

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 0744-02
Bill No.: SB 339
Subject: Utilities: Business and Commerce
Type: Original
Date: February 10, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government *	(Unknown)	(Unknown)	(Unknown)

* Oversight, based on statements issued by respondents, assumes fiscal impact on a statewide basis would exceed \$100,000 annually.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Economic Development- Public Service Commission** stated that this proposal would not have a direct fiscal impact on the PSC, but would require the Commission to undertake rulemaking to change applicable rules regarding customer notice and discontinuance of service. Some current rules could require amendments.

Officials of the **Department of Economic Development- Office of Public Counsel** assume no fiscal impact.

Officials of the **City of Columbia** stated this proposal would have negative fiscal impact to the City. Officials stated that this proposal would affect the city utilities department and their system of consolidated billing of water, sewer, electric, and trash pick up. Officials stated that most customers who are delinquent on water are also delinquent on the other utilities. Officials assume if the requirement of mailing notices by certified mail were limited to only water customers, the costs would be approximately \$20,000 annually.

Officials stated if all late notices would have to be sent certified it would add an additional \$200,000 annually to costs of mailing.

ASSUMPTION (continued)

Officials could not estimate the additional costs of increasing the time someone can go without paying their bill without being shut off from 30 to 90 days.

Officials of the **City of Independence** stated this proposal would have negative fiscal impact to their city. Officials stated that the additional cost of sending disconnect notices by certified mail would cost approximately \$ 451,516 in FY 2004; \$471,255 in FY 2005; and \$491,877 in FY 2006. Additional losses in revenues would result from the increase in bad debt write offs due to the higher balances which will be allowed to accumulate before being discontinued. Estimated loss in FY 2004 is \$8,000; \$15,000 in FY 2005; and \$26,000 in FY 2006.

Officials of the **Kansas City Manager's Office** stated that this proposal would have a negative fiscal impact on the revenue of Kansas City. Officials did not estimate the amount of fiscal impact.

Oversight, for the purposes of this fiscal note, will show fiscal impact to local government as a negative unknown. This would represent a statewide fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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\$0

\$0

\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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**CERTAIN POLITICAL
SUBDIVISIONS**

Cost to Certain Political Subdivisions
mailing requirements, collections

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT TO
CERTAIN POLITICAL**

SUBDIVISIONS * (Unknown) (Unknown) (Unknown)

*** Oversight, based on statements issued by respondents, assumes fiscal impact on a statewide basis would exceed \$100,000 annually.**

FISCAL IMPACT - Small Business

Small businesses that own water and sewer utilities could expect to be fiscally impacted to the extent that they could experience additional cost of collection from certified mailing requirements, and could realize an interruption of their cash flow due to the requirements of arrearages that must accumulate before discontinuance of water service is allowed..

DESCRIPTION

This act requires 90 days advance written notice prior to a disconnection of water service. Water service to a residence shall not be disconnected unless the noncurrent outstanding bill amount exceeds \$100. Water service to a residence may not be disconnected unless a notice is sent to the customer by certified mail and must include the proposed action, date of proposed action, cost of re-connection, reason for the action, amount of the arrearage, address where payment can be sent, any actions which the residential customer may take to prevent the disconnection, and contact information for the customer to call

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 Economic Development- Public Service Commission

City of Columbia
City of Independence
Kansas City Manager's Office

NOT RESPONDING

City of Springfield

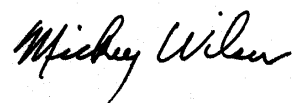
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City of St. Joseph
City of St. Charles
City of St. Louis

NOT RESPONDING (continued)

St. Louis Metropolitan Sewer District
Little Blue Valley Sewer District

A handwritten signature in black ink, reading "Mickey Wilson". The signature is written in a cursive, flowing style.

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Mickey Wilson, CPA
Director
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