

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3749-04
Bill No.: HCS for SCS for SB 725
Subject: Political Subdivisions; Cities, Towns and Villages
Type: #Updated
Date: May 4, 2020
 # To update information in §67.662 regarding Transient Guest Tax (p. 14) and §620.2459 regarding the Broadband Internet Grant Program (p. 46).

Bill Summary: This proposal changes provisions relating to political subdivisions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
#General Revenue* ** ***	(Unknown, up to \$1,536,422)	(Unknown, could exceed \$6,162,703)	(Unknown, could exceed \$6,407,368)	(Unknown, could exceed \$6,394,910)
#Total Estimated Net Effect on General Revenue	(Unknown, up to \$1,536,422)	(Unknown, could exceed \$6,162,703)	(Unknown, could exceed \$6,407,368)	(Unknown, could exceed \$6,394,910)

* The fiscal impact for §89.080 & §485.060 could vary substantially depending upon the actual start dates of the court reporters (which we do not have). Also, Oversight assumes the court reporters would only receive ONE of the raises on the grid (§485.060.3) on January 1, 2021. If the raises are allowed to compound based upon their years of service and court reporters receive multiple step raises on January 1, 2021, the fiscal impact would be much greater.

** The fiscal impact to the state for §105.145 is the potential loss of the Department of Revenue's 2% collection fee. Oversight has ranged the impact from \$0 (debt is already considered uncollectible and DOR would not have received the 2% fee even without this proposal) to \$721,143 (which represents if DOR would have collected 100% of the \$36 million of outstanding debt allowed to be reduced by this proposal). Oversight assumes the actual loss to the state is on the very low end of this range (\$0 or up to \$721,143).

***The fiscal impact for §620.2459 (\$5,000,000 starting in FY22) is an extension (from 8/28/21 to 8/28/30) of an existing Broadband Internet Grant Program at the current appropriation level of \$5 million.

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 67 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
Other State Funds	Less than \$100,000	Less than \$100,000	Less than \$100,000	Less than \$100,000
Port Authority AIM Zone Fund*	\$0	\$0	\$0	\$0
Time Zone Fund*	\$0	\$0	\$0	\$0
Change of Venue for Capital Cases Fund	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	Greater than \$100,000	Greater than \$100,000	Greater than \$100,000	Greater than \$100,000

*Direct impact on the Port Authority AIM Zone Fund and the Time Zone Fund are assumed to net to zero.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
Total Estimated Net Effect on FTE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE	0 or 1 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 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
Local Government	Less than \$2,999,433	Less than \$10,818,988	Less than \$11,947,557	Less than \$11,947,557

FISCAL ANALYSIS

ASSUMPTION

§21.855 - Joint Committee on COVID-19 Response

Officials at the **Missouri Senate** assume a negative fiscal impact to the Joint Contingent Appropriation to reimburse members of the Joint Committee on the COVID-19 Response for travel to attend meetings. The impact is at least \$677 per meeting just for the 6 Legislators. It is unknown of the cost of the other 12 members to travel and also unknown who is responsible for paying their travel expenses.

Oversight assumes the Missouri Senate can absorb the cost from this section of the proposal. However, if multiple bills should pass which require reimbursement from the Joint Committee Appropriation, the Senate could request funding through the appropriation process.

Oversight assume no fiscal impact from this section of the proposal.

§37.965 - Cost Openness and Spending Transparency Act

In response to similar legislation from this year, HCS for HB 2555, officials from the **Office of Administration - Budget and Planning (B&P)** stated this proposal:

- Has no direct impact on B&P.
- Has no direct impact on general and total state revenues.
- Will not impact the calculation pursuant to Art. X, Sec. 18(e).

Officials at the **Office of State Courts Administrator** assume no impact from this proposal.

In response to similar legislation from this year, HCS for HB 2555, officials from the **Attorney General's Office, Department of Commerce and Insurance, Department of Higher Education and Workforce Development, Department of Health and Senior Services, Department of Mental Health, Department of Natural Resources, Department of Corrections, Department of Revenue, Department of Public Safety (Capitol Police, Alcohol & Tobacco Control, Gaming Commission, Missouri National Guard, Department of Social Services, Missouri Lottery Commission, Missouri Consolidated Health Care Plan, Department of Agriculture, Office of Prosecution Services, Office of the State Auditor, Missouri Senate, Office of the Secretary of State, and the Office of the State Treasurer** each assumed the proposal will have no fiscal impact on their respective organizations..

ASSUMPTION (continued)

In response to similar legislation from this year, HCS for HB 2555, officials from the **Department of Economic Development, Department of Public Safety (Office of the Director, and the Veterans Commission), Missouri Ethics Commission and Office of Administration (Administrative Hearing Commission)** assumed the proposal would have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

§§37.1090, 37.1091, 37.1092, 37.1093, 37.1094, 37.1095, 37.1096, 37.1097, 37.1098 - Missouri Local Government Expenditure Database

In response to similar legislation from this year, HB 1933, officials from the **Office of Administration (OA) - Information Technology Services Division (OA-ITSD)** stated that the proposed Missouri Local Government Expenditure Database would be created and maintained by the Office of Administration, and be available on the Office of Administration website, to include information about expenditures made by municipalities or counties in each fiscal year.

Based on OA's experience with existing accountability portal requirements, including the existing bond reporting requirements for political subdivisions, it is expected that OA's role will be minimal, and would include making a standard form for the municipalities to fill out, along with detailed instructions. Any fiscal impact associated with reimbursing the political subdivisions for costs they may incur is unknown. The legislation is sufficiently clear related to reporting expectations that OA expects follow-up conversations will be limited. Given that the reporting requirement is limited to twice annually, OA does not anticipate the level of effort to comply with this legislation will be any greater than complying with existing accountability portal requirements.

OA-ITSD officials state that the proposed requirements would be incorporated on the Missouri Accountability Portal (MAP) and would be accessible by members of the public without charge. Reporting would start for expenditures made on or after January 1, 2023, with information being submitted by municipalities or counties to the Office of Administration biannually. OA-ITSD estimates a cost of \$13,308 (123 hours at a rate of \$95 an hour for database development and 9.88 hours at a rate of \$95 for project management). As MAP is an application that is currently being maintained, it is anticipated that costs associated with supporting the additional database could be absorbed within existing resources used for the annual maintenance of MAP.

ASSUMPTION (continued)

In response to similar legislation from this year, HB 1933, officials from the **Office of Administration - Accounting Division** stated the fiscal impact of reimbursing the political subdivisions for their costs is unknown. It could be a small amount of money or a very large amount.

In response to similar legislation from this year, HB 1933, officials from the **City of Kansas City** stated that if 5% of registered voters requested participation, this legislation to establish the Missouri Municipality Government Expenditure Database would have a negative impact on the City. The City already publishes expenditures on its website. While it's possible to provide all of this information, it would require some reprogramming to pull the data requested in the proposed legislation.

That would come at some unknown cost, both in personnel and software. Although participants may be reimbursed for actual expenditures incurred for participation in the database, the reimbursement is subject to annual appropriation which leaves some uncertainty. This potentially could have an unnecessary negative fiscal impact if the annual appropriation is not made.

In response to similar legislation from this year, HB 1933, officials from the **City of Columbia** stated that the city's transparency portal includes revenue and expenditure information dating back to 2017. It is possible that the City could incur some cost to format data to fit OA requirements, so there could be a negative fiscal impact. Costs might be reduced if the General Assembly, as provided in the bill, appropriates funds to reimburse cities for all or part of their costs to comply.

For a similar proposal in 2019 (HB 762), Oversight contacted several states that have similar local political subdivision expense portals. Below are their responses:

- Data Operations Manager from the **State of Iowa** stated that while the Iowa Data Portal includes municipal expenditure data, it can't be explored in the same way as the state-level data central to the Iowa Data Portal and Iowa Checkbook. Implementation costs would depend on who would be responsible for entering the data and based on how much of the system was already in place. Portals rely on methods of data collection, data authentication, data storage, and data presentation, and those costs could differ based on how much of the structure is in place. Iowa had a collection method in place for preexisting data. Iowa's HF 2278 (2018), dealt with a similar database for school districts. The estimated costs were between \$225,000 and \$350,000 for purposes of collection and presentation. For the Iowa Data Portal itself - HF 94 (2011), costs "were well over \$500,000."

ASSUMPTION (continued)

- The **State of Ohio** passed HB 40 (2018) which provided that the initial cost to implement the Ohio Checkbook (state expenditure database) was about \$0.8 million. Prior to HB 40, only state expenditures were included in the database. Subsequently, the Office of Ohio State Treasurer spent a total of \$2.6 million between FY 2015 and FY 2018 when it added local governments' and public retirement systems' expenditures in the database.
- The **State of Massachusetts** lists some expenditure data online. The Municipal Data Bank Director stated the Data Bank has been in operation for over 30 years, and that due to the age of implementation the Division of Local Services doesn't have a reliable cost estimate as if it had been implemented today. They stated that the transition from using paper to digital for data entry began in 1984, and that paper was more or less eliminated by 2000.
- Furthermore, while the transition and implementation of the Data Bank was done in pieces, they believe most of the money was allocated for personnel rather than data bank creation, as the Division would recruit local students to manually enter the existing information into the system.
- The Transparency Coordinator for **State of Utah's** Division of Finance stated that the Transparency Portal, created legislatively back in 2008 via SB 38 and municipalities were added in 2011. The Fiscal Note states that the entire system would have \$480,400 appropriated in FY 2009 as a one-time cost, and \$250,800 after that for annual costs. Services were contracted out to a third party called Utah Interactive, and that currently, it is estimated they pay \$80,000 a year for their services.

Oversight notes that based on similar proposals implemented in other states, costs ranged from \$225,000 - \$2.6 million. Oversight assumes a municipality or county may voluntarily participate in the database, or may be required to participate if a petition process used by its residents is used to require participation as specified in the bill. Oversight assumes a municipality or county could incur some expenses if they choose or are required to participate in the database. Oversight will range a local political subdivision fiscal impact as \$0 (zero municipalities or counties participate or municipalities or counties that choose to participate have no costs associated with the proposal) to an unknown cost.

ASSUMPTION (continued)

Oversight also notes that the Office of Administration shall provide financial reimbursement to any participating municipality or county for actual expenditures incurred for participation in the database, upon appropriation. Since it is unknown how many municipalities or counties will participate or how much will be appropriated by the state for this purpose, Oversight will reflect a \$0 (zero municipalities or counties participate) to an unknown cost that could exceed \$100,000 to the General Revenue Fund.

In response to similar legislation from this year, HB 1933, officials from the **Office of the Secretary of State (SOS)** assumed 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 require additional resources.

In response to similar legislation from this year, HB 1933, officials from the **City of St. Louis** assumed the proposal will have no fiscal impact on their organization.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities and counties 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.

§44.080 - Disaster Planning

Oversight assumes no fiscal impact from this section of the proposal.

ASSUMPTION (continued)

§49.266

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, third class counties were requested to respond to this proposed legislation, but none did. A general listing of political subdivisions included in our database is available upon request.

Oversight notes this proposal is revising the language in section 49.266 to include third class counties regarding the ability to issue ordinances. Oversight notes violations of any regulation adopted under subsection 1 would be an infraction. Oversight assumes the adoption of such ordinances would take further action of third class county commissions. Therefore, even though this proposal may eventually and indirectly lead to an increase in fine (and court costs) revenue from violations of such ordinances, Oversight will assume this revision will not have a direct fiscal impact and will reflect a \$0 fiscal impact for the proposal.

§§50.815, 50.820

In response to similar legislation from this year, SB 859, officials at **Henry County** assumed a savings of \$1,800 annually in publication costs from this proposal.

Oversight inquired Henry County regarding this proposal. The County currently submits a 14 page document to the newspaper which lists out every dollar by vendor. Since this proposal requires a summary of data to be published in the newspaper, Henry County's publishing costs would be reduced as the number of pages would be reduced that would be submitted to the newspaper.

In response to similar legislation from this year, HB 1814, officials at **Lincoln County** assumed a savings of \$2,000 annually in publication costs from this proposal.

In response to similar legislation from this year, HB 1814, officials at **Livingston County** assumed a savings of \$2,500 annually in publication costs from this proposal.

