

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5871-01
Bill No.: HB 2184
Subject: Administrative Law; State Departments
Type: Original
Date: February 11, 2016

Bill Summary: This proposal modifies provisions relating to land purchases made on behalf of state departments.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(Up to \$36,026)	(Up to \$44,356)	(Up to \$45,465)
Total Estimated Net Effect on General Revenue	(Up to \$36,026)	(Up to \$44,356)	(Up to \$45,465)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Parks and Soils Sales Tax	(Up to \$272,345)	(Up to \$334,985)	(Up to \$343,359)
Total Estimated Net Effect on Other State Funds	(Up to \$272,345)	(Up to \$334,985)	(Up to \$343,359)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 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	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials from the **Department of Natural Resources (DNR)** assumed the public notice requirement of this proposal will drive up both the interest and the price of acquiring land. At this time, DNR assumes a 25% cost increase. The Division of State Parks has spent an average of \$389,000 annually on land acquisitions (6 year average); therefore, we anticipate an annual cost increase for land purchases of \$97,250.

Oversight assumes the increased price of acquiring land is speculative and will not reflect that impact in the fiscal note.

DNR also stated the advertising requirements would be dependent on each county that land may be purchased in. The requirement for the notice of the intent to purchase requires nine weeks of advertisement in every newspaper of the impacted county with circulation of more than 500 customers. The requirement for the notice of the public hearing requires two weeks of advertisement in every newspaper of the impacted county with circulation of more than 500 customers. Based on quotes provided by the Missouri Press Service, Inc, the lowest advertisement rate is \$25.50 per week while the highest rate is \$4,244.34 per week. On average, the Division of State Parks makes 7 land purchases per year (6 year average). Therefore, the price of the two week notice (hearing) would range from \$357 - \$59,423, while the price of the nine week notice (purchase of the land) would range from \$1,610 - \$267,393.

DNR assumed an annual total cost of \$326,814 based upon the higher rate of \$4,244 per week for eleven weeks (9 weeks for the purchase of the land plus 2 weeks for the hearing), or \$4,244.34 x 11 weeks x 7 projects = \$326,814. DNR assumes this is an expense to the Parks and Soils Sales Tax Fund.

ASSUMPTION (continued)

In response to an identical proposal from this session, SB 682, Oversight received the following responses:

Officials from the **Missouri Department of Conservation**, the **Department of Transportation**, the **Department of Agriculture**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety - Office of Adjutant General**, the **Department of Public Safety - Capitol Police**, the **Department of Public Safety - Alcohol and Tobacco Control**, the **Department of Public Safety - Fire Safety**, the **Department of Public Safety - Gaming Commission**, the **Department of Public Safety - State Emergency Management Agency**, the **Department of Public Safety - Missouri Veterans Commission**, the **Office of the Governor**, the **Joint Committee on Administrative Rules**, the **Joint Committee on Public Retirement**, the **Legislative Research**, the **Missouri Lottery Commission**, the **Missouri Consolidated Health Care Plan**, the **Missouri Department of Conservation**, the **Missouri Ethics Commission**, the **Missouri House of Representatives**, the **Missouri Lieutenant Governor**, the **Department of Transportation**, the **Office of Prosecution Services**, the **Missouri State Employees Retirement System**, the **MoDOT and Patrol Employees Retirement System**, the **Office of Administration - Administrative Hearing Commission**, the **Office of the State Courts Administrator**, the **Office of the State Auditor**, the **Missouri Senate**, the **Office of the Secretary of State**, the **Office of the State Public Defender**, the **Office of the State Treasurer** and the **State Tax Commission** each assumed the proposal would not fiscally impact their respective agencies.

Officials from the **Attorney General's Office (AGO)** assumed that any potential costs arising from this proposal can be absorbed with existing resources. AGO may seek additional appropriations if the proposal results in a significant increase in cases.

Officials from the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Corrections**, the **Department of Revenue**, the **Department of Public Safety - Director's Office**, the **Department of Public Safety - Missouri Highway Patrol**, the **Department of Social Services**, and the **Office of Administration - Budget and Planning** deferred to Office of Administration - Facilities Management Design and Construction for fiscal impact.

ASSUMPTION (continued)

Officials from the **Office of Administration (OA) - Facilities Management Design and Construction (FMDC)** assumed the probability of purchasing property would be one per year. For one purchase, the advertising cost could vary from \$7,792 to \$43,274 depending on the advertising market area. The requirements in section 13.005 would create the need for additional funds to cover the cost for advertising. FMDC assumed these costs would be \$36,062 in FY 17, \$44,356 in FY 18, and \$45,465 in FY 19.

Oversight notes that this requirement does not apply to "such departments as derive their power to acquire lands from the constitution of the state". Therefore, the proposal would not impact the Missouri Department of Conservation or the Department of Transportation.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Costs - OA-FMDC - Advertising costs for purchasing land</u>	(Up to <u>\$36,062</u>)	(Up to <u>\$44,356</u>)	(Up to <u>\$45,465</u>)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(Up to <u>\$36,062</u>)	(Up to <u>\$44,356</u>)	(Up to <u>\$45,465</u>)
PARKS AND SOILS SALES TAX FUND			
<u>Costs - DNR - Advertising costs for purchasing land</u>	(Up to <u>\$272,345</u>)	(Up to <u>\$334,985</u>)	(Up to <u>\$343,359</u>)
ESTIMATED NET EFFECT ON PARKS AND SOILS SALES TAX	(Up to <u>\$272,345</u>)	(Up to <u>\$334,985</u>)	(Up to <u>\$343,359</u>)
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Under this proposal, when the Commissioner of Administration seeks to purchase land on behalf of any state department, the department is required to take certain actions, including providing public notice on its website, providing public notice in certain newspapers, and holding public hearings in affected counties.

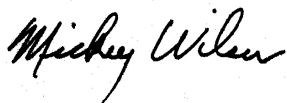
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety
 Director's Office
 Office of Adjutant General
 Capitol Police
 Alcohol and Tobacco Control
 Fire Safety
 Gaming Commission
 Missouri Highway Patrol
 State Emergency Management Agency
 Missouri Veterans Commission
Department of Social Services

SOURCES OF INFORMATION (continued)

Office of the Governor
Joint Committee on Administrative Rules
Joint Committee on Public Retirement
Legislative Research
Missouri Lottery Commission
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Ethics Commission
Missouri House of Representatives
Missouri Lieutenant Governor
Department of Transportation
Office of Prosecution Services
Missouri State Employees Retirement System
MoDOT and Patrol Employees Retirement System
Office of Administration
 Facilities Management Design and Construction
 Administrative Hearing Commission
 Budget and Planning
Office of the State Courts Administrator
Office of the State Auditor
Missouri Senate
Office of the Secretary of State
Office of the State Public Defender
Office of the State Treasurer
State Tax Commission
Attorney General's Office
Department of Agriculture
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education



L.R. No. 5871-01
Bill No. HB 2184
Page 8 of 8
February 11, 2016

Mickey Wilson, CPA
Director
February 11, 2016

Ross Strobe
Assistant Director
February 11, 2016