

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4658-02
Bill No.: SB 817
Subject: Annexation; Cities, Towns and Villages; Cooperatives; Energy; Political Subdivisions; Utilities
Type: Original
Date: March 9, 2020

Bill Summary: This proposal modifies provisions relating to rural electric cooperatives.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of the Secretary of State**, the **Department of Commerce and Insurance** and the **Department of Natural Resources** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the **City of Kansas City**, the **Kansas City Election Board** and the **Metropolitan St. Louis Sewer District** each assume no fiscal impact to their respective entities from this proposal.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, water and sewer 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 notes this proposal allows a third and fourth class city to sell or lease its municipal electric utility to a rural electric cooperative to provide retail electric service within the corporate boundaries of the city. Oversight assumes an economic benefit could be incurred by the city, but is unsure by how much of an impact could be realized. Therefore, Oversight will reflect a \$0 (no sale or lease of city's electric utility) or unknown positive fiscal impact to Cities from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
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CITIES

<u>Revenue</u> - on the sale or lease of its electric utility to a rural electric cooperative	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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ESTIMATED NET EFFECT ON CITIES' FUNDS	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act modifies provisions relating to rural electric cooperatives.

§§88.770 & 91.550 - CITIES SELLING MUNICIPAL ELECTRIC UTILITIES

This act allows a third class or fourth class city to sell or lease its municipal electric utility to a rural electric cooperative, and for such cooperative to provide retail electric service within the corporate boundaries of the city.

§386.800 - ANNEXATION

It shall constitute a restraint of trade under the Missouri Antitrust Law for a municipality to require, as a condition of annexation or as a condition of the provision of other municipal services in the area to be annexed, that the owner or owners of fee interests of record in the area to be annexed obtain electric service from the electric provider currently providing electric service within the municipality's corporate boundaries. Concurrent with giving notice by publication of the proposed annexation pursuant to provisions of law relating to voluntary annexation and involuntary annexation, the municipality shall also notify in writing all providers of electric service that have existing facilities located in or within 5 miles outside of the boundaries of the area proposed to be annexed. In the event that an owner of a fee interest of record in the area elects to receive permanent service from a rural electric cooperative for any structure to be constructed either before or after the annexation becomes effective, the rural electric cooperative may provide such service.

FISCAL DESCRIPTION (continued)

§394.315 - ELECTRIC SERVICE TO NEW STRUCTURES

In the event that a rural electric cooperative is providing service to a structure located within a city, town, or village in excess of 1500 inhabitants, and such structure is demolished and replaced by a new structure, the rural electric cooperative may provide permanent service to the new structure upon the request of the owner of the new structure.


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 Secretary of State
Department of Commerce and Insurance
Department of Natural Resources
City of Kansas City
Kansas City Election Board
Metropolitan St. Louis Sewer District



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March 9, 2020



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March 9, 2020