

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5413-02  
Bill No.: HB 2467  
Subject: Utilities; Cooperatives  
Type: Original  
Date: March 5, 2020

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

**FISCAL SUMMARY**

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

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

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

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

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

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

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

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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 request funding through the appropriation process.

Officials at 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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<b>ESTIMATED NET EFFECT ON CITIES' FUNDS</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>
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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 bill allows a third class or 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.

The bill also specifies that it is 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.

At the same time as giving notice by publication of the proposed annexation as required for voluntary annexation and involuntary annexation, the municipality must 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 chooses to receive permanent service from a rural electric cooperative for any structure to be constructed either before or after the annexation, the rural electric cooperative may provide such service.

FISCAL DESCRIPTION (continued)

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 the 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



Julie Morff  
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March 5, 2020



Ross Strobe  
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March 5, 2020