

SENATE BILL NO. 1666

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR COLEMAN.

7174S.011

KRISTINA MARTIN, Secretary

AN ACT

To amend chapter 640, RSMo, by adding thereto one new section relating to the regulation of community water systems.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 640, RSMo, is amended by adding thereto one new section, to be known as section 640.138, to read as follows:

640.138. 1. This section shall be known and may be cited as "The Drinking Water Transparency and Accountability Act" which shall provide:

(1) For the development and implementation of a community water system accountability process which requires and supports drinking water infrastructure sustainability for the citizens of Missouri;

(2) Assurance to the citizens that the quality of drinking water is monitored and maintained at levels essential for health, safety, welfare, and long-term sustainability;

(3) Clear standards and expectations for community water systems so that assessment of their quality, performance, and sustainability will be understood;

(4) Information that will assist community water systems and citizens in understanding expectations,

17 outcomes, and consequences for failing community water
18 systems;

19 (5) Consequences and penalties for community water
20 systems that do not achieve minimum standards.

21 2. For purposes of this section, the following terms
22 mean:

23 (1) "Community water system", a public water system
24 that that serves at least fifteen service connections and
25 regularly serves at least twenty-five residents per year to
26 include, but not be limited to, water corporations, as
27 defined in section 386.020, public water districts under
28 chapter 247, municipal water companies under chapter 91,
29 nonprofit water companies as described in section 393.900,
30 and joint municipal water commissions created in sections
31 393.700 to 393.770;

32 (2) "Customer", the same as defined in section 640.102;

33 (3) "Department", the Missouri department of natural
34 resources.

35 3. The department shall provide for a statewide system
36 of accountability for community water systems and establish
37 a letter grade schedule to include community water system
38 quality, performance, and sustainability based on, at a
39 minimum, the following standards:

40 (1) Violation of any federal drinking water laws;

41 (2) Violation of any state drinking water laws;

42 (3) Water system financial sustainability;

43 (4) Operation and maintenance performance history;

44 (5) Infrastructure violations including, but not
45 limited to, failure, damage, or unauthorized tampering with
46 any property owned or operated by a community water system.

47 4. (1) The department shall promulgate rules
48 necessary to implement provisions of this section. The

49 rules shall provide clear and appropriate explanation for
50 each standard set forth in subsection 3 of this section.
51 The rules shall create a tiered structure of point
52 deductions that utilizes violation metrics, excluding
53 maximum contaminant levels under section 640.120, for
54 community water systems between zero to fifty thousand
55 customers, where one violation equates to one point
56 deduction. For the community water systems with over fifty
57 thousand customers, five violations shall equate to one
58 point deduction. Point values shall be based on objective
59 criteria so that each community water system is assessed
60 equally and fairly. Community water systems shall be
61 assigned a letter grade of "A", "B", "C", "D", or "F". The
62 rules shall include a provision prohibiting disclosures by
63 the department pursuant to the provisions of section 610.032
64 of water system information if it is defined as a "trade
65 secret" as defined in section 417.453. The rules shall
66 require that the system's consumer confidence report list
67 the system's grade along with the explanation that the grade
68 is based on the results under this section and not the
69 federal Consumer Confidence Report.

70 (2) The rules shall not deduct points for water
71 outages or boil advisories. The rules shall provide that
72 for water corporations, the department shall only utilize
73 data provided by the water corporation in its most recent
74 general rate case, if it has occurred within the past three
75 years. Otherwise, the water corporation shall be required
76 to submit a rate study and audit.

77 (3) The department shall publish scores and letter
78 grades under this section earned by each community water
79 system on its website on an annual frequency established by
80 rule. The department shall promulgate rules that provide a

81 process by which the community water systems can review and
82 appeal the department's scores and grades prior to website
83 publication. The department shall promulgate rules that
84 permit community water systems to request that the
85 department suspend publication of scores and letter grades
86 for no more than twelve months if the community water system
87 has changed ownership. For thirty-six months following an
88 ownership change, the system may include the following
89 language on its consumer confidence report: "The system has
90 changed ownership and is in the compliance enhancement
91 process". Any rule or portion of a rule, as that term is
92 defined in section 536.010, that is created under the
93 authority delegated in this section shall become effective
94 only if it complies with and is subject to all of the
95 provisions of chapter 536 and, if applicable, section
96 536.028. This section and chapter 536 are nonseverable and
97 if any of the powers vested with the general assembly
98 pursuant to chapter 536 to review, to delay the effective
99 date, or to disapprove and annul a rule are subsequently
100 held unconstitutional, then the grant of rulemaking
101 authority and any rule proposed or adopted after August 28,
102 2026, shall be invalid and void.

103 5. (1) Any community water system that receives a
104 letter grade of "D" or "F" shall be considered operationally
105 unacceptable and may be subject to the following:

106 (a) Administrative penalties pursuant to the
107 provisions of section 640.131;

108 (b) Oversight of all federal or state funding by an
109 auditor approved by the department who has experience with
110 fiscal management of local government. Such oversight shall
111 include the authority to make decisions regarding the
112 expenditure of funding;

113 (c) Submit a notice to the safe drinking water
114 commission, the public service commission, and the attorney
115 general to prohibit the community water system or the local
116 governing authority operating the community water system
117 from incurring any additional debt for anything not directly
118 related to the improvement and sustainability of the
119 community drinking water system pursuant to a plan approved
120 by the department.

121 (2) A community water system that receives a letter
122 grade of "D" or "F" shall not be precluded from obtaining
123 funding for the improvement and sustainability of the
124 community drinking water system based solely on the letter
125 grade.

126 6. Notwithstanding any provision of law to the
127 contrary, no local governing authority that operates a
128 community water system that receives a grade of "D" or "F"
129 shall expend any money raised through payments made by
130 customers for access to water or from any other water system
131 revenue for any item, debt payment, or public purpose other
132 than the improvement and sustainability of the community
133 water system specifically related to the point deductions or
134 letter grade standards under this section. A violation of
135 this subsection shall be grounds, upon a petition from the
136 department, for a court to appoint a receiver or fiscal
137 administrator or to order the mandatory safe water purchase
138 from another system as determined by the department. The
139 provisions of this subsection shall not be construed to
140 prohibit the payment of bonded indebtedness secured by the
141 water system's revenue prior to August 28, 2026.

142 7. No later than ninety days after appointment, the
143 receiver shall develop and submit an improvement plan to the
144 department for approval. The improvement plan shall include

145 the ability to increase rates paid by users of the community
146 water system based on a fair assessment of the community
147 water system compared to other comparable water systems, the
148 consolidation of the community water system with a
149 neighboring system or systems, or other measure which may be
150 proposed by the receiver or the department to ensure the
151 sustainability of the system for the benefit of the
152 customers who rely on the community water system for their
153 drinking water. The receiver shall include in the
154 improvement plan any additional measures proposed by the
155 department necessary to bring the community water system
156 into technical and operational compliance and financial
157 sustainability under this section. The appointing court
158 shall grant authority to the receiver necessary to implement
159 the improvement plan as approved by the department.

160 8. The department shall publish the first letter
161 grades issued pursuant to this section no later than January
162 1, 2028.

163 9. A community water system receiving federal funds,
164 including stimulus or relief payments or grants, for the
165 upgrade, repair, or otherwise replacement of the water
166 system infrastructure shall submit to the department a
167 detailed plan describing how the federal funds will be used.

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