

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0578-01
Bill No.: HB 75
Subject: Law Enforcement Officers and Agencies; Telecommunications
Type: Original
Date: February 5, 2015

Bill Summary: This proposal requires uniformed law enforcement officers to wear a video camera and imposes a 1 cent sales tax for these associated expenses.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$1,327,342)	(\$551,032)	(\$563,001)
Total Estimated Net Effect on General Revenue	(\$1,327,342)	(\$551,032)	(\$563,001)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Peace Officer Handgun & Ammunition Sales Tax	\$0	\$0	\$0
Conservation	(\$301,305)	(\$36,835)	(\$36,835)
Highway	(\$1,639,693)	\$169,152	\$167,600
Gaming	(\$243,385)	(\$29,885)	(\$29,885)
Water Patrol	(\$48,260)	(\$5,560)	(\$5,560)
Other	(\$6,950)	\$0	(\$6,950)
Total Estimated Net Effect on Other State Funds	(\$2,239,593)	\$96,872	\$88,370

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 15 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Federal	(\$7,466)	(\$5,859)	(\$6,005)
Total Estimated Net Effect on <u>All</u> Federal Funds	(\$7,466)	(\$5,859)	(\$6,005)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	2 FTE	2 FTE	2 FTE
Highway Funds	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	4 FTE	4 FTE	4 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 2016	FY 2017	FY 2018
Local Government	(More than \$24,256,000)	(More than \$2,965,000)	(More than \$2,965,000)

FISCAL ANALYSIS

ASSUMPTION

Section 144.064 - Sales Tax on Handguns or Ammunition

Officials from the **Office of Administration - Budget and Planning (B&P)** state this proposal levies an additional tax of 1 cent per transaction on sales of handguns or ammunition. B&P does not have data on the number of ammunition and handgun transactions that occur each year in Missouri. Based on FBI gun background checks, there may be 567,009 gun transactions in Missouri. Since handguns make up 36% of the gun market, it is estimated that 226,804 of the FBI background checks are for handgun purchases, resulting in \$2,268 (226,804 x \$0.01 per transaction) in new tax. Also, based on ammunition sales, there may be 40.8 million to 71.7 million transactions per year for ammunition. Therefore, for the \$0.01 per transaction tax, B&P estimates this proposal would lead to a tax increase of \$340,000 to \$597,000 for FY16 and \$410,000 to \$719,000 thereafter.

For simplicity, **Oversight** will reflect new revenue from this transaction tax of the midpoints of the ranges provided by B&P: \$468,500 $((\$340,000 + \$597,000)/2)$ in FY 2016 and \$564,500 $((\$410,000 + \$719,000)/2)$ in FY 2017 and FY 2018.

Officials from the **Department of Revenue (DOR)** state this section increases the sales tax by one cent on every sale of handguns or ammunition. This provision requires the revenue generated by the one cent fee to be deposited into the Peace Officer Handgun and Ammunition Sales Tax Fund (POHASTF).

Based on statistics from the Federal Bureau of Investigation on the number of background checks completed for firearm purchases and the amount of ammunition sold in Missouri, DOR estimates an increase to the POHASTF between \$410,000 and \$719,000 annually.

DOR states this would require programming, notification to approximately 2,700 businesses, and form changes. DOR assumes the computer changes are outside the scope of the Department's Integrated Tax System contract. These one-time changes would cost \$349,440.

DOR notes this calls for a one cent per transaction that is not based on a dollar value. Therefore, DOR's Business Tax Processing Division would need one Revenue Processing Technician I to process returns and the Sales Tax Division would need one Revenue Processing Technician I to answer correspondence and work with affected taxpayers.

Oversight will assume the new transaction tax will not reimburse DOR for the administrative expense of preparing for the new tax.

