

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5158-01
Bill No.: HB 1686
Subject: Cities, Towns and Villages
Type: Original
Date: February 8, 2016

Bill Summary: This proposal establishes procedures to allow certain cities to disincorporate.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

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 2017	FY 2018	FY 2019
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of the Secretary of State** and the **State Tax Commission** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the **St. Louis County Board of Election Commission** assume if a large city petitioned to disincorporate in an even year, it would create a sizable petition to validate signatures. The increase in temporary staff would cost somewhere in the range of \$7,500 to \$15,000 to handle the extra volume.

Officials at **St. Louis County** assume should a third class city within the County be dissolved, the County would receive revenues from sales tax, utility gross receipts tax and road and bridge taxes that had previously gone to the city. The amount of revenue to be received depends on the city(ies) to be dissolved. The County would incur costs up to \$12,500 per day for publication of the election in a local newspaper, as well as an undetermined amount to hold the election. If the County were to appoint a County employee as trustee, it would cost the County staff time and resources to support that employee. The County would provide municipal-level services to the dissolved city, such as police protection, road maintenance, code enforcement, etc.

Oversight assumes revenues from taxes on a disincorporated city(ies) would be an unknown positive to St. Louis County depending on if one city or multiple cities disincorporate in the same year. Oversight also assumes there would be increased cost to support the disincorporated city(ies) for services such as police, fire, etc. If an election to disincorporate a city(ies) is held, according to Section 77.700.3, notice of the election needs to be given in a newspaper for four weeks. Assuming the notice of the election is ran everyday for four weeks, (28 days times \$12,500 per day for publication of the election) this cost would be up to \$350,000 per city. Oversight also assumes there is a potential in the future for some savings due to the economies of scale and the duplication of services between St. Louis County and the city(ies). Therefore, Oversight will reflect an expenditure for St. Louis County of \$0 (if no city disincorporates) or greater than \$350,000 (for the cost of publication of the election in the newspaper).

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
ST. LOUIS COUNTY FUNDS			
<u>Revenue</u> - Disincorporated city(ies) tax revenue transferred to St. Louis County	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - increase in costs for services to support disincorporated city(ies) transferred to St. Louis County	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - publication of election for 4 weeks in newspaper	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON ST. LOUIS COUNTY FUNDS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

FISCAL IMPACT - Small Business

There could be a direct fiscal impact to small businesses as a result of this proposal.

FISCAL DESCRIPTION

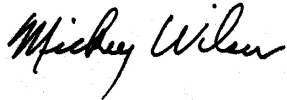
This bill decreases the number of signatures required on a petition to disincorporate a city of the fourth class or a village in St. Louis County from 50% to 25% of voters, and decreases the voter approval percentage for disincorporation from 60% to 50% plus one voter. The bill also establishes a disincorporation procedure for a city of the third class or a constitutional charter or home rule city in St. Louis County that is the same as the disincorporation procedure for a city of the fourth class or a village in St. Louis County.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

State Tax Commission
Office of the Secretary of State
St. Louis County Board of Election Commission
St. Louis County



Mickey Wilson, CPA
Director
February 8, 2016

Ross Strobe
Assistant Director
February 8, 2016