ASSUMPTION (continued)

Oversight assumes this proposal requires the county financial statements to be published in a newspaper of general circulation each year in the month of March for all non-charter counties. First class non-charter counties already follow this section of statute. This proposal would add 2nd, 3rd and 4th class counties to this section. Using the counties above as an example, if the average of the three counties publication costs is \$2,100 and 96 counties (2nd, 3rd and 4th class counties) in Missouri published their financials in the newspaper, the potential savings could be up to \$201,600 (\$2,100 * 96) per year. Therefore, Oversight will reflect a potential savings in publication costs for counties to post their financials through a newspaper of general circulation in their county that could exceed \$100,000 annually from this proposal.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other counties 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.

Officials at the **State Auditor's Office** assume no fiscal impact from this proposal.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for the Office of the State Auditor.

§53.010 - St. Louis City Assessor Elected

In response to similar legislation from this year, HCS for SB 676, officials from **Office of Administration - Budget and Planning (B&P)** assumed this section would require that the St. Louis City Assessor be elected.

In response to similar legislation from this year, HCS for SB 676, officials from **State Tax Commission (STC)** assumed the election of the assessor of the City of St Louis and the Jackson County would have no fiscal impact on the STC, however may have an unknown fiscal impact on the two jurisdictions affected.

In response to similar legislation from this year, HCS for SB 676, officials from the **City of St. Louis** assumed the there is no fiscal impact other than possibly salary implications.

Oversight assumes there could be costs associated with an election for the assessor. Oversight will show a range of impact from \$0 to an unknown cost.

ASSUMPTION (continued)

§§59.021, 59.100

In response to similar legislation from this year, HB 2368, officials at the **Department of Commerce and Insurance** assumed no fiscal impact from this proposal.

In response to similar legislation from this year, HB 2368, officials from the **Office of the Secretary of State (SOS)** stated 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.

In response to similar legislation from this year, HB 2368, officials at the **Daviess County Recorder of Deeds Office** assumed no fiscal impact from this proposal. Daviess County's Recorder is already bonded for \$10,000.

Oversight notes the Department of Commerce and Insurance and the Daviess County Recorder of Deeds Office have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other counties and county recorders 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.

ASSUMPTION (continued)

§64.207 - Property maintenance code and nuisance actions in Boone County

In response to similar legislation from this year, HCS for HB 2336, officials at the **Columbia/Boone County Public Health and Human Services (PHHS)** assumed an unknown cost from this proposal. PHHS will be involved in some of the inspections resulting from this bill and is unclear on how many facilities will require inspections.

Oversight notes the proposal is permissive in nature and would not have a local fiscal impact without the action of the county commissioners of Boone County to adopt rules, regulations or ordinances on rented residences. Oversight notes should the commission take action on this proposal, penalties and civil fines could be assessed in the rules. Oversight assumes some of the fine revenue could offset the some of the costs of inspections that could be done. Therefore, Oversight will reflect a fiscal impact that will net to \$0 (no maintenance code adopted by Boone County Commission) to (Unknown) cost since the cost of maintenance and repairs may be more than the fine revenue.

Officials at the **Office of State Courts Administrator** assume no fiscal impact from this proposal.

In response to similar legislation from this year, HCS for HB 2336, officials at the **Department of Public Safety's Office of the Director**, the **Department of Commerce and Insurance**, the **Department of Natural Resources**, the **Department of Health and Senior Services** and the **Office of Prosecution Services** each assume no fiscal impact to their respective agencies from this proposal.

In response to similar legislation from this year, HCS for HB 2336, officials at the **Department of Labor and Industrial Relations** assumed no fiscal impact from this proposal.

Oversight notes the Department of Public Safety's Office of the Director, the Department of Commerce and Insurance, the Department of Labor and Industrial Relations, the Department of Natural Resources, the Department of Health and Senior Services and the Office of Prosecution Services have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

ASSUMPTION (continued)

§67.142

In response to similar legislation from this year, HCS for HB Nos. 2241 & 2244, officials at the **City of Springfield** assumed a negative impact from this proposal. Currently, the City has heightened ownership requirements for pit bulls, including registration, muzzling while not on owner's property, and posting a sign on the property. The City would lose approximately \$25,000 in registration fees annually, and there may be additional unquantifiable costs related to animal control issues.

In response to similar legislation from this year, HCS for HB Nos. 2241 & 2244, officials at the **Department of Agriculture** assumed no fiscal impact from this proposal.

In response to similar legislation from this year, HCS for HB Nos. 2241 & 2244, officials at the **City of Kansas City** and the **City of Columbia** each assumed no fiscal impact to their respective entities from this proposal.

In response to similar legislation from this year, HCS for HB Nos. 2241 & 2244, officials at the **City of O'Fallon** and the **City of Brentwood** each assumed 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 and counties 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 there are several cities with ordinances in place regarding registration, proper confinement and the posting of signs for certain breeds of dogs. Such cities include Springfield, Liberty, Independence, Florissant, Ferguson and Carthage Missouri. Oversight is unclear on how much the cities charge for registration and how many dogs are registered in those cities. Oversight assumes that should this proposal be enacted, registration fees in those cities and possibly others not listed could be eliminated from the cities revenue. Therefore, Oversight will reflect a \$0 or unknown, greater than \$25,000 negative impact to local political subdivision for this proposal.

ASSUMPTION (continued)

#§67.662 - Transient Guest Tax

#Officials at the **City of St. Louis** assume this proposal incorporates a response by the City to an earlier fiscal note (HB 2154 LR 4746-01) pertaining to taxes on transient accommodations. The problem with this is that the language used in HB 2154 was changed when incorporated into the larger bill. Whereas the original language contained in HB 2154 specified that taxes are to be based on actual amounts received by an operator of a hotel....and that a travel agent or intermediary shall be deemed an operator regardless whether they operate such a facility.. The language incorporated into HCS/SCS/SB725 leaves language such that "under no circumstances shall a travel agent or intermediary be deemed an operator..." This is a significant difference in the potential fiscal impact of the two bills where in the latter intermediary could purchase hotel rooms in bulk at a discount and resell without being obligated to the taxes at the selling rate due to them not being categorized as an operator. This difference could result in a loss of revenue to the City and thus would make this provision of the legislation negative.

#**Oversight** assumes this section of the proposal takes the language for a travel agent or intermediary back to current statute and therefore does not allow them to be deemed as an operator. Oversight assumes, therefore, there would be no direct fiscal impact from this proposal.

In response to similar legislation from this year, HB 2504, officials from the **Office of Administration - Budget & Planning Division (B&P)** stated this proposed legislation has no direct impact on B&P, will have no direct impact on General Revenue or Total State Revenues and will not impact the calculation pursuant to Article X, Section 18(e) of the Missouri Constitution.

In response to similar legislation from this year, HB 2504, officials from the **Missouri Department of Revenue (DOR)** have stated transient guest tax(es) are assessed and collected by local political subdivisions and not DOR. DOR does not anticipate a direct fiscal impact as a result of this proposed legislation.

In response to similar legislation from this year, HB 2504, officials from the **Wellsville-Middletown School District**, the **City of O'Fallon**, the **Shell Knob School District**, the **City of Springfield** and the **City of Kansas City** have stated the proposed legislation would not have a direct fiscal impact on their respective organizations.

Oversight notes the agencies mentioned above have stated the proposed legislation would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations and a zero fiscal impact as a result of this proposed legislation.

ASSUMPTION (continued)

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local law enforcement agencies 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.

§68.075 - Advanced Industrial Manufacturing Zones Act

In response to similar legislation from this year, SB 636, officials from the **Missouri Department of Economic Development (DED)** stated this proposed legislation would extend the authorization of the Advanced Industrial Manufacturing Zones Act (AIM Zones) from 2023 to 2030.

The proposed legislation amends the sunset date of the AIM Zones Act which will have an economic impact. This proposed legislation allows for the extension of the AIM Zone Program. This proposed legislation may encourage economic activity through an increase in projects in AIM zones, however, DED cannot estimate the increase or decrease to Total State Revenue because there have been no issuances to date.

Oversight notes DED anticipates this proposed legislation would have a fiscal impact but cannot quantify the impact at the current time as no issuances have occurred to date. Oversight assumes the issuances mentioned by DED to be issuances to the port authorities, who would identify and establish AIM zones, from the Port Authority AIM Zone Fund.

Oversight notes the Port Authority AIM Zone Fund receives revenue derived from fifty percent (50%) of the state tax withholdings imposed by Section(s) 143.191 to 143.265 on new jobs within an AIM zone after development or redevelopment has commenced. Oversight notes the state withholdings imposed on new jobs within an AIM zone is not remitted to General Revenue (GR), rather the tax revenue is deposited into the Port Authority AIM Zone Fund. In addition, the Port Authority AIM Zone Fund may receive appropriations from the General Assembly to be used for the administration of this act/program which is limited to no more than ten percent (10%) of the total amount deposited from withholding taxes on new jobs within an AIM zone.

In response to similar legislation from this year, SB 636, officials from the **Office of Administration - Budget & Planning Division (B&P)** stated this proposed legislation has no direct impact on B&P, has no direct impact on GR or TSR and will not impact the calculation pursuant to Article X, Section 18(e) of the Missouri Constitution.

In response to similar legislation from this year, SB 636, officials from **St. Louis County (the County)** stated the County anticipates no significant fiscal impact to the County's operations as a result of this proposed legislation.

ASSUMPTION (continued)

Oversight notes the Missouri Department of Revenue, the Missouri State Treasurer’s Office, the City of Columbia and the City of Springfield have stated the proposed legislation would not have a direct fiscal impact on their respective entities. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these entities.

Oversight will, for purposes of this fiscal note, report a fiscal impact of \$0 or (Unknown) impact to GR beginning in Fiscal Year 2024 as a result of the unknown amount of state withholding taxes that could be remitted into the Port Authority AIM Zone Fund in lieu of GR. Oversight notes the negative \$0 or (Unknown) impact can be extended to the sunset date of August 28, 2030.

Oversight will report the transfer in to the Port Authority AIM Zone Fund equal to \$0 or Unknown beginning Fiscal Year 2024 and will report the transfer out of the Port Authority AIM Zone Fund equal to \$0 or (Unknown) resulting in a net zero fiscal impact.

Oversight will further report a \$0 or Unknown impact to Local Political Subdivisions (Port Authorities/AIM Zones) beginning in Fiscal Year 2024 as a result of the unknown amount of revenue the entities could receive from state withholding tax disbursed to such entity from the Port Authority AIM Zone Fund. Oversight notes the \$0 or Unknown impact can be extended to the sunset date of August 28, 2030.

§70.705 - Member Contributions

In response to similar legislation from this year, HB 1467:

Current Status of LAGERS:

As of February 28, 2019 actuarial valuation:

		Funded Ratio
Market Value of Assets:	\$7,749,029,831	95.5%
Actuarial Value of Assets:	\$7,698,244,648	94.9%
Liabilities:	\$8,113,100,648	

Covered Payroll as of February 28, 2019: \$1,682,772,357

Current Employee Contribution Rate Options: Section 70.705 permits each LAGERS member political subdivision to elect for its employees to contribute 0% of compensation or 4% of compensation to LAGERS.

ASSUMPTION (continued)

In response to similar legislation from this year, HB 1467, officials from **Local Government Employees Retirement System (LAGERS)** estimated that the implementation of this proposal would require programming changes to LAGERS' pension administration system that would result in a one-time cost of approximately \$86,000 to the system. The additional programming within the system would be necessary to allow for the two new employee contribution options provided in the proposal as well as to provide the option for multiple employee contribution elections for any employer with both non-social security covered employees and social security covered employees who are covered under different benefit multipliers. LAGERS estimates no other on-going fiscal impact to the system.

In response to a similar proposal, SB 768 (2020), **LAGERS** stated should an employer in LAGERS elect an alternate employee contribution amount, the employer's contribution rate could be correspondingly impacted.

For example, currently employers in LAGERS have the option to require no employee contributions or a 4% contribution. Should an employer elect to go from a 4% employee contribution to a 0% employee contribution, we would generally expect the employer's contribution rate to increase to offset the removal of the employees' contribution. We would expect a similar impact with the addition of a 2% and 6% option. With that said, the actual amount that a rate may change will vary from employer to employer because every employer in our system is valued separately and any changes to an employer's contribution rate are subject to the experience of that unique employer.

As with all benefit options in LAGERS, the addition of a 2% and 6% contribution amount would be a strictly optional election at the local level.

Pursuant to RSMo 105.665, an employer's decision to change employee contribution amounts would be considered a substantial proposed change in benefits which would require the employer to first obtain an actuarial cost statement to assess the specific impact on the employer's contribution rate. Furthermore, pursuant to RSMo 105.675, the employer would be required to post the cost statement for public inspection for 45 calendar days prior to the employer's governing body approving any change.