ASSUMPTION (continued)

Section 590.715 - Body Cameras:

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** state this legislation would require the MHP to outfit 1,263 officers (1,039 officers, 120 CVO/CVI officers, and 104 command staff) with the following technology along with 147 servers and supporting software. Twenty-three of the 147 servers and supporting software will be needed at the CVE scale houses, and the remaining 124 (23+124 = 147) will be installed in zone offices and troop headquarters. Cost estimates are as follows:

FirstVu HD Advanced Body Camera Video Systems (1,263 x \$695)	\$877,785
147 VuVault Server Software Licenses (147 x \$995)	\$146,265
147 Servers (147 x \$5,000)	\$735,000
147 Windows Servers Licenses (147 x \$2,300)	\$338,100
147 Sequel Server License (147 x \$2,000)	<u>\$294,000</u>
	\$2,391,150

The total cost for the initial equipment would be \$2,391,150. This cost would be proportionately divided between the General Revenue Fund (4.9%), Highway Funds (82.9%), Gaming Funds (10.2%) and the Water Patrol Fund (2%).

The life expectancy of this type of unit is two to three years. Therefore, the MHP suggests replacing one-third of these units annually (1,263/3 = 421). It is suggested to have a full replacement of these units due to continual upgrades to cameras and hard drives.

The Information and Communication Technology Division (ICTD) of the Highway Patrol will be required to hire two additional FTE (one Computer Information Technologist I (at \$35,844 annually) and one Computer Information Technologist III (at \$44,712 annually)) to implement and maintain this mission critical application. These specialists will be responsible for working with the network and server group to install and configure the servers and other related hardware necessary for the smooth operation of this technology. In addition, they would be responsible for training officers on the usage, care, and maintenance of the video equipment and instructing officers on basic troubleshooting and repair of the video equipment. The cost for the FTE would be out of Highway Funds.

There will be recurring costs of \$650 per year per FTE for office supplies and phone charges and no standard equipment charges would be required.

ASSUMPTION (continued)

Officials from the **Department of Public Safety - Division of Fire Safety (DPS - FS)** state they currently employ 20 uniformed law enforcement employees who would be impacted by this legislation. Seventeen of these staff work from their homes located throughout the state. Due to their locations, it is impossible for them to share equipment required by this legislation.

Section 590.715 requires law enforcement officers to make audio recordings in conjunction with a video recording in the ordinary course of the officer's duties. The Division's law enforcement personnel conduct fire scene investigations and related interviews, and would therefore be required to wear the cameras. According to §590.715, all Division of Fire Safety law enforcement personnel would be required to catalogue and preserve these recordings.

If each of these employees were required to be equipped with a camera, and have the software and storage capabilities required, the cost to the Division would be approximately \$47,100 in the first year, and \$14,090 and \$14,321 for 2017 and 2018 respectively for replacement and maintenance of this equipment. Also included in this cost is the replacement of very old laptops for these field staff. Current equipment is 5-10 years old and would be unreliable.

Officials from the **Department of Public Safety - Capitol Police (DPS-CP)** state they would incur expenses regarding the body cameras, and storage of data. The DPS-CP assumes a total cost to the General Revenue Fund of \$38,525 in FY 2016, \$6,950 in FY 2017, and \$6,950 in FY 2018.

Officials from the **Department of Social Services - State Technical Assistance Team (DOSS - STAT)** state Section 590.715, RSMo, will require all law enforcement officers of the state, to wear a video camera affixed to their uniform while on duty - capable of recording audio and video of interactions between the law enforcement officer and members of the public.

The following amounts are based on one of the body cameras currently under review by the Missouri State Highway Patrol. One body camera, with durability of lasting two years, will cost \$695 per officer. STAT has 10 commissioned peace officers on staff, $\$695 \times 10 = \$6,950$ biennially. It is assumed the funding for these cameras will come from the created special fund. If the special fund has not collected enough revenue for the first year, costs may have to be absorbed by General Revenue. The costs associated with licensures will be calculated according to regular funding splits. Camera software licenses are $\$995 \times 10 = \$9,950$. Windows licenses are $\$138 \times 10 = \$1,380$. The cameras also require the video component to be stored and kept for at least 30 days; the cost of a server is \$5,000 and \$5,000 for server software.

The impact for SFY16 is estimated at \$28,281 (GR \$13,865; FF \$7,466; Other \$6,950). SFY17 \$16,739 (GR \$10,880; FF \$5,859); SFY18 \$24,107 (GR \$11,152; FF \$6,005; Other \$6,950).

ASSUMPTION (continued)

Costs are split between General Revenue, Federal Funds, and Other.

