailing Expenses - §640.136	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>

**ESTIMATED NET EFFECT ON  
LOCAL POLITICAL SUBDIVISIONS**      **Unknown**      **Unknown**      **Unknown**

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

§67.5070 - This act authorizes any political subdivision to use a design-build contractor for waste water and water treatment projects. The Department of Economic Development is required to consider design-build waste water or water treatment projects when disbursing grants under the Community Development Block Grant program. The Department of Natural Resources is prohibited from precluding design-build or sole source contracts from being considered for funding from the Water and Wastewater Loan Fund.

Sections 256.437, 256.438, 256.440, 256.443 and 644.200

This bill specifies that if an applicant for a construction or operating permit under the Missouri Clean Water Law is registered and in good standing as a corporation, partnership, limited liability company, or other business organization in this state, the continuing authority requirements are deemed satisfied.

The Department of Natural Resources must provide any municipality or community currently served by a wastewater treatment system with information regarding options to upgrade the existing lagoon system to meet discharge requirements. The information must include available advanced technologies including biological treatment options. The municipality or community, or a third party it hires, may conduct an analysis, including feasibility and cost, of available options to meet the discharge requirements. If upgrading or expanding the existing system is feasible, cost effective and will meet the discharge requirements, the department must allow the entity to implement the option.

FISCAL DESCRIPTION (continued)

§644.021 - This act creates a water contaminant control agency to be known as the “Clean Water Commission of the State of Missouri whose domicile shall be deemed to be that of the Department of Natural Resources.

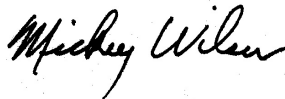
§640.136 - This act requires public water systems under Chapter 640, RSMo, and water supply districts under Chapter 247 to notify the Department of Health and Senior Services, Department of Natural Resources, and its customers, at least 90 days prior to any meeting held at which a vote to modify the fluoridation of water in the system or district will occur. If the water system is an investor-owned water supply, the entity calling for the modifications is responsible for the meeting and the notice requirements.

This bill contains an emergency clause for section 644.200.

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 Natural Resources  
Department of Agriculture  
Department of Health and Senior Services  
Department of Conservation  
City of Kansas City  
St. Louis County  
Metropolitan St. Louis Sewer District



Mickey Wilson, CPA  
Director  
June 3, 2016

Ross Strobe  
Assistant Director  
June 3, 2016