Oversight notes that LAGERS is not a political subdivision therefore will not reflect an impact to their organization in the fiscal note.

In response to similar legislation from this year, HB 1467, officials from the **City of Columbia** assume the proposal will not have a fiscal impact on the City of Columbia. Our LAGERS plan is currently non-contributory. The City pays the entire contribution required to fund out LAGERS benefit.

ASSUMPTION (continued)

It does give political subdivisions alternatives for contributory plans (where employees contribute a portion of their pay to fund the pension). Instead of 4% as the only option, we now could choose 2% or 6% contribution rates. And, if we moved back to a contributory plan, whatever percentage we would elect for employee contributions would theoretically lower the cost of pension contributions of the City.

In response to similar legislation from this year, HB 1467, officials from the **City of Springfield** and the **City of Kansas City** each assumed the proposal will have no fiscal impact on their organization.

In response to a similar proposal, SB 768 (2020), officials from **Buchanan County** stated they do not have employee contributions. They are an employer contributing county in our LAGERS retirement.

Oversight notes this proposal would allow each political subdivision the option to choose an alternate member contribution rate of either 2% or 6% of the members' compensation. Currently, the member contributions can be either 0% or 4% of their compensation. Any decrease in the members' contributions could result in an increase in the employers' contributions. And any increase in the members' contributions could potentially decrease the employers' contributions.

Additionally, **Oversight** notes this proposal allows political subdivisions the option to elect one contribution plan for members covered by Social Security and a different contribution plan for those members who are not covered by Social Security.

Oversight will show a range of \$0 (no local political subdivisions elect to change the member contribution rate) or an unknown savings to an unknown cost for local political subdivisions depending on the changes implemented by the governing body. Oversight assumes this proposal is discretionary and would have no local fiscal impact without action taken by the governing bodies.

§§71.201, 84.344

In response to similar legislation from this year, HCS #2 for HB 1604, officials at the **City of Kansas City** and the **St. Louis County Department of Justice Services** each assume no fiscal impact to their respective entities from this proposal.

Oversight notes §71.201 of the proposal affects municipal police forces within the City of St. Louis and the City of Kansas City only if a local governmental unit imposes a residency rule or requirement on law enforcement officers where the personnel reside within one-hour response time. Oversight assumes no direct fiscal impact for this section of the proposal.

ASSUMPTION (continued)

§79.235

In response to a previous version, officials at the **Department of Commerce and Insurance** and the **State Tax Commission** each assumed no fiscal impact to their respective agencies from this proposal.

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** stated 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.

Oversight notes the Department of Commerce and Insurance and the State Tax Commission have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other 4th class cities with populations up to 2,000 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 modifies the appointment qualifications for members of boards and commissions in certain cities to include any resident who manages a city's municipal utilities upon certain conditions. Oversight assumes this modification is codifying statute and will not have a direct fiscal impact on local governments.

ASSUMPTION (continued)

§§89.080, 485.060 - Court Reporter Salary Adjustments & Audio/Digital Recordings

Officials at the **Office of the State Courts Administrator (OSCA)** assume \$485,060 of the proposal states that "each court reporter shall receive a one-time increase upon meeting the minimum number of cumulative years of service." OSCA assumes the court reporters would receive an increase each time they meet a new level of service and calculated the fiscal impact as if each court reporter would reach the highest level of salary throughout their career (21 years or more) and would be increased to the highest annual salary level indicated. Based on 147 court reporters at current salary levels, with an annual increase of \$20,313.77 per court reporter, the fiscal impact is an unknown cost of up to \$2,986,124 annually.

Oversight notes that the \$20,313.77 from OSCA's response is based on calculating the highest year of service (21+ years) and each court reporter receiving EACH of the four listed raises (5.25% plus 8.25% plus 8.50% plus 8.25% - compounded). OSCA used \$60,071.70 as a base salary. Oversight notes the bill states "a court reporter may received multiple modifications under this subsection as his or her years of service increase, **but only one modification under this subsection shall apply to the annual salary at a time.**" Therefore, Oversight will assume court reporters will only realize one step increase at January 1, 2021 - that according to the years of service:

- 06-10 years of service - 5.25% (or \$63,225)
- 11-15 years of service - 8.25% (or \$65,028)
- 16-20 years of service - 8.50% (or \$65,178)
- 21+ years of service - 8.25% (or \$65,028)

Oversight notes officials from OSCA provided a listing of the current court reporters, but would not provide a start date (to calculate years of service) for each. Therefore, Oversight will have to make the assumption that the 147 court reporters are distributed evenly on the experience spectrum of 0 years to 25 years of service. Oversight will also make the assumption that all raises will be given as of January 1st, regardless of when in the year the court reporter hit the new step year thresholds (6, 11, 16, and/or 21 years). Therefore, Oversight will reflect 6 months of impact in FY 2021 (January 1 - June 30). In FY 2022, Oversight will reflect the other six months of the January 1, 2021 raises, and six months of the January 1, 2022 raises.

Oversight will also assume fringe benefits of roughly 33% for retirement, social security, long-term disability, basic life insurance, unemployment compensation, and workers' compensation.

Oversight notes the actual fiscal impact could vary greatly depending upon actual years of service (which we do not have) for the court reporters.

In response to similar legislation from this year, HCS for HB 1819, officials at the **City of Springfield** assumed a potential slight positive fiscal impact to the City if the City elects to utilize audio, video, or digital recording in lieu of a reporter, and if those means are less costly than a reporter.

ASSUMPTION (continued)

In response to similar legislation from this year, HCS for HB 1819, officials at the **City of Kansas City** and the **City of Columbia** each assumed no fiscal impact to their respective entities from this proposal.

In response to similar legislation from this year, HCS for HB 1819, officials at the **City of O'Fallon** assumed no fiscal impact from this proposal.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities 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 the proposal adds the option of audio, video, or digital recording as a means to keep records of all testimony for the Boards of Adjustment. Currently, all such records must be recorded by a reporter employed by the board for that purpose. Oversight assumes cities would choose the option that satisfies their needs, and cost savings may be a part of that decision. Therefore, Oversight will assume an impact to cities of \$0 or an unknown amount.

Oversight notes, with our assumption that only one step raise will be given to court reporters on January 1, 2021, that on January 1, 2022 it is likely some court reporters will be receiving a higher salary than those with more years of service.

§94.842 - Springfield Transient Guest Tax

In response to similar legislation from this year, HB 1700, officials from the **Office of Administration - Budget & Planning Division (B&P)** stated this proposed legislation allows voters in the City of Springfield (the City) to impose a transient guest tax up to 7.5% for the purpose of funding capital investments that can be demonstrated to increase the number of overnight visitors.

The analysis assumes that an agreement is entered into by the City and the State of Missouri's Director of Revenue for the collection of the tax.

Based upon the City's Calendar Year 2019 estimated \$117.0 million of taxable room sales, B&P estimates that a 7.5% tax will generate \$8.8 million in collections (\$117 million * 7.5%). Since the legislation indicates that this sales tax would take effect starting April 1, only Quarter 4 of Fiscal Year 2021 sales collections would be impacted. This results in the proposed sales tax generating approximately \$2.2 million for the City in Fiscal Year 2021. As a voter-approved tax, the collected revenues will not impact General Revenue (GR) and Total State Revenues (TSR); however, the Department of Revenue (DOR) will retain 1% to offset collection costs (if an agreement is entered into by the City and DOR for DOR to collect the tax). Therefore, this portion could increase GR and TSR by approximately \$22,000 in Fiscal Year 2021.

ASSUMPTION (continued)

B&P defers to DOR for more specific estimates of actual collection costs.

Oversight notes B&P estimates the City could recognize \$8.8 million in tax revenue when fully implemented. Oversight further notes B&P estimates that GR and TSR could increase by one percent (1%) of the total amount collected from the City's transient guest tax if the City and DOR come to an agreement for DOR to collect the tax on behalf of the City.

Oversight notes the **University of Missouri's Economic and Policy Analysis Research Center** indicated they do not possess the data to estimate the impact of this proposed legislation.

In response to similar legislation from this year, HB 1700, officials from the **City of Springfield (City)** state there is a positive impact to the City. The City assumes, if voters approved the tax increase, the positive impact is likely to be more than \$2.5 million per year.

Oversight notes the City assumes the City's tax revenues would increase by an amount greater than \$2.5 million per year.

Oversight notes this proposed legislation would allow the City, if approved by the City's voters, to impose a tax on the charges for all sleeping rooms paid by transient guests of hotels or motels located in the City equal at a rate not to exceed seven and one-half percent (7.5%). Oversight further notes the tax revenues generated would be designated solely for capital investments that can be demonstrated to increase the number of overnight visitors in the City.

Oversight assumes that the City would not recognize a gain in tax revenues unless the tax was approved by the voters of the City. Therefore, for purposes of this fiscal note, Oversight will show a range for Springfield from \$0 (governing body of the city does not submit the proposal to the voters or the voters defeat the proposal) up to \$2.2 million in Fiscal Year 2021 and \$8.8 million each fiscal year thereafter, as estimated by B&P using data provided by to them by the City's Convention and Visitors Bureau.

For the purposes of this fiscal note, Oversight will show a range for General Revenue beginning at \$0 (City collects the tax) to \$22,000 in Fiscal Year 2021 and \$88,000 each fiscal year thereafter (City and DOR agree for DOR to collect the tax on behalf of the City).

Oversight notes the Missouri Department of Revenue and the Missouri Secretary of State's Office have each stated the proposed legislation would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

Oversight notes if an agreement was entered into by the City of Springfield and Missouri Department of Revenue, GR and TSR could increase by one percent (1%) of the total amount of tax generated.

ASSUMPTION (continued)

Oversight notes the University of Missouri’s Economic and Policy Analysis Research Center indicated they do not possess the data to estimate the impact of this proposed legislation.

§§94.900, 94.902

In response to similar legislation this year, HCS for HB 1701, officials at the **Office of Administration’s Division of Budget and Planning (B&P)** assumed this proposal allows the cities of Clinton in Henry County, and Cole Camp and Lincoln in Benton County to impose a public safety sales tax of 0.25%, 0.5%, 0.75% or 1%. The impact of this will depend upon the sales tax rate the cities select. The charts below show the DOR collections fees and sales tax collections each city may generate based upon each tax rate:

0.25%	DOR Collections			Sales Tax Collections Data		
City	FY 2021	FY 2022	FY 2023	FY 2021	FY 2022	FY 2023
Clinton	1,135	4,539	4,539	112,339	449,356	449,356
Cole Camp	93	373	373	9,222	36,888	36,888
Lincoln	58	230	230	5,699	22,796	22,796
	1,286	5,142	5,142	127,260	509,040	509,040

0.50%	DOR Collections			Sales Tax Collections Data		
City	FY 2021	FY 2022	FY 2023	FY 2021	FY 2022	FY 2023
Clinton	2,269	9,078	9,078	224,678	898,712	898,712
Cole Camp	186	745	745	18,444	73,776	73,776
Lincoln	115	461	461	11,398	45,591	45,591
	2,570	10,284	10,284	254,520	1,018,079	1,018,079

0.75%	DOR Collections			Sales Tax Collections Data		
City	FY 2021	FY 2022	FY 2023	FY 2021	FY 2022	FY 2023
Clinton	3,404	13,617	13,617	337,017	1,348,068	1,348,068
Cole Camp	279	1,118	1,118	27,666	110,664	110,664
Lincoln	173	691	691	17,097	68,387	68,387
	3,856	15,426	15,426	381,780	1,527,119	1,527,119

1.00%	DOR Collections			Sales Tax Collections Data		
City	FY 2021	FY 2022	FY 2023	FY 2021	FY 2022	FY 2023
Clinton	4,539	18,156	18,156	449,356	1,797,424	1,797,424
Cole Camp	373	1,490	1,490	36,888	147,552	147,552
Lincoln	230	921	921	22,796	91,183	92,183
	5,142	20,567	20,567	509,040	2,036,159	2,037,159

Since the bill indicates that this sales tax would take effect starting April 1, only Q4 of FY21 sales collections would be impacted with the full year collection amounts generated in FY22 and FY23.

ASSUMPTION (continued)

As a voter-approved tax, the collected revenues will not impact general and total state revenues; however, DOR will retain 1% to offset collection costs. Therefore, this portion could increase general and total state revenues by the DOR fee amounts shown in the charts above.

Budget and Planning defers to DOR for more specific estimates of actual collection costs.

