

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3930-01  
Bill No.: SB 917  
Subject: Appropriations; Administration, Office Of  
Type: Original  
Date: February 20, 2006

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue *	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
<b>Total Estimated Net Effect on General Revenue Fund *</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

\*Unknown cost expected to exceed \$1,000,000.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Various	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 11 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Office of State Courts Administrator**, the **Office of the State Treasurer**, the **Office of Administration, Division of Budget and Planning**, and the **Department of Public Safety, Missouri Highway Patrol** assume the proposal would have no fiscal impact to their organizations.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume this proposal would require all balances in nonfederal funds created administratively or in statute to be transferred to the state's General Revenue Fund. It also requires all revenues which would have been deposited into these funds to be deposited into the General Revenue Fund.

In completing the fiscal impact, DOLIR used the fund receipt, disbursement and balance projections (Fund Financial Summary) submitted to the Office of Administration, Division of Budget and Planning during the budget process. These forms require DOLIR to report FY 2005 actual fund activity and estimate FY 2006 and 2007 fund activity. For FY 2008 and 2009, DOLIR used the same revenues estimate as FY 2007 and included 3% inflation for FY 2008 and 2009 Expenses.

ASSUMPTION (continued)

In FY 2007, DOLIR showed negative revenues to the dedicated funds offset by positive revenues to the General Revenue Fund. For FY's 2008 and 2009, those revenues are shown in the General Revenue Fund only. In FY 2007, DOLIR reported reductions in estimated expenses in the dedicated funds and increases in expenses in General Revenue. In the following years, these expenses were reported as Expenses of the General Revenue Fund.

DOLIR indicated a net negative impact to other funds and a net positive impact to the General Revenue Fund of \$46,483,374 for FY 2007, and net negative impact to the General Revenue Fund of \$22,626,404 for FY 2008 and \$25,926,397 for FY 2009.

Officials from the **Office of the Secretary of State** (SOS) assumed non-federal funds would be eliminated and any balances transferred into the General Revenue Fund. The FY 2005 ending balance for such funds in the Office of Secretary of State was \$12.6 million - see list below. A similar balance would be expected at the end of FY 2006.

Fund Name	Balance June 30, 2005
Secretary Of State Technology Trust Fund	\$2,956,685.52
Local Records Preservation Fund	\$1,462,423.87
Investors Restitution Fund	\$6,629,999.00
Library Networking Fund	\$518,212.91
Investor Education and Protection Fund	\$822,914.01
State Document Preservation Fund	\$2,829.17
Wolfner Gift Trust Fund	\$195,488.52
Total	\$12,588,583.00

SOS indicated a negative impact as shown above to each of these individual funds and a positive impact of \$12,588,583 to the General Revenue Fund for FY 2007, and no impact for FY 2008 and FY 2009.

ASSUMPTION (continued)

