

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1429-02
Bill No.: SCS for SB 339
Subject: Kansas City; Revenue Dept.; Saint Louis
Type: Original
Date: April 8, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$1,108,586	\$1,330,303	\$1,330,303
Total Estimated Net Effect on General Revenue Fund	\$1,108,586	\$1,330,303	\$1,330,303

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Highway Fund	(\$618,268)	(\$741,922)	(\$741,922)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$618,268)	(\$741,922)	(\$741,922)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	(\$206,089)	(\$247,307)	(\$247,307)

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Revenue (DOR)** stated that DOR currently operates Motor Vehicle and Branch Offices in both St. Louis and Kansas City. The department's operating costs for these offices include personal services and expense and equipment. The Office of Administration administers the fringe benefits and leasing costs associated with these offices. This proposal would no longer require the department to operate this offices.

Based on FY04 data, the Kansas City Branch Office employs 17.5 employees. The operating budget for that office is:

- \$396,234 Personal Service
- \$ 27,807 Expense and Equipment
- \$160,356 Fringe Benefits (Office of Administration costs)
- \$ 41,720 Leasing Expenses (Office of Administration costs)
- \$626,117 Total Operating Costs

ASSUMPTION (continued)

Based on FY04 data, the South Kingshighway Branch Office (St. Louis) employs 20 employees. The operating budget for that office is:

\$421,545 Personal Service
\$ 52,279 Expense and Equipment
\$170,599 Fringe Benefits (Office of Administration costs)
\$ 59,763 Leasing Expenses (Office of Administration costs)
\$704,186 Total Operating Costs

Total Operating Costs for Kansas City and St. Louis Branch Offices is \$1,330,303. For purposes of this fiscal note, DOR assumes all costs will be avoided from the general revenue fund.

Based on FY04 data, the Kansas City Branch Office collected \$409,275 in processing fees and the South Kingshighway Branch Office collected \$579,954 in processing fees. The processing fees would no longer be collected; thus, decreasing revenues as follows:

FY06 (10 mos)

\$618,268 Highway Funds
\$123,653 Cities
\$ 82,436 Counties

FY07 & 08

\$741,922 Highway Funds
\$148,384 Cities
\$ 98,923 Counties

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Savings – DOR</u>			
Branch Office Closures	\$1,108,586	\$1,330,303	\$1,330,303
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$1,108,586</u>	<u>\$1,330,303</u>	<u>\$1,330,303</u>
HIGHWAY FUND			
<u>Loss – DOR</u>			
Processing Fees	(\$618,268)	(\$741,922)	(\$741,922)
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>(\$618,268)</u>	<u>(\$741,922)</u>	<u>(\$741,922)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<u>Loss – Cities & Counties</u>			
Processing Fees	<u>(\$206,089)</u>	<u>(\$247,307)</u>	<u>(\$247,307)</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

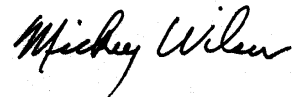
This act removes language referring to branch offices for the Department of Revenue from Section 32.040, RSMo.

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

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SOURCES OF INFORMATION

Department of Revenue

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, prominent 'M' and 'W'.

Mickey Wilson, CPA
Director
April 8, 2005