In response to similar legislation this year, HCS for HB 1701, officials at the **Department of Revenue (DOR)** assumed this proposal would allow any city of the third classification with more than nine thousand but fewer than ten thousand inhabitants and located in any county of the third classification with a township form of government and with more than twenty thousand but fewer than twenty-three thousand inhabitants to implement a sales tax for public safety. DOR believes the only City to qualify under this description is the City of Clinton.

Additionally, this proposal would allow any city of the fourth classification with more than one thousand fifty but fewer than one thousand two hundred inhabitants and located in any county of the third classification without a township form of government and with more than eighteen thousand but fewer than twenty thousand inhabitants and with a city of the fourth classification with more than two thousand one hundred but fewer than two thousand four hundred inhabitants as the county seat to also implement a sales tax for public safety. DOR believes this would apply to the City of Lincoln and the City of Cole Camp.

The sales tax may be imposed in an amount of up to one-fourth, one-half, three-fourths, or one percent. The tax shall be imposed solely for the purpose of improving the public safety.

DOR shows that the **City of Clinton** has taxable sales of:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2015	40,147,895	44,618,974	44,443,717	44,037,435	173,248,021
2016	41,389,150	45,465,065	45,533,177	44,893,260	177,280,651
2017	40,038,915	47,066,194	45,477,582	43,884,475	176,467,167
2018	40,961,939	47,940,212	46,462,280	46,505,858	181,870,288
2019	41,173,575	47,416,316			
Source:	http://dor.mo.gov/publicreports/				
Sales Tax only (no use tax)					
DOR reports are generated by calendar year not fiscal year					
City of Clinton Taxable Sales Report Data					

ASSUMPTION (continued)

Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount DOR would collect and the City of Clinton would collect as:

Clinton									
		1/4 of 1% Tax		1/2 of 1% Tax		3/4 of 1% Tax		1% Tax	
Fiscal Year	DOR 1% Fee	Clinton County Collection	DOR 1% Fee	Clinton County Collection	DOR 1% Fee	Clinton County Collection	DOR 1% Fee	Clinton County Collection	
2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2022	\$3,618	\$358,180	\$7,236	\$716,360	10,854	1,074,540	\$14,472	\$1,432,720	
2023	\$4,920	\$487,125	\$9,841	\$974,250	14,761	1,461,374	\$19,682	\$1,948,499	

DOR notes that this proposal would become effective on August 28, 2020, and the first election would be the April 6, 2021, election. Therefore this will not have a fiscal impact in FY 2021. This sales tax would begin October 1, 2021 (FY 2022) if adopted by the voters. Therefore the impact in FY 2022 would be for 9 months.

DOR shows that the **City of Lincoln** has taxable sales of:

CY	Jan-Mar	Apr-Jun	July-Sept	Oct-Dec	Total
2015	2,124,060	2,412,496	2,368,178	2,014,074	8,918,808
2016	2,138,130	2,369,529	2,437,892	2,142,464	9,088,015
2017	2,177,513	2,602,875	2,547,296	2,120,049	9,447,733
2018	2,444,106	2,542,249	2,617,362	2,318,717	9,922,434
2019	2,030,154	2,244,162			

Source: <http://dor.mo.gov/publicreports/>
 Sales Tax only (no use tax)
 DOR reports are generated by calendar year not fiscal year
 City of Lincoln Taxable Sales Report Data

Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount DOR would collect and the City of Lincoln would collect as:

ASSUMPTION (continued)

Lincoln								
	1/4 of 1% Tax		1/2 of 1% Tax		3/4 of 1% Tax		1% Tax	
Fiscal Year	DOR 1% Fee	Lincoln County Collection	DOR 1% Fee	Lincoln County Collection	DOR 1% Fee	Lincoln County Collection	DOR 1% Fee	Lincoln County Collection
2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2022	\$196	\$19,397	392	38,794	588	58,191	\$784	\$77,587
2023	\$266	\$26,380	533	52,759	799	79,139	\$1,066	\$105,519

DOR notes that this proposal would become effective on August 28, 2020, and the first election would be the April 6, 2021 election. Therefore this will not have a fiscal impact in FY 2021. This sales tax would begin October 1, 2021, (FY 2022) if adopted by the voters. Therefore the impact in FY 2022 would be for 9 months.

DOR shows that the **City of Cole Camp** has taxable sales of:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2015	3,229,113	3,002,081	3,402,238	3,196,016	12,829,447
2016	3,095,340	3,003,988	3,225,042	3,279,187	12,603,558
2017	3,081,084	2,956,959	3,249,944	3,360,607	12,623,994
2018	3,278,248	3,220,758	3,474,064	4,684,461	14,657,531
2019	3,243,595	3,502,112			
Source: http://dor.mo.gov/publicreports/					
Sales Tax only (no use tax)					
DOR reports are generated by calendar year not fiscal year					
City of Cole Camp Taxable Sales Report Data					

Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount DOR would collect and the City of Cole Camp would collect as:

Cole Camp								
	1/4 of 1% Tax		1/2 of 1% Tax		3/4 of 1% Tax		1% Tax	
Fiscal Year	DOR 1% Fee	Cole Camp County Collection	DOR 1% Fee	Cole Camp County Collection	DOR 1% Fee	Cole Camp County Collection	DOR 1% Fee	Cole Camp County Collection
2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2022	\$266	\$26,341	\$532	\$52,681	798	79,022	\$1,064	\$105,362
2023	\$362	\$35,823	\$724	\$71,646	1,086	107,470	\$1,447	\$143,293

ASSUMPTION (continued)

DOR notes that this proposal would become effective on August 28, 2020, and the first election would be the April 6, 2021, election. Therefore this will not have a fiscal impact in FY 2021. This sales tax would begin October 1, 2021 (FY 2022) if adopted by the voters. Therefore the impact in FY 2022 would be for 9 months.

In response to similar legislation from this year, HCS for HB 1701, officials at the **City of Clinton** assumed, based on financial data from FY 18-19, the City would expect to generate annual revenues of \$950,000 based on a one-half percent sales tax.

In response to similar legislation from this year, HCS for HB 1701, officials at the **City of Branson West** assume if the Board of Alderman of the City decide to approve the tax at half a percent and it is passed, the approximate revenue that will be brought in is \$500,000 annually.

Oversight has calculated those cities within this proposal as follows:

Taxable Sales by City					
	CY 19 Taxable Sales Tax Jan- Mar	CY 19 Taxable Sales Tax Apr- Jun	CY 18 Taxable Sales Tax Jul- Sept	CY 18 Taxable Sales Tax Oct- Dec	Total FY 19 Taxable Sales Tax
Branson West	19,962,599	27,108,143	27,300,134	24,081,341	98,452,217
Claycomo	6,300,774	6,332,614	5,959,771	6,450,921	25,044,080
Clinton	41,173,575	47,416,316	46,462,280	46,505,858	181,558,029
Cole Camp	3,243,595	3,502,112	3,474,064	4,684,461	14,904,232
Hallsville	2,272,117	2,266,564	2,156,592	2,249,081	8,944,353
Kearney	30,832,259	34,565,728	33,602,628	32,563,846	131,564,461
Lincoln	2,030,154	2,244,162	2,617,362	2,318,717	9,210,395
Smithville	18,956,527	22,859,235	22,213,205	20,463,774	84,492,740
	124,771,599	146,294,873	143,786,036	139,317,998	554,170,507

ASSUMPTION (continued)

2% Growth each year based on FY 19 Taxable Sales Tax

	2% Growth for FY 20 Taxable Sales	2% Growth for FY 21 Taxable Sales	2% Growth for FY 22 Taxable Sales	2% Growth for FY 23 Taxable Sales
Branson West	100,421,261	102,429,686	104,478,280	106,567,846
Claycomo	25,544,962	26,055,861	26,576,978	27,108,518
Clinton	185,189,190	188,892,974	192,670,833	196,524,250
Cole Camp	15,202,317	15,506,363	15,816,490	16,132,820
Hallsville	9,123,240	9,305,705	9,491,819	9,681,656
Kearney	134,195,750	136,879,665	139,617,258	142,409,603
Lincoln	9,394,603	9,582,495	9,774,145	9,969,627
Smithville	86,182,595	87,906,247	89,664,372	91,457,659
	565,253,917	576,558,995	588,090,175	599,851,979

Oversight notes that this version of the proposal is based on a half-percent sales tax for the cities. Therefore, Oversight has generated those totals below based on the 2% growth in sales tax per year above.

Half-Percent Revenue Generated for each City

	.5% Revenue for FY 21	.5% Revenue for FY 22	.5% Revenue for (12 mo) FY 22	.5% Revenue for (8 mo)	.5% Revenue for FY 23
Branson West	-	-	522,391	348,261	532,839
Claycomo	-	-	132,885	88,590	135,543
Clinton	-	-	963,354	642,236	982,621
Cole Camp	-	-	79,082	52,722	80,664
Hallsville	-	-	47,459	31,639	48,408
Kearney	-	-	698,086	465,391	712,048
Lincoln	-	-	48,871	32,580	49,848
Smithville	-	-	448,322	298,881	457,288
	-	-	2,940,451	1,960,301	2,999,260

ASSUMPTION (continued)

Oversight notes while the cities within this proposal could start to generate sale tax revenue beginning October 1, 2021, the reporting will not occur until 1 month later. Therefore, Oversight will range the fiscal impact from \$0 (not approved by voters) the estimates calculated by Oversight for 8 months in FY 22. FY 23 will reflect a full year of sales tax revenue for this proposal.

§105.145

In response to similar legislation from this year, HCS for HB 1854, officials at the **Office of Administration's Division of Budget & Planning (B&P)** assumed §105.145 excludes the fine for failure to submit annual financial statements for political subdivisions with gross revenues of less than \$5,000, or for political subdivisions that have not levied or collected sales or use taxes in the fiscal year. This may result in a revenue loss for both the state and schools.

It also provides grace from fines if the failure to timely submit the annual financial statement is the result of fraud or other illegal conduct and allows a refund by DOR of any fines already paid under these circumstances. The 90% downward adjustment DOR is allowed to make on outstanding fine or penalty balances after January 1, 2021, results in the amount of collections being reduced for both the state and DOR collection fees. A similar downward adjustment may be made by DOR if the outstanding fines are deemed uncollectible. These downward adjustments will likewise result in a revenue loss for both the state and schools.

Based on information from DOR, the department started imposing this fine in August 2017. DOR has imposed total fines of \$42,853,000.00 and collected a total of \$2,011,481.57. This proposal directs that the DOR Director initiate a ballot measure that could disincorporate political subdivisions that fail to timely submit annual financial statements after August 28, 2020. B&P defers to DOR for more specific estimates of actual collection costs.

In response to similar legislation from this year, HCS for HB 1854, officials at the **Department of Revenue (DOR)** stated currently local political subdivisions are required to file annual financial statements with the State Auditor's Office. Failure to file those statements results in the political subdivision being assessed a fine of \$500 per day per statutes, which is deposited into school district funds. DOR notes that the Department started imposing this fine in August 2017. DOR receives notice from the State Auditor's Office if a political subdivision does not file their annual financial statement. At that time the Department sends a notice to the political subdivision and thirty days later the fee starts to accumulate.

ASSUMPTION (continued)

The Department collects the fine by offsetting any sales or use tax distributions due to the political subdivisions. In essence the Department only gets to collect the fee if the political subdivision has a sales or use tax. Most of these political subdivisions do not have a sales or use tax for the Department to collect, so the Department assumes much of what is owed is uncollectable. Additionally, this is not state money but local political subdivision funds.

Currently, a transportation development district that had gross revenues of less than \$5,000 in a fiscal year was not subject to this fine. This proposal states that any political subdivision that has gross revenues less than \$5,000 or has not levied or collected a sales and use tax in the fiscal year, would not be subject to the fine. Additionally, language is added that if the failure to file is a result of fraud or illegal conduct by an employee or officer of the political subdivision, and if the political subdivision complies with filing the financial statement within thirty days of the discovery of the fraud or illegal conduct, the fine shall not be assessed.

