

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4879-07
Bill No.: SCS for HCS for HB 2120
Subject: Utilities; Water Resources and Water Districts
Type: Original
Date: May 5, 2020

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

FISCAL SUMMARY

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

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

*Subject to appropriation, school districts may test sources of potable water in public school buildings serving students under first grade and constructed before 1996 for lead contamination

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 6 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			

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	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

§§640.141, 640.142, 640.144 & 640.145 - Community Water Systems

Officials from the **Department of Natural Resources, Department of Economic Development and Department of Corrections** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the agencies mentioned above have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Officials from the **City of Kansas City** assume the proposal would have no fiscal impact on their organization. Exceptions have been created in various provisions of the proposal for cities with populations in excess of 30,000.

Oversight notes that the City of Kansas City has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for the City of Kansas City.

Oversight notes that cities with a population of less than 30,000 could incur costs to upgrade their water systems and perform the required inspections listed in this proposal; therefore, Oversight will reflect an “unknown” cost to local political subdivisions.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities and water 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.

§701.200 - Water Testing in Certain Elementary School Buildings

Officials from the **Department of Natural Resources, Department of Health and Senior Services and Department of Elementary and Secondary Education** each assume the proposal will have no fiscal impact on their respective organizations.

ASSUMPTION (continued)

In response to a similar proposal from 2020 (SB 885), officials at the **Secretary of State** assumed that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could require additional resources.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

Oversight received no responses from school districts regarding the fiscal impact of SB 885. Oversight presents this fiscal note on the best current information available. If additional responses are received, Oversight will review to determine whether to prepare an updated fiscal and seek the necessary approval to publish a new fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other school 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 assumes that because this bill permits schools to test drinking water for lead, and makes it subject to appropriation, this will have net \$0 direct fiscal impact to school districts, and \$0 or (Unknown) to state agencies depending upon the number of school districts that apply to be tested, the number of water sources tested, and the appropriation approved by the state.

ASSUMPTION (continued)

Oversight notes, according to statistics from the Department of Elementary and Secondary Education, there are 1,228 elementary school buildings and 44 charter elementary school buildings in Missouri. Oversight does not have information regarding the ages of the buildings. Oversight notes testing could be conducted at several water sources within a single building.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE			
<u>Transfer out</u> - Appropriation for school water testing (§701.200) p. 5	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer in</u> - Funds to school districts for water testing p. 5	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> - School district water testing p. 5	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<u>Cost</u> - Update water systems and perform inspections (§§640.141, 640.142, 640.144 & 640.145) p. 3	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

There may be a direct fiscal impact to those community water systems that meet the definition of a small business as a result of this proposal. This may include not only those systems that will be regulated, but also any small business that may have to adjust water rates to allow the water system to comply with this bill.

FISCAL DESCRIPTION

This proposal establishes provisions relating to water safety and security.

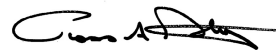
This legislation is not federally mandated but may be duplicative of parts of the American Water and Infrastructure Act (AWIA). It would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Department of Corrections
Department of Economic Development
City of Kansas City
Department of Elementary and Secondary Education
Department of Health and Senior Services
Joint Committee on Administrative Rules
Secretary of State



Julie Morff
Director
May 5, 2020



Ross Strobe
Assistant Director
May 5, 2020