

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0986-02
Bill No.: Perfected SB 297
Subject: Cities, Towns, Villages; State Departments; Sewers and Sewer Districts; Political Subdivisions
Type: Original
Date: March 5, 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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Corrections** did not respond to our fiscal impact request.

Officials from the **Office of Administration – Division of Facilities Management, Department of Mental Health, Department of Economic Development – Office of Public Counsel** and the **Department of Economic Development – Public Service Commission** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Department of Natural Resources** state they would not anticipate a significant fiscal impact from this proposal.

Officials from the **Department of Conservation (MDC)** state they have dealt with a limited number of these types of requests in the past. The Conservation Commission has approved such requests based on individual situations. MDC notes they have and would continue to complete all survey and engineering work at Department expense. The fiscal impact would vary greatly depending on the nature of the requests and the number received. Consequently, the fiscal impact is unknown but would be negative.

Oversight notes the proposal specifies all costs of an engineer relating to the investigation and

ASSUMPTION (continued)

report shall be paid by the residential or commercial customer and therefore shows no cost to the Conservation Commission Fund.

Officials from the **Department of Transportation (DOT)** assume the independent engineer's report will take into account the sewer line purpose (sewer drainage versus storm water drainage), lagoon size and capacity, future needs of the current system, and other related issues. However, with the new users added to a sewer line, the chance of a hazardous environmental incident to arise will increase, with little chance the responsible party could be located. DOT assumes, therefore, they would become liable for these hazardous environmental incidents which would increase their agency's liability and costs. DOT states since they cannot predict if a hazardous environmental incident would arise or the severity of the incident, they cannot estimate the impact of this proposal; therefore, the impact is unknown.

Oversight assumes predicting a hazardous environmental incident which could arise from implementing this proposal is speculative and not a direct effect of implementing the proposal itself. **Oversight** shows no cost associated with a potential increase in liability.

Officials from the **Office of Administration – Division of Design and Construction (DDC)** assume the proposal would require the addition of one (1) FTE (a Design Engineer III with an annual salary of \$51,252) to review, discuss and approve all incoming requests for connection to sewer lines serving state properties. DDC calculates the cost to General Revenue for salary and fringe benefits to be \$61,495 in FY 2004; \$75,639 in FY 2005; and \$77,530 in FY 2006.

Oversight notes the proposal requires the customer to choose and pay for the services of an engineer to investigate and report to the DDC. **Oversight** assumes the initial impact of the proposal would cause DDC to ensure the engineer, providing the information, is properly credentialed. **Oversight** assumes the DDC could absorb these additional duties with existing resources.

Oversight assumes state entities will charge a connection fee which takes into account the possibility of increased costs resulting from the additional connection. As such, **Oversight** assumes there would not be a net income or net cost resulting from additional connections and therefore shows a zero fiscal impact.

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

FISCAL IMPACT - Small Business

Commercial customers operating as a small business would realize costs associated with hiring an engineer to investigate access to sewer lines; however, they could also realize a savings if the cost of the connection were cheaper than if they were not connected along with a state entity. The net impact is unknown.

DESCRIPTION

This proposal provides that a state department, division or agency operating a state facility must allow access to its sewer line to a residential or commercial customer within the same sewer district or municipal sewerage system provided certain conditions are met.

The customer must provide written notice to the state department, division or agency that the customer wishes to connect to the state's sewer line. The state entity must then notify the Division of Design and Construction and either the sewer district or municipal sewerage system of the request. An engineer chosen by the customer with experience in sewer design and construction shall then investigate and report to the division of design and construction and the state entity operating the sewer line on the ability of the sewer line to satisfactorily process the additional sewage to be generated by the customer. All costs of the engineer shall be paid by the customer.

The Division of Design and Construction shall approve the request for connection unless good cause is demonstrated that the sewer line is unable to satisfactorily process the additional sewage.

The sewer district or municipal sewerage system shall approve the request for connection unless
DESCRIPTION (continued)

it can demonstrate good cause that the sewerage system is unable to satisfactorily process the additional sewage. If the customer is rejected, then appeal lies with the circuit court.

If the customer's request is approved, the customer is responsible for all costs associated with the construction and future maintenance of the connection. The state entity operating the sewer line is authorized to charge a reasonable fee for the connection.

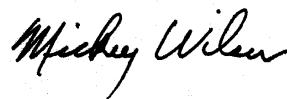
This proposal will not apply to sewer lines connected to package treatment plants.

This proposal 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 Administration
 Division of Design and Construction
 Division of Facilities Management
Department of Mental Health
Department of Transportation
Department of Conservation
Department of Natural Resources
Department of Economic Development
 Public Service Commission
 Office of Public Counsel

NOT RESPONDING
Department of Corrections



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Director

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