This proposal is allowing a political subdivision that files its financial statement after January 1, 2021 to receive a 90% reduction of their outstanding balance of their fines owed. Current records of the Department show total fines of \$42,853,000.00 and that \$2,011,481.57 had been collected. The assessment of the fines is distributed as follows:

Political Subdivisions	Number of Subdivisions	Total Amount Fined	Total Amount Collected
Cities	147	\$13,620,000	\$1,419,702.72
Ambulance Districts	11	\$1,296,000	\$58,000
Hospitals	6	\$604,000	\$0
PWSD	17	\$1,433,500	\$0
Library Districts	7	\$1,510,500	\$0
Fire Protection Districts	47	\$4,744,500	\$42,500
Levee/Drainage/SRD Districts	53	\$7,736,000	\$0
Health Departments	4	\$196,500	\$0
CID	55	\$8,126,500	\$332,124.07
TDD	18	\$2,796,500	\$159,154.78
Other/Undesignated	6	\$874,000	\$0
		\$42,075,000.00	\$2,011,481.57

The Department notes that per statute we are allowed to retain 2% of the amount collected for administration. Since the program began we have collected \$38,977.74 which has been deposited into General Revenue. All DOR collection fees are deposited into General Revenue and are not retained by the Department.

ASSUMPTION (continued)

Therefore the current outstanding balance is \$40,063,518.43 (\$42,075,000 - \$2,011,481.57). Therefore if all political subdivision file their report and receive the reduction it would be a loss of \$36,057,166.59 in fine revenue. The new provisions to this proposal call for DOR notification to initiate a ballot measure that could dissolve political subdivisions that fail to timely submit annual financial statements after January 1, 2021.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a potential loss of fine revenue stated by DOR to the general revenue fund for this proposal. Also, Oversight notes that because of the new language for certain local political subdivisions who have gross revenues of less than \$5,000 or who have not levied or collected a sales and use tax in the fiscal year or if the failure to file a financial statement is the result of fraud or illegal conduct by an employee or officer of the political subdivision and the political subdivision complies with filing the financial statement within thirty days of the discovery of the fraud or illegal conduct, then the fine shall not be assessed and could result in a savings to local political subdivisions on fine fees. Therefore, Oversight will also reflect a savings to local political subdivisions of \$0 to unknown for this proposal.

Oversight also notes that the loss in fine revenue collected by DOR would result in a savings to the local political subdivisions who would no longer need to pay the fine revenue. It would also result in a loss of revenue to School Districts on these fines no longer being collected. Therefore, Oversight will reflect a savings to local political subdivisions on the fines no longer being collected and a loss of 98% of the fine revenue no longer going to the school districts for this proposal. Oversight notes that the Department of Revenue is allowed to retain two percent of the fine revenue collected (per §105.145.11). Oversight assumes a large portion of the \$40,063,518 of outstanding fines would be considered uncollectible. Therefore, Oversight will range the fiscal impact from this proposal from \$0 to DOR's estimates.

Oversight also notes that DOR noted \$2,000 in system updates for this proposal. Oversight assumes DOR is provided with core funding to handle a certain amount of computer activity from each year's legislative session. Oversight assumes DOR could absorb the system update costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process. Therefore, Oversight will reflect a \$0 fiscal impact to this part of the proposal.

In response to similar legislation from this year, HCS for HB 1854, officials at the **Office of the Attorney General (AGO)** stated that the AGO's involvement in the process for dissolution of political subdivisions created through this version of the legislation has been removed and, therefore, will have no fiscal impact.

ASSUMPTION (continued)

In response to similar legislation from this year, HCS for HB 1854, officials from the **Office of the Secretary of State (SOS)** stated 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 **Office of the State Courts Administrator** assume no fiscal impact from this proposal.

In response to similar legislation from this year, HCS for HB 1854, officials at the **State Auditor's Office**, the **City of Kansas City**, the **City of Springfield**, the **Platte County Election Board** and the **Kansas City Election Board** each assumed no fiscal impact to their respective entities from this proposal.

Oversight notes the Office of the State Courts Administrator, the State Auditor's Office, the City of Kansas City, the City of Springfield, the Platte County Election Board and the Kansas City Election Board have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, counties and local election authorities 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.

§§137.115, 137.385, 138.060 - Burden of Proof and Inspections & Appeal Deadline

In response to a similar proposal from this year, HCS for SB 676, officials from **B&P** assumed this section changes the jurisdictions in which the assessor has the burden of proof.

ASSUMPTION (continued)

Officials from the State Tax Commission (**STC**) assume the change in Section 137.115 places a higher burden of proof requirement on the assessor at any hearing or appeal of any first class county and removes language regarding computer assisted methods of assessment, may have an unknown fiscal impact on first class counties. Counties of the first classification include Boone, Buchanan, Camden, Cape Girardeau, Cass, Christian, Clay, Cole, Franklin, Greene, Jackson, Jasper, Jefferson, Platte, St Charles, St Francois, St Louis, and Taney. In current law only charter counties have the requirement. This requirement may have an unknown fiscal impact on the affected assessment authorities.

In response to a similar proposal from this year, HCS for SB 676, officials from the **City of St. Louis** assumed section 137.115 adds all counties to burden of proof for assessments. This language and section of the Statute already applies to the city of St. Louis so this would not affect the City of St. Louis Assessor's Office.

In response to a similar proposal from this year, HCS for SB 676, officials from **Jasper County Assessor's Office** assumed the burden of proof is put on the County Assessor, the impact to the Jasper County Assessor for 2019, (since we have no data for 2020 yet), would have been, according to our Board of Equalization hearings, as follows:

22 Commercial hearings X \$1,000 (going rate for a Certified Commercial Appraiser) =	\$22,000
97 Residential hearings X \$450. (going rate for a Certified Residential Appraiser) =	<u>\$ 43,650</u>
For a total of:	\$ 65,650

These approximate costs would not include the Certified Appraiser's charge to attend the hearings. That would be an additional hourly charge. This estimate does not include the extra costs needed for additional BOE hearings. Also, we would have attorney fees of approximately \$30,000.

If we were to hire an in-house Certified Appraiser the above fee would be comparable to an annual salary for that individual. This salary is more than I make as the Assessor. We would have the burden of hiring a Certified Appraiser for each hearing held. Our current budget would not allow for these expenses since the State reimbursement per parcel was reduced from \$6.00 per parcel down to \$3.00 per parcel.

In response to a similar proposal from this year, HCS for SB 676, officials from the **Boone County Assessor's Office** assumed this proposal would cost Boone County \$400,000 annually. The appraisal staff would need to double in size in order to comply with notification and inspection requirement.

ASSUMPTION (continued)

In response to a similar proposal from this year, HCS for SB 676, officials from **Cape Girardeau County Assessor's Office** assumed passage of this bill would adversely impact Cape Girardeau County as much as \$100,000 or more, as it would require additional appraisal staff and/or contract appraisals to perform market appraisals upon owner appeal. Assessment is already underfunded, and staff is at a minimum.

In response to a similar proposal from this year, HCS for SB 676, officials from the **St. Francois County Assessor's Office** stated in St. Francois County Missouri we are continuing to work on a conversion to a new software system in valuing all real properties. In 2019 we completed the conversion in the largest school district in the county. We mailed out 6,451 residential increase notices and 604 commercial increase notices. We had 1,610 informal hearings and 429 BOE hearings. The cost of a residential appraisal is approximately \$400.00. A commercial appraisal is based on the complexity of the appraisal but could be up to \$2,000.00. The burden of proof being on the Assessor would be a huge hardship to St. Francois County.

As we continue to convert the remainder of the county to the new software system we anticipate the possibility of 16,000 increase notices being sent in 2021.

Oversight notes Missouri has 2 counties and one city not in a county which are already subject to the burden of proof requirements listed in this proposal (St. Charles County, St. Louis County and the City of St. Louis). Oversight notes this proposal expands the burden of proof requirements to counties of the 1st classification. Counties of the first classification include Boone, Buchanan, Camden, Cape Girardeau, Cass, Christian, Clay, Cole, Franklin, Greene, Jackson, Jasper, Jefferson, Platte, St Charles, St Francois, St Louis, and Taney.

Oversight assumes this would extend the burden of proof requirement to an additional 17 counties in Missouri. The average salary for a certified appraiser is \$55,190 per the Missouri Economic Research and Information Center (MERIC) Occupational Employment and Wage Estimates (OES). If half of the 17 counties had to hire an appraiser at \$55,190 the cost to counties is estimated at \$496,710 ($\$55,190 * 9$).

Oversight assumes some counties may be required to hire more than one appraiser and/or other staff as well as additional software or equipment. Therefore, Oversight will show a cost to counties that could exceed \$496,710 for additional staff, equipment or services to meet the requirements of this proposal.

Based on information from the Department of Revenue\ FY 2021 Budget Request, **Oversight** notes the State of Missouri may provide local assessment jurisdictions with up to 60% of all costs associated with implementing a two-year reassessment plan per section 137.750, RSMo. The current assessment maintenance appropriation reimburses at 50 cents on the dollar for costs associated with implementing a two-year reassessment plan until funds are depleted.

ASSUMPTION (continued)

The State Tax Commission's core request is \$10,022,739 which will provide reimbursements to counties at just under \$3.00 per parcel based upon the 2018 parcel count of 3,340,913. In addition, the State Tax Commission is requesting \$31,536 as a new decision item to provide funding at \$3.00 per parcel utilizing the 2019 parcel count of 3,351,425 for FY 2021.

The median cost per parcel required to implement the statewide assessment program stands at \$18.64. The core request provides funding to pay for 13% of the actual cost required to assess property in the State of Missouri with the balance of 87% being borne by local government and public school districts.

Based on information provided in a [program evaluation](#) done by Oversight in 2015, the per parcel reimbursement rate has ranged from \$3 to \$6.20 over the previous 20 years. However, Oversight notes the \$3 dollar per parcel minimum reimbursement does not change as a result of this proposal. Therefore, Oversight will not show an impact to the General Revenue fund for reimbursement of increased assessment costs.

Oversight received a limited number of responses from counties related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other counties 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.

In response to a similar proposal from this year, HCS for SB 676, officials from the **Department of Revenue** assumed the proposal would have no fiscal impact on their organization.

In response to a similar proposal from this year, HCS for SB 676, officials from the **Lawrence County Assessor's Office** stated there needs to be more time for the taxpayer to be able to contact their assessor for an informal hearing. This provision will have no fiscal impact on their organization.

In response to a similar proposal from this year, HCS for SB 676, officials from the **Wright County Assessor's Office** assumed the time frame for all the changes will be hard for some counties to meet due to limited staffing, due to limited money to hire adequate amount of staff.

ASSUMPTION (continued)

Oversight assumes this proposal moves up the deadline for when a county assessor must notify property owners of a change in their assessed valuation and changes the deadline for when homeowners can file an appeal. Oversight notes some county assessors indicated there could be costs for additional staff to meet the new deadlines. Therefore, Oversight will show an unknown cost to local county assessors.

Oversight received a limited number of responses from counties related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other counties 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.

§163.024 - Administrative penalties in Iron County

In response to a similar proposal from this year, HCS for SB 676, officials from the **Department of Natural Resources** assumed the proposal would have no fiscal impact on their organization.

Upon further inquiry, **DESE** stated the fines paid into the Iron County school fund are from Doe Run mine and if those fines had to be included in the districts local effort calculation it would result in a lower foundation formula to those districts.

That being said, the last time these same fines were paid, this exact same law was in place to prevent the large fine amount from devastating the amount of foundation formula the district would receive. So the reply was in reference to the fact that last time these same fines were paid they were not included as part of the local effort deduction.

But there would officially be a lower formula call if this law were not in place, but at this time we do not have enough information in order to estimate that.

Oversight notes the following school districts appear to be located in Iron County:

- South Iron County R-I School Districts (Hold Harmless)
- Arcadia Valley R-II
- Belleview R-III
- Iron County C-4 School District (Hold Harmless)

ASSUMPTION (continued)

Per the Administrative Order on Consent No. APCP-2019-001 the penalty to be paid by the respondents is \$1,200,000 in three annual payments \$400,000.

Based on information provided by DESE, **Oversight** notes some of the school districts located in Iron County are considered hold harmless and the state aid payment would not change regardless of the whether the fine revenue is included in the calculation of local effort for districts considered hold harmless.

However, two of the districts are not considered hold harmless and any fine revenue not included in the calculation of local effort as a result of this proposal would result in a dollar for dollar increase in the state aid calculation. Therefore, **Oversight** will show a range of impact from \$0 (districts impacted are considered hold harmless) to a potential increased call to the foundation formula of up to \$400,000 due to additional fine revenue not being included in the calculation of local effort for districts that are not hold harmless.

Oversight received limited number of responses from school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek necessary approval to publish a new fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, school 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.

§§173.2700, 173.2703, 173.2706, 173.2709, 173.2712 - Private College Campus Protection Act

In response to a similar proposal from this year, HCS for HB 1282, officials from the **Department of Revenue -Motor Vehicle (DOR)** assumed the proposed legislation establishes the "Private College Campus Protection Act" which allows any private college or university to appoint and employ college or university police officers. These officers will have the authority to enforce regulations established by the governing board of such college or university to control traffic on any thoroughfare owned or maintained by the college or university.