Officials from the **Department of Natural Resources (DNR)** state this proposal would require all peace officers to wear a video camera while on duty to record any interaction between a law enforcement officer and a member of the public and to preserve the recording for 30 days.

Missouri State Parks employs 44 State Park Rangers throughout the State Park System. To ensure continual compliance, we assume our initial order of equipment would need a 10% contingency to ensure sufficient equipment is on hand for breakage. Additionally, we anticipate a replacement cycle of 33% per year. The current model of body camera is on a state agency contract for \$795. We also need to purchase back up batteries for each camera to ensure that our Rangers do not run out of battery during their shift. We assume the same replacement cycle for the back-up batteries.

In addition, DNR assumes the need for a remote server for video capture in 35 DNR locations. These 35 servers (plus associated hardware and operating system licenses) is expected to cost \$192,500 in FY 2016. Also in addition, DNR assumes the need for 35 backup appliances for video storage based on the need to backup the 30 day volume of video in case of remote server failure with a cost of \$291,667 in FY 2016, \$358,750 in FY 2017 and \$367,719 in FY 2018.

In summary, DNR assumes a cost of \$569,327 in FY 2016, \$419,022 in FY 2017 and \$429,583 in FY 2018 to the new Peace Officer Video Camera Sales Tax Fund.

Officials from the **Missouri Department of Conservation (MDC)** state they have around 200 sworn law enforcement personnel in their department. This includes conservation agents, supervisors, and other personnel. MDC assumes they would incur costs of more than \$100,000 from this proposal.

According to budget submissions, the MDC is requesting 159 Conservation Agents for Fiscal Year 2016. Using the MHP's estimate of \$695 each for these cameras, **Oversight** assumes this would cost MDC approximately \$110,505 to purchase (159 x \$695). In addition, numerous servers, licenses, and applicable software would be needed to ensure the system functions correctly. Again, using MHP's estimate of an additional \$1,200 per officer for all the necessary support equipment, this would equate to an additional \$190,800 in initial expenditures (159 x \$1,200). Also using MHP's assumption of the need to replace 1/3 of the cameras each year would result in an ongoing cost of \$36,835 (159 / 3 x \$695) per year.

Officials from the **Office of the State Treasurer (STO)** assume there is no fiscal impact from this proposal.

ASSUMPTION (continued)

Officials from the **Department of Public Safety - Alcohol and Tobacco Control** assume the proposal would not fiscally impact their agency.

In response to similar legislation filed this year, HB 76, officials from the **Boone County Sheriff's Department** provided the following cost estimate:

49 body cameras at \$500 each	\$24,500
server storage upgrade	\$ 8,000
extended warranty	\$ 2,450
Misc. hardware, software, remote installation:	<u>\$ 6,000</u>
Total initial equipment cost	\$40,905

This does not take into consideration maintenance or future replacement costs. Also, policy development and training would add an additional \$2,100 to the initial implementation costs.

Officials from the **St. Charles County Government** state our local government estimates the annual cost to outfit St. Charles County law enforcement officers with body cameras and to also catalog and store the data to fall within the estimated range set out below based on the amount of storage and level of services required. The County would need 310 cameras, allowing two per officer, in order that the officers can wear one camera while the other recharges and downloads video, and in that our officers do not report daily before and after shifts at police headquarters. The first year's cost would include all of the necessary equipment and installation services.

Year 1:	\$356,400	to	\$442,500
Year 2:	\$38,940	to	\$221,760
Year 3:	\$38,940	to	\$221,760

The second and following years' annual costs include maintenance, support, storage, and archiving / cataloging capabilities and will continue for the duration of the contracted service and as long as the cameras remain in use.

Unless state legislation is enacted to restrict open access to law enforcement body camera videos, St. Charles County would require an additional full-time employee to evaluate and administer all body camera video requests under the current Missouri Sunshine Law. The employee would need to be at a level to understand and apply open meetings law exceptions.

Year 1 salary and benefits: \$79,750.00

The annual cost of this employee would continue, including any yearly salary or benefit increases, until such time as open access to body camera videos would be sufficiently restricted

ASSUMPTION (continued)

by law.

Officials at the **City of Columbia** assume that the department currently has body cameras for its Patrol Division. It will cost a minimum of \$40,000 to have cameras, licenses, docking stations and video storage. This figure is expected to increase yearly. In addition, they will need to create a new position to handle the enormous task of filling open records requests regarding video footage.

Officials from the **Springfield Police Department** estimated a \$250,000 initial expense, plus an additional \$250,000 per year for storage fees, as well as \$37,913 for an additional staff person to manage the sunshine law requests.

Oversight notes that according to the Department of Public Safety, there are 14,780 active, full-time, commissioned peace officers along with 2,737 commissioned reserve peace officers (part-time, with power of arrest but working less than 30 hours per week) in Missouri. Taking away the approximately 1,400 peace officers working for the state (between the Missouri Highway Patrol, Fire Safety, Capitol Police, Department of Natural Resources, Missouri Department of Conservation, and the Department of Social Services - State Technical Assistance Team) would leave approximately 16,000 peace officers ($14,780 + 2,737 - 1,400$) in Missouri that are not employed by the state. Oversight will assume that 80 percent of these do not already have body cameras in use and therefore, local law enforcement agencies would need to purchase body cameras and necessary support equipment/software/licenses for 12,800 officers ($16,000 \times 80\%$).

Using the MHP's estimate of \$695 each for these cameras, **Oversight** assumes this would cost local law enforcement agencies approximately \$8,896,000 to purchase ($12,800 \times \695). In addition, numerous servers, licenses, and applicable software would be needed to ensure the system functions correctly. Again, using MHP's estimate of an additional \$1,200 per officer for all the necessary support equipment, this would equate to an additional \$15,360,000 in initial expenditures ($12,800 \times \$1,200$). Also using MHP's assumption of the need to replace 1/3 of the cameras each year would result in an ongoing cost of \$2,965,000 ($12,800 / 3 \times \695) per year.

In addition, some of the law enforcement agencies would be required to hire additional staff to administer the body cameras and related systems as well as sunshine requests. **Oversight** does not have an estimate regarding how many of the 667 law enforcement agencies in the state would need to hire an additional person to administer the program and how many are large enough to require hiring more than one person. Therefore, Oversight will reflect the cost of the additional FTE to be Unknown. If the amount of additional FTE needed by the local law enforcement averaged one per agency (some of the smaller agencies not needing an additional FTE and some of the larger agencies needing more than one) this could total over \$26 million ($667 \times \$40,000$)

ASSUMPTION (continued)

plus fringe benefits per year.

Oversight will assume the Department of Public Safety - Office of the Director (DPS) will administer the new fund and approve disbursements to the state agencies as well as local law enforcement agencies for body cameras and supplies. DPS did not provide an administrative costs estimate regarding this program.

Since the proceeds from the new transaction tax is estimated to be less than the amounts needed by the state agencies, Oversight will assume DPS can administer the new fund with existing resources. For simplicity, Oversight will further assume the new tax will be transferred to the Highway Funds to help reimburse the Missouri Highway Patrol.

This proposal will increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Costs</u> - DOR - costs associated with implementing the new \$.01 transaction tax			
Personal Service (2 FTE)	(\$43,973)	(\$53,296)	(\$53,829)
Fringe Benefits	(\$22,868)	(\$27,717)	(\$27,994)
Expense & Equipment	(\$15,409)	(\$3,787)	(\$3,881)
Programming	<u>(\$503,340)</u>	<u>\$0</u>	<u>\$0</u>
Total Costs - DOR	(\$585,590)	(\$84,800)	(\$85,704)
FTE Change - DOR	2 FTE	2 FTE	2 FTE
<u>Costs</u> - DPS - MHP			
Costs associated with body cameras	(\$117,935)	(\$15,290)	(\$15,290)
<u>Costs</u> - DPS - Fire Safety			
Costs associated with body cameras	(\$47,100)	(\$14,090)	(\$14,321)
<u>Costs</u> - DPS - Capitol Police			
Costs associated body cameras	(\$38,525)	(\$6,950)	(\$6,950)
<u>Costs</u> - DOSS - STAT			
Costs associated body cameras	(\$13,865)	(\$10,880)	(\$11,152)
<u>Costs</u> - DNR			
Body Cameras & batteries	(\$50,160)	(\$17,222)	(\$17,739)
Remote Servers and other IT costs	<u>(\$519,167)</u>	<u>(\$401,800)</u>	<u>(\$411,845)</u>
Total Costs - DNR	<u>(\$569,327)</u>	<u>(\$419,022)</u>	<u>(\$429,584)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$1,327,342)</u>	<u>(\$551,032)</u>	<u>(\$563,001)</u>
Estimated Net FTE Change for the General Revenue Fund	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2016 (10 Mo.)	FY 2017	FY 2018
PEACE OFFICER HANDGUN AND AMMUNITION SALES TAX FUND			
<u>Revenue</u> - Department of Revenue			
\$0.01 transaction tax on handguns and ammunition (\$144.064)	\$468,000	\$564,500	\$564,500
<u>Transfer Out</u> - Highway Fund	<u>(\$468,000)</u>	<u>(\$564,500)</u>	<u>(\$564,500)</u>
ESTIMATED NET EFFECT TO THE PEACE OFFICER HANDGUN AND AMMUNITION SALES TAX FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 CONSERVATION COMMISSION			
<u>Costs</u> - MDC - Body Cameras and supporting software, licenses, servers as well as replace 1/3 of cameras each year. (590.715)			
	<u>(\$301,305)</u>	<u>(\$36,835)</u>	<u>(\$36,835)</u>
ESTIMATED NET EFFECT TO THE CONSERVATION COMMISSION FUND	<u>(\$301,305)</u>	<u>(\$36,835)</u>	<u>(\$36,835)</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2016 (10 Mo.)	FY 2017	FY 2018
OTHER FUNDS			
Costs - DOSS - STAT			
Costs associated body cameras	<u>(\$6,950)</u>	<u>\$0</u>	<u>(\$6,950)</u>
ESTIMATED NET EFFECT TO OTHER FUNDS	<u>(\$6,950)</u>	<u>\$0</u>	<u>(\$6,950)</u>
FEDERAL FUNDS			
<u>Costs - DOSS - STAT</u>			
Costs associated body cameras	<u>(\$7,466)</u>	<u>(\$5,859)</u>	<u>(\$6,005)</u>
ESTIMATED NET EFFECT TO FEDERAL FUNDS	<u>(\$7,466)</u>	<u>(\$5,859)</u>	<u>(\$6,005)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
LOCAL POLITICAL SUBDIVISIONS			
<u>Costs - Body cameras and ongoing replacement</u>	(\$8,896,000)	(\$2,965,000)	(\$2,965,000)
<u>Costs - supporting equipment, servers, licenses, software, etc. for body cameras</u>	(\$15,360,000)	\$0	\$0
<u>Costs - Additional FTE may be needed to administer the body cameras</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>(More than \$24,256,000)</u>	<u>(More than \$2,965,000)</u>	<u>(More than \$2,965,000)</u>

FISCAL IMPACT - Small Business

Small businesses that sell handguns or ammunition would be required to collect and remit a new transaction tax on those items.

FISCAL DESCRIPTION

This bill imposes an additional tax of one cent on every retail sale of any handgun or ammunition in Missouri. All revenues derived from this tax must be used solely to provide funds for video and audio equipment for law enforcement officers.

The bill requires all uniformed law enforcement officers in Missouri to wear a video camera affixed to his or her uniform while on duty. The video camera must record the interaction between a law enforcement officer and a member of the public. The recording must include both audio and video.

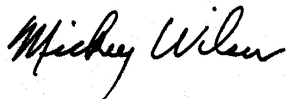
All law enforcement agencies must preserve any recordings made by a video camera for a minimum of 30 days and must develop any policies and procedures necessary to execute these provisions.

These provisions cannot apply to detectives or other law enforcement officers while they are working in an undercover capacity or to any law enforcement officer in any situation where the wearing of the video camera would endanger the safety of the officer or the public.

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 Public Safety
Department of Revenue
Office of Administration
 Office of Administration - Budget and Planning
Office of the State Treasurer
Missouri Department of Conservation
Department of Natural Resources
Department of Social Services
Boone County Sheriff's Department
St. Charles County
Springfield Police Department
City of Columbia



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