Administrative Impact:

The proposed legislation allowing a private college or university to appoint officers to enforce regulations established to control traffic on any thoroughfare owned or maintained by the college or university will result in an increase in the number of traffic convictions received and processed by the Department.

ASSUMPTION (continued)

The Department is unable to find data that would help us determine how significant that increase will be, but assumes it will be minimal enough to not require additional FTE and cause no impact.

Oversight notes DOR processed 561,645 total traffic convictions in FY 2018. DOR indicated a Revenue Processing Tech I can process an estimated 340 convictions a day at a salary of \$11.71 per hour for approximately \$0.30 per conviction processed.

Oversight notes, the issuance of a traffic violation ticket would result in a fine, of which \$20.50 goes to fine revenue and the remaining amount goes to various state and local funds for court costs. However, all fines may not have been paid (for example, the court could have dismissed the ticket or set the fine at a different amount).

In response to a similar proposal from this year, HCS for HB 1282, officials from the **Department of Public Safety - Office of the Director** assumed the proposal would have no fiscal impact on their organization.

Oversight does not know how many tickets may be issued as a result of this proposed legislation. However, it would take over 1,000 tickets to be issued to reach \$100,000 in fine and court cost revenue. Oversight will reflect a potential amount of revenue to the state and local political subdivisions of "Less than \$100,000" per year from this charge.

Additional fine revenue received by local school districts may count as a deduction in the following year in determining their state aid apportionment, if the district is not a 'hold harmless' district. For simplicity, Oversight will only reflect the increase in fine revenue as a positive impact to local political subdivisions.

ASSUMPTION (continued)

Below are examples of some of the state and local funds which court costs are distributed to.

Fee/Fund Name	Fee Amount
Basic Civil Legal Services Fund	\$8.00
Clerk Fee	\$15.00 (\$12 State/\$3 County)
County Fee	\$25.00
State Court Automation Fund	\$7.00
Crime Victims' Compensation Fund	\$7.50
DNA Profiling Analysis Fund	\$15.00
Peace Officer Standards and Training (POST) Fund	\$1.00
Sheriff's Retirement Fund	\$3.00
Motorcycle Safety Trust Fund	\$1.00
Brain Injury Fund	\$2.00
Independent Living Center Fund	\$1.00
Sheriff's Fee	\$10.00 (County)
Prosecuting Attorney and Circuit Attorney Training Fund	\$4.00
Prosecuting Attorney Training Fund	\$1.00 (\$0.50 State/\$0.50 County)
Spinal Cord Injury Fund	\$2.00

According to information on the Department of Higher Education website, in Missouri, there are approximately 11 specialized/technical colleges, 24 independent four-year colleges and universities, and 17 theological institutions. **Oversight** assumes College of the Ozarks currently meets the criteria set forth in the bill, but is uncertain if other institutions may meet the criteria. Additionally, Oversight is uncertain regarding the legal framework of how this would be implemented.

ASSUMPTION (continued)

Officials from the Department of Revenue - Motor Vehicle and the Department of Public Safety - Office of the Director each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact for their respective organizations.

§230.205 - Alternative County Highway Commissions

In response to similar legislation from this year, HB 1403, officials from the **Office of the Secretary of State** assumed the proposal will have no fiscal impact on their organization.

Oversight notes that the agencies mentioned above have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Oversight inquired of the **Missouri Association of Counties (MAC)** as to how many alternative county highway commissions are currently being utilized. MAC stated they are unaware of any being utilized or of any that have been utilized in the past several years.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, third and fourth class counties 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.

§262.760 - Provisions relating to working animals

In response to similar legislation from this year, SB 979, officials at the **Department of Agriculture**, the **City of Kansas City** and the **City of Springfield** each assume no fiscal impact to their respective agencies from this proposal.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for this section of the proposal.

§442.404 - Rooftop Solar Panels

In response to similar legislation from this year, SB 1008, 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.

ASSUMPTION (continued)

In response to similar legislation from this year, SB 1008, officials at the **City of Kansas City** and the **City of Springfield** each assume no fiscal impact to their respective entities from this proposal.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for this section of the proposal.

§550.125

Officials at the **Office of the State Courts Administrator (OSCA)** assume there may be some impact but there is no way to quantify that currently due to the unknown number of sequestered jury capital cases on a change of venue with applications submitted for reimbursement from the proposed fund. OSCA may be able to absorb with existing staff and resources but would reflect any actual needs in future budget requests.

In response to similar legislation from this year, HCS for HB 1331, officials from the **Office of the Secretary of State (SOS)** stated 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.

In response to similar legislation from this year, HCS for HB 1331, officials at the **Office of the Attorney General** and the **Office of the State Treasurer** each assumed no fiscal impact to their respective agencies from this proposal.

In response to similar legislation from this year, HCS for HB 1331, officials at the **Grundy County Circuit Clerk & Recorder's Office** stated they have not received any Change of Venue capital cases for their county.

ASSUMPTION (continued)

In response to similar legislation from this year, HCS for HB 1331, officials at **Marion County** stated they have had one capital case in the past decade and are unaware of any capital cases that they have received a “Change of Venue”.

In response to similar legislation from this year, HCS for HB 1331, officials at the **Wright County Circuit Clerk** assumed no fiscal impact from this proposal.

Oversight inquired the Office of the State Courts Administrator regarding this proposal. Information regarding a capital case can be found in the following sections of statute: §§546.720, 552.060, 565.020, 565.032, 562.051 and 576.070. Oversight notes that murder in the first or treason, both Class A Felonies, would be considered capital cases. According to the FY19 Charge Code Report from OSCA, a total of 48 guilty verdicts were charged as follows:

Jury Verdict Guilty(Class A/Unclassified)	33
Alford, Guilty, Guilty Written	8
Tried/Court Guilty	7
Treason	<u>0</u>
Total	48

Oversight notes that the new fund would be subject to appropriation by the General Assembly and that counties who apply for a reimbursement for a change of venue on a capital case could then receive reimbursement of costs associated with the sequestering of jurors. Oversight is unclear on how many change of venues occur for capital cases in the State of Missouri each year. Oversight notes that OSCA will disburse the money to the county if they are eligible for reimbursement. Oversight notes not all funds may be reimbursed to the county. Therefore, Oversight will reflect appropriations going to the new fund from general revenue as a \$0 to unknown and potential reimbursements to counties as a \$0 to unknown from the new fund for this proposal.

§610.021 - Closed Meetings for Governmental Bodies

Officials at the **Office of State Courts Administrator** assume no direct fiscal impact for this proposal.

ASSUMPTION (continued)

In response to similar legislation from this year, HB 1366, these state departments assumed this proposal will have no direct fiscal impact;

The Office of the Attorney General, Secretary of State, State Auditor, State Treasurer, Department of Revenue, Department of Mental Health, Department of Public Safety, House Appropriations, Department of Natural Resources, Department of Higher Education and Workforce Development, Department of Agriculture, Department of Commerce and Insurance, Department of Health and Senior Services, Senate, Missouri State Employees' Retirement System, Missouri Office of Prosecution Services, Missouri Ethics Commission, Department of Public Safety - Missouri Gaming Commission, Administrative Hearing Commission, Department of Public Safety - Missouri National Guard, MoDOT & Patrol Employees' Retirement System, Missouri Consolidated Health Care Plan, Sheriffs' Retirement System, Missouri Division of Alcohol and Tobacco Control, Missouri Lottery, State Technical College of Missouri, and Capitol Police.

In response to similar legislation from this year, HB 1366, these local departments assumed this proposal will have no direct fiscal impact;

Kansas City Public School Retirement System, City of Riverside, Platte County Board of Elections, St. Louis County Police Department, St. Louis Metropolitan Sewer District, St. Louis County Department of Justice Services, Employees' Retirement System of the City of St. Louis and City of Kansas City.

Because of the consistent and broad response, **Oversight** concludes this proposal will likely have no direct fiscal impact to state agencies or local political subdivisions.

#§620.2250 - Provisions relating to Time Zones

In response to similar legislation from this year, HCS for SB 676, officials at the **Department of Revenue (DOR)** assumed this legislation would not have an administrative impact on the DOR. Section 620.2250.7 allows for the diversion of 25% of the state tax withholding on new jobs to not be remitted to General Revenue and instead go to a designated TIME Zone as outlined in this proposal. DOR notes this 25% is on new jobs created and is not currently being collected by the Department. DOR is unable to estimate the number of new jobs that may be created and the new withholding tax those new jobs would generate. The Department of Economic Development may be able to provide an estimate of the number of expected jobs and the General Revenue impact of this proposal.

ASSUMPTION (continued)

In response to similar legislation from this year, HCS for SB 676, officials at the **Office of Administration's Division of Budget and Planning (B&P)** assumed the proposal allows for 25% of the state tax withholdings on new jobs within a TIME zone to be deposited into the TIME zone fund, newly created, rather than the general revenue fund. As TIME zones do not currently exist, there is no data to estimate a fiscal impact. If new jobs are created in a TIME zone that would not otherwise be created but for the TIME zone, the TIME zone fund could be impacted positively in a nominal amount.

In response to similar legislation from this year, HCS for SB 676, officials at the **Department of Economic Development (DED)** assumed for every new job created in a TIME zone, 25% of state tax withholdings imposed by sections 143.191 to 143.265 shall not be remitted to the general revenue fund but shall instead be put into the TIME Zone Fund to be used by the zone board for managerial, engineering, legal, research, promotion, planning, and any other expenses.

DED is only mentioned as the agency to which the annual budget is submitted. DED has no mechanism to calculate the estimated impact of this section on the general revenue.

DED is responsible for approving any agreement renewals, reviewing annual budgets and annual reports. DED assumes they will need one (1) FTE Economic Development Incentive Specialist III (at \$43,173 annually) to implement this program at a total cost of:

FY21 (\$80,804)

FY22 (\$86,901)

FY23 (\$87,738)

Oversight notes §620.2250 of this proposal creates the Targeted Industrial Manufacturing Enhancement Zones Act. This also creates the TIME Zone Fund. Once an ordinance or resolution is passed/adopted by at least two political subdivisions, this proposal requires "twenty-five percent of the state tax withholdings" to go directly to the new fund created. Oversight will assume a loss to General Revenue of the withholding tax and a gain to the TIME Zone Fund of the withholding tax. Since there is no way to determine if additional jobs will come to these regions, Oversight will reflect the impact as \$0 (no new jobs created) to Unknown. Also, depending upon the number of TIME Zones established and new jobs created, Oversight assumes DED may be able to absorb some additional responsibilities created by this bill. Therefore, Oversight will range DED's administrative needs from zero impact to one additional FTE.

ASSUMPTION (continued)

In response to similar legislation from this year, HCS for SB 676, officials from the **Office of the Secretary of State (SOS)** stated 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.

In response to similar legislation from this year, HCS for SB 676, officials at the **Office of the State Treasurer** assumed no fiscal impact from this proposal.

In response to similar legislation from this year, HCS for SB 676, officials at the **City of Kansas City** assumed this proposal may have a positive fiscal impact in an indeterminate amount if the creation of a TIME Zone leads to additional development and to new jobs in the TIME zones within the City limits. However, this may be offset by staffing resources needed to administer TIME Zones.

In response to similar legislation from this year, HCS for SB 676, officials at the **City of O'Fallon** assumed no fiscal impact from this proposal.

In response to similar legislation from this year, HCS for SB 676, officials at the **City of Springfield** assumed no fiscal impact from this proposal.

Oversight notes the Office of the State Treasurer, the City of O'Fallon and the City of Springfield each have stated the proposal would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

ASSUMPTION (continued)

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities and counties 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 could induce economic development in the state. However, Oversight considers the positive economic benefits that may result from this proposal to be indirect fiscal impacts, and will not reflect them in the fiscal note.

#620.2459 - Broadband Grant Program

In response to a similar proposal, HB 1859 (4427-02): Officials from the **Office of Administration - Budget & Planning Division (B&P)** state this proposal will have no direct impact on General Revenue (GR) and Total State Revenues (TSR) or the calculation pursuant to Article X, Section 18e.

For Fiscal Year 2020, \$5 million is appropriated for the Broadband program. This proposal extends the program to three years after August 28, 2027. To the extent new appropriations are made from GR, resources otherwise available for other budget priorities might be reduced.

This proposal may result in additional induced revenues, which B&P cannot estimate.

Oversight notes HB 7 of the 2019 Regular Session appropriated \$5 million for the Broadband Internet Grant Program. Oversight also notes the current version of HS for HCS for HB 2007 does not appropriate any money for the program.

In response to similar legislation (SB 632), officials from the **Missouri Department of Economic Development (DED)** stated, because the grant program is subject to appropriation, the impact to GR is not yet known. Based on the current appropriation, the cost could be equal to or exceed \$5 million. DED anticipates the need for an additional 0.5 FTE (Economic Development Specialist III - 26,163 annually) to assist with program administration, logistics, and compliance.

Oversight notes DED has stated an additional .05 FTE is required to assist with program administration, logistics, and compliance. Oversight assumes, as this is an existing program under DED, that DED could absorb the costs associated with the extension of the sunset date. Oversight further assumes, if the program is appropriated revenues that generate a significant increase in applicants who wish to awarded a grant under this program, DED may seek additional FTE through the appropriation process.

ASSUMPTION (continued)

Oversight notes this proposed legislation extends the sunset date of the Broadband Internet Grant Program from August 28, 2021 to three years after August 28, 2027, or August 28, 2030. Oversight notes \$5,000,000 was appropriated to the program for Fiscal Year 2020. Oversight notes this program is subject to appropriation each year and, therefore, the fiscal impact cannot be quantified until future appropriations are made by the General Assembly.

For purposes of this fiscal note, Oversight will report a negative fiscal impact that could exceed the amount equal to Fiscal Year 2020's appropriation for the program of \$5,000,000.

Oversight notes the **Missouri Department of Agriculture**, the **Missouri Department of Elementary and Secondary Education**, the **Missouri Department of Transportation** and the **Missouri State Treasurer's Office** have stated the proposed legislation would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

Sections 1 thru 14

Oversight assumes these sections allow conveyances of certain parcels of land.

Oversight will reflect a potential loss of the value of the parcel conveyed in FY 2021 and a potential savings of maintenance cost in subsequent years.

Bill as a Whole

Officials at the **Office of Administration**, the **Missouri House of Representatives**, the **Joint Committee on Administrative Rules**, the **Missouri Department of Transportation**, the **State Emergency Management Agency**, the **Office of Public Defender**, the **Joint Committee on Public Employee Retirement**, the **Missouri Highway Patrol**, the **Department of Conservation**, the **Department of Public Safety's Division of Fire Safety** and the **Department of Elementary and Secondary Education** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the **St. Louis County Board of Elections**, the **Jackson County Election Board**, the **Springfield Police Department**, the **Mississippi County Recorder's Office** and the **University of Central Missouri** each assume no fiscal impact to their respective agencies from this proposal.

<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2024)
GENERAL REVENUE FUND				
<u>#Revenue Reduction</u> - §620.2459 - extended expiration date of the Broadband Internet Grant Program (subject to appropriation)	\$0	Could exceed (\$5,000,000)	Could exceed (\$5,000,000)	Could exceed (\$5,000,000)
<u>Revenue Reduction -</u> State tax withholding diverted into Port Authority AIM Zone Fund §68.075	\$0	\$0	\$0	\$0 or (Unknown)
<u>Revenue Gain - one</u> percent of total tax revenues collected by DOR on behalf of the City of Springfield (if agreement is made with City) §94.842	\$0 or up to \$22,000	\$0 or up to \$88,000	\$0 or up to \$88,000	\$0 or up to \$88,000
<u>Additonal Revenue -</u> DOR - 1% DOR Collection Fee §§94.900 & 94.902	\$0	\$0 to \$19,603	\$0 to \$29,993	\$0 to \$29,993
<u>Cost - OA/ITSD -</u> Database Development and Project Management §§37.1090 to 37.1098	\$0	\$0	(\$13,308)	\$0

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2024)
Cost - OA - Reimburse participating municipalities for actual costs §§37.1090 to 37.1098	\$0	\$0	(Could exceed \$100,000)	(Could exceed \$100,000)
Cost - OSCA - salary adjustments for court reporters as of January 1 st §§89.080, 485.060				
Personal Service	(\$267,845)	(\$588,628)	(\$694,504)	(Could exceed \$694,504)
Fringe Benefits	<u>(\$88,630)</u>	<u>(\$194,777)</u>	<u>(\$229,811)</u>	(Could exceed <u>\$229,811</u>)
Total Costs - OSCA	(\$356,475)	(\$783,405)	(\$924,315)	(Could exceed \$924,315)
Revenue Reduction - loss of withholding tax §620.2250	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Cost - DED - administration of §620.2250	\$0 or...	\$0 or...	\$0 or...	\$0 or...
Personal Service	(\$43,173)	(\$52,326)	(\$52,849)	(\$53,378)
Fringe Benefits	(\$23,938)	(\$28,897)	(\$29,071)	(\$29,245)
Equipment and Expense	(\$13,693)	(\$5,678)	(\$5,818)	(\$5,965)
Total Cost - DED	(\$80,804)	(\$86,901)	(\$87,738)	(\$88,588)
FTE Change - DED	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2024)
<u>Loss - DOR - 2% of</u> collection fee on future potential fines no longer assessed because LPS no longer required to file due to changes in the bill §105.145	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Cost - of land conveyed §§1-14	(Unknown)	\$0	\$0	\$0
Savings - upkeep of land conveyed §§1- 14	\$0	Unknown	Unknown	Unknown
<u>Loss - DOR - 2%</u> collection fee that may have been collected if not for the one-time decrease of 90% of the outstanding balance from the local political subdivisin if they submit a timely financial statement by 8/28/2020 §105.145	\$0 or up to (\$721,143)	\$0	\$0	\$0
<u>Cost - increased call</u> to the foundation formula if the increase in specific fine revenue is not included in the calculation of local effort §163.024	\$0 or (Up to \$400,000)	\$0 or (Up to \$400,000)	\$0 or (Up to \$400,000)	\$0 or (Up to \$400,000)

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2024)
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Cost - Appropriated
 funds to the Change
 of Venue for Capital
 Cases Fund

§550.125	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
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**#ESTIMATED
 NET EFFECT ON
 THE GENERAL
 REVENUE FUND**

<u>(Unknown, up to \$1,536,422)</u>	<u>(Unknown, could exceed \$6,162,703)</u>	<u>(Unknown, could exceed \$6,407,368)</u>		<u>(Unknown, could exceed \$6,394,910)</u>
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Estimated FTE
 change to General
 Revenue

0 or 1 FTE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
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FISCAL IMPACT -
State Government

FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2024)
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**OTHER STATE
 FUNDS**

Revenue - Court
 costs for tickets for
 traffic violations

§§173.2700 to 173.2712	Less than \$100,000	Less than \$100,000	Less than \$100,000	Less than \$100,000
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**ESTIMATED NET
 EFFECT TO
 OTHER STATE
 FUNDS**

Less than \$100,000	Less than \$100,000	Less than \$100,000		Less than \$100,000
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<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2024)
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**PORT
 AUTHORITY AIM
 ZONE FUND**

<u>Revenue Gain -</u> Transfer In - State tax withholding diverted from GR into Port Authority AIM Zone Fund (\$68.075)	\$0	\$0	\$0	\$0 or Unknown
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<u>Revenue Loss -</u> Transfer Out - State tax withholding diverted from GR into Port Authority AIM Zone Fund disbursed to Port Authorities (\$68.075)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>
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ESTIMATED NET EFFECT ON PORT AUTHORITY AIM ZONE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2024)
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**TIME ZONE
 FUND**

<u>Revenue -</u> withholding tax collected from new jobs (§620.2250)	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
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<u>Transfer Out - to</u> local political subdivisions	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
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**ESTIMATED NET
 EFFECT ON THE
 TIME ZONE
 FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT -
State Government

FY 2021
 (10 Mo.)

FY 2022

FY 2023

Fully
 Implemented
 (FY 2024)

**CHANGE OF
 VENUE FOR
 CAPITAL CASES
 FUND**

Transfer In -
 appropriated funds
 from General
 Revenue \$550.125

\$0 to Unknown \$0 to Unknown \$0 to Unknown \$0 to Unknown

Costs - OSCA -
 reimbursements to a
 county that has a
 change in venue of a
 capital case from
 another county that
 sequestered jurors
 \$550.125

\$0 to (Unknown) \$0 to (Unknown) \$0 to (Unknown) \$0 to (Unknown)

**ESTIMATED NET
 EFFECT ON THE
 CHANGE OF
 VENUE FOR
 CAPITAL CASES
 FUND**

\$0 to Unknown **\$0 to Unknown** **\$0 to Unknown** **\$0 to Unknown**

FISCAL IMPACT -
Local Government

FY 2021
 (10 Mo.)

FY 2022

FY 2023

Fully
 Implemented
 (FY 2024)

**LOCAL
 POLITICAL
 SUBDIVISIONS**

Income - Potential
 reimbursement from
 the state for actual
 costs (§§37.1090 to
 37.1098)

\$0

\$0

Could exceed
 \$100,000

Could exceed
 \$100,000

Savings - in
 publication costs to
 counties on
 financials posted in a
 newspaper of general
 circulation
 (§§50.815, 50.820)

Could exceed
 \$100,000

Could exceed
 \$100,000

Could exceed
 \$100,000

Could exceed
 \$100,000

Revenues - Boone
 County - civil fines
 and penalties
 §64.207

\$0 to Unknown

\$0 to Unknown

\$0 to Unknown

\$0 to Unknown

Revenue Gain -
 Disbursements to the
 Port Authority from
 the Port Authority
 AIM Zone Fund
 (§68.075)

\$0

\$0

\$0

\$0 or Unknown

<u>FISCAL IMPACT -</u> <u>Local Government</u> (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2024)
<u>Savings - Cities -</u> potential savings from having an option of how Boards of Equalization public meetings are recorded §§89.080, 485.060	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain -</u> Transient guest tax for the City of Springfield §94.842	\$0 or up to \$2,200,000	\$0 or up to \$8,800,000	\$0 or up to \$8,800,000	\$0 or up to \$8,800,000
<u>Additional Revenues</u> - additional sales tax for Public Safety - §§94.900 & 94.902	\$0	\$0 to \$1,960,301	\$0 to \$2,999,260	\$0 to \$2,999,260
Savings - on potential fines for certain LPS §105.145	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Savings - on fine revenue that is reduced with a one- time reduction of 90% on the outstanding balance due if they submit a timely financial statement by 8/28/2020 §105.145	\$0 or up to \$36,057,167	\$0	\$0	\$0

<u>FISCAL IMPACT -</u> <u>Local Government</u> (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2024)
<u>Revenue</u> - increase in state aid payments to impacted school districts §163.024	\$0 or Up to \$400,000	\$0 or Up to \$400,000	\$0 or Up to \$400,000	\$0 or Up to \$400,000
<u>Revenue</u> - fine revenue and court costs to various local political subdivisions for tickets written by private college campus police §§173.2700 to 173.2712	Less than \$100,000	Less than \$100,000	Less than \$100,000	Less than \$100,000
<u>Cost/Savings</u> - employer contributions could change §70.705	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)
<u>Reimbursement of</u> <u>Costs</u> - Counties - payments for a change of venue for a capital case held in counties	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Cost</u> - Cost associated with participating in the Missouri Local Government Expenditure Database §§37.1090 to 37.1098	\$0	\$0	\$0 to (Unknown)	\$0 to (Unknown)

<u>FISCAL IMPACT -</u> <u>Local Government</u> (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2024)
<u>Cost - election of assessor in City of St. Louis §53.010</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost - Boone County - to implement §64.207</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Loss - potential loss of fees generated from registering breed-specific dogs §67.142</u>	\$0 or (Unknown, greater than \$25,000)	\$0 or (Unknown, greater than \$25,000)	\$0 or (Unknown, greater than \$25,000)	\$0 or (Unknown, greater than \$25,000)
<u>Loss - 1% collection fee kept by DOR §§94.900 & 94.902</u>	\$0	\$0 to (\$19,603)	\$0 to (\$29,993)	\$0 to (\$29,993)
<u>Loss - School districts receiving less fine revenue (from savings above) §105.145</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Loss - School Districts - reduction in fine revenue from one-time adjustment of fine revenue §105.145</u>	\$0 or up to (\$35,336,024)	\$0	\$0	\$0
<u>Cost - higher burden of proof §§137.115 & 138.060</u>	(Could exceed \$496,710)	(Could exceed \$496,710)	(Could exceed \$496,710)	(Could exceed \$496,710)

<u>FISCAL IMPACT -</u> <u>Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2024)
<u>Cost - expansion of physical inspection and notification</u> §137.115	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost - additional staff costs to adhere to the new deadlines</u> §137.385	(Unknown)	(Unknown)	(Unknown)	(Unknown)
<u>Transfer In - from the TIME Zone Fund</u> §620.2250	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Cost - administration of TIME Zone developments</u> §620.2250	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>Less than \$2,999,433</u>	<u>Less than \$10,818,988</u>	<u>Less than \$11,947,557</u>	<u>Less than \$11,947,557</u>

FISCAL IMPACT - Small Business

§94.842 - This proposed legislation could impact small businesses, such as motels' and hotels' as they would be required to collect and remit the tax(es) to the appropriate authority (City of Springfield or Missouri Department of Revenue).

§§94.900 & 94.902 - This proposal would allow for a sales tax increase in the cities listed above that would impact small businesses depending on if a half percent sales tax rate is approved by the voters.

§620.2250 - Small businesses that qualify for the programs in the bill would be impacted.

FISCAL DESCRIPTION

§§37.1090 to 37.1098

This bill establishes the "Missouri Local Government Expenditure Database", to be maintained by the Office of Administration. For each fiscal year beginning on or after December 31, 2022, the database must include extensive information about a given municipality's or county's expenditures and the vendors to whom payments were made. The data base must be accessible by the public without charge and have multiple ways to search and filter the information.

A municipality or county may voluntarily participate in the database, or may be required to participate if a petition process used by its residents is used to require participation as specified in the bill. A link to the database on a municipal or county website is required.

The Office of Administration may stipulate a format for information and will provide a template for municipalities and counties to use in sending information. Other duties and responsibilities of the Office of Administration regarding the database are detailed in the bill. Financial reimbursement to municipalities and counties for costs associated with the database is authorized.

§§50.815, 50.820

Under current law, by the first Monday in March of each year, non-charter first class counties must prepare and publish in a qualified newspaper a financial statement for the previous year.

Under this act, all non-charter counties, by the first Monday in March of each year, must prepare and publish in a qualified newspaper a financial statement for the previous year. The financial statement shall include the name and current gross annual salary of each elected or appointed county official whose salary is set by the county salary commission.

Under this act, the county clerk or other officer responsible for the preparation of the financial statement shall preserve the documents relied upon in the making of the financial statements and shall provide an electronic copy free of charge to any newspaper requesting a copy of the data. The newspaper publishing the statement shall charge and receive no more than its regular local classified advertising rate. The county commission shall pay the publisher upon the filing of proof of publication. After verification, the State Auditor shall notify the county commission.

This act repeals a provision that any county treasurer paying or entering for protest any warrant for any commissioner of the county commission prior to notice from the State Auditor shall be liable on his or her official bond. The act also repeals current provisions regarding financial statements by second, third, and fourth class counties.

§64.207 - Property maintenance code and Nuisance Actions in Boone County

This proposal authorizes adoption of a property maintenance code and establishes nuisance actions in Boone County.

FISCAL DESCRIPTION (continued)

§67.142

The bill specifies that the General Assembly occupies and preempts the entire field of legislation touching in any way the control or regulation of specific breeds of dogs. However, a village, town, city, or county can still prohibit dogs from running at large or to further control or regulate dogs within its boundaries so long as the ordinance, order, policy, or regulation is not breed specific.

§68.075

Under current law, no advanced industrial manufacturing (AIM) zone may be established after August 28, 2023. This act extends such date to August 28, 2030.

§70.705

This bill modifies the Local Government Employees Retirement system member employer contribution elections for retirement benefit funding. Currently, an employer can elect to cover the full cost of funding the retirement benefit of its eligible employees or require all eligible employees to contribute 4% of their gross wages to help pay for the retirement benefit. This bill expands the available contribution options by allowing employers to additionally elect a 2% or 6% contribution rate that all eligible employees would make to help pay the retirement benefit.

The bill allows a political subdivision to elect one benefit program for members whose employment is concurrently covered by federal Social Security and a different benefit program for members whose employment is not concurrently covered by federal Social Security, as provided in Section 70.655, RSMo. The political subdivision is also allowed, by majority vote of the governing body, to make one election concerning member contributions for members concurrently covered by federal Social Security and one election concerning member contributions for members whose employment is not concurrently covered by federal Social Security.

§§89.080, 485.060 - Court Reporter Salary Adjustments & Audio/Digital Recordings

This bill authorizes the Board of Adjustment to keep records of all testimony, objections thereto, and rulings thereon taken by a certified court reporter, a certified electronic recorder with basic knowledge of court proceedings and terminology who may use any form of audiotape, videotape, or digital recording, or an officer of the court as provided by Supreme Court Rule 57.

Currently, all such records must be taken down by a reporter employed by the board for that purpose, but who is not required to be certified.

Beginning January 1, 2021, each court reporter for a circuit judge with a minimum of 6 years of service shall receive stepped raises based upon his or her years of service as specified in the bill.

FISCAL DESCRIPTION (continued)

§94.842 - Springfield Transient Guest Tax

This bill authorizes any home rule city with more than 155,000 but fewer than 200,000 inhabitants to submit to the voters a transient guest tax not to exceed 7.5% of the charges per occupied room per night. Such tax shall be used solely for capital investments that can be demonstrated to increase the number of overnight visitors. This currently only applies to the City of Springfield. Upon voter approval, the city may adopt rules and regulations for the internal collection of the tax, or may enter into an agreement with the Department of Revenue for the collection of the tax.

§§94.900 & 94.902

This bill adds certain cities and villages to the list of cities and villages authorized to impose, upon voter approval, a sales tax of up to one-half of one percent for public safety purposes, including expenditures on equipment, city and village employee salaries and benefits, and facilities for police, fire and emergency medical providers.

Currently, the only additional cities described in §94.900 are Branson West, Smithville, Kearney, and Hallsville, and the only additional cities described in §94.902 are Clinton, Lincoln, Cole Camp and Claycomo.

§105.145

This bill changes the laws regarding the consequences of a political subdivision for failure to file an annual financial statement with the State Auditor as required.

If the failure to submit the annual financial statement was a result of fraud or other illegal conduct by any employee, the failure shall not result in a fine.

Any political subdivision that has gross revenues of less than \$5000 or fails to collect or levy sales or use taxes shall not be subject to the fine.

In addition, the Director of the Department of Revenue shall have the authority to make a one-time downward adjustment to any fine he or she deems uncollectible.

If, after January 1, 2021, a political subdivision fails to file an annual statement, or if a political subdivision files an annual statement in that time period but fails to file any statement thereafter, the Director of the Department of Revenue will initiate the process to disincorporate the political subdivision.

The process for dissolving a political subdivision that is not in compliance with the annual financial statement requirement is specified in the bill, as is the available court orders.

§163.024

This bill prevents money received into the Iron County School Fund from the payment of penalty under the specified administrative order issued by the Department of Natural Resources to be included in the Iron County School calculation for local effort.

FISCAL DESCRIPTION (continued)

§173.2700, 173.2703, 173.2706, 173.2709, 173.2712 - Private College Campus Protection Act

This bill establishes the "Private College Campus Protection Act." The governing board of a private college or university may employ police officers, who must take an oath of office and complete police officer training to obtain a peace officer license. Private colleges and universities may establish and enforce traffic regulations for on-campus thoroughfares.

This bill defines "private college" or "private university" for this section and includes a location description within five miles of any city of the fourth classification with more than 4,000 but fewer than 4,500 inhabitants and located in any county of the first classification with more than 50,000 but fewer than 70,000.

Currently, these provisions only apply to the College of the Ozarks.

Records created by the private college or university shall be accessible as other law enforcement agency records.

The provisions of this program shall sunset five years after the effective date of the effective date of this section.

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

§550.125

This bill creates the "Change of Venue for Capital Cases Fund", which will consist of money appropriated by the General Assembly. Money in the fund is to be used solely for reimbursement to a county that receives a capital case from another county. At the conclusion of a capital case for which the venue was changed from one county to another, the county that received the case may apply to the Office of State Courts Administrator (OSCA) for reimbursement of any costs associated with sequestering jurors. If a county is eligible for reimbursement, OSCA shall disburse the money to the county. If OSCA determines that a county is not eligible for reimbursement, the county in which the capital case originated shall be responsible for reimbursement.

§620.2250

This bill allows any two or more political subdivisions to create targeted industrial manufacturing enhancement (TIME) zones for the purpose of developing or redeveloping areas within the zone to attract the creation of new jobs. Prior to the creation of a TIME zone, each political subdivision must propose an ordinance or resolution that sets forth the names of the political subdivisions which will form the zone, the general nature of the proposed improvements, the estimated cost of such improvements, the boundaries of the proposed TIME zone, and the estimated number of new jobs to be created in the TIME zone. The political subdivisions must hold a public hearing prior to approving the ordinance or resolution creating the TIME zone.

FISCAL DESCRIPTION (continued)

This bill allows the zone board governing the TIME zone to retain 25% of withholding taxes on new jobs created within the TIME zone to fund improvements made in the TIME zone. Prior to retaining such withholding taxes, the zone board must enter into an agreement with each taxpayer creating new jobs within the TIME zone. Such agreement must specify the estimated number of new jobs to be created, the estimated average wage of new jobs to be created, the estimated net fiscal impact of the new jobs, and the estimated amount of withholding tax to be retained over the period of the agreement. The term of such agreement shall not exceed 10 years. A zone board may apply to the Department of Economic Development for approval to renew any agreement. In determining whether to approve the renewal of an agreement, the department must consider whether the estimated numbers of new jobs, average wage, and net fiscal impact have been met, the outstanding improvements to be made within the TIME zone and the funding necessary to complete such improvements, and the amount of withholding tax being retained by the zone board through agreements with other taxpayers. The department may approve the renewal of an agreement for a period not to exceed 10 years.

The zone board will submit an annual report to the department and to the General Assembly, as described in the bill.

No political subdivision will establish a TIME zone with boundaries that overlap the boundaries of an advanced industrial manufacturing (AIM) zone.

This bill will sunset six years after the effective date.

There is an emergency clause on sections 4, 5 and 14 of this proposal.

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 Commerce and Insurance
State Tax Commission
Office of the Secretary of State
Missouri Department of Transportation
Office of Administration
 Administrative Hearing Commission
 Budget & Planning
 Accounting
 ITSD
Missouri House of Representatives
Joint Committee on Administrative Rules
State Emergency Management Agency

SOURCES OF INFORMATION (continued)

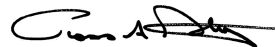
Office of Public Defender
Joint Committee on Public Employee Retirement
Missouri Highway Patrol
Department of Conservation
Department of Public Safety's Division of Fire Safety
Department of Elementary and Secondary Education
St. Louis County Board of Elections
Jackson County Election Board
Springfield Police Department
Mississippi County Recorder's Office
University of Central Missouri
Office of State Court Administrators
Attorney General's Office
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Revenue
Department of Public Safety
 Capitol Police
 Alcohol & Tobacco Control
 Gaming Commission
 Missouri National Guard
 Office of the Director
 Veterans Commission
Department of Social Services
Missouri Lottery Commission
Missouri Consolidated Health Care Plan
Department of Agriculture
Office of Prosecution Services
Office of the State Auditor
Missouri Senate
Office of the Secretary of State
Office of the State Treasurer
Department of Economic Development
Missouri Ethics Commission
Office of Administration (Administrative Hearing Commission)
Missouri State Employees' Retirement System
Missouri Ethics Commission
MoDOT & Patrol Employees' Retirement System
Sheriffs' Retirement System
State Technical College of Missouri

SOURCES OF INFORMATION (continued)

Kansas City
Columbia
St. Louis City
Henry County
Lincoln County
Livingston County
Daviness County Recorder
Columbia/Boone County Public Health & Human Services
Department of Labor and Industrial Relations
Springfield
City of O'Fallon
Brentwood
Department of Revenue
Department of Economic Development
St. Louis County
Local Government Employee Retirement System
Buchanan County
St. Louis County Department of Justice Services
Platte County Board of Elections
Kansas City Election Board
Jasper County Assessor
Boone County Assessor
Cape Girardeau County Assessor
St. Francois County Assessor
Lawrence County Assessor
Wright County Assessor
Grundy County Circuit Clerk & Recorder
Marion County
Wright County Circuit Clerk
Riverside
St. Louis County Police Department
St. Louis Metropolitan Sewer District
Employee' Retirement System of the City of St. Louis



Julie Morff
Director



Ross Strope
Assistant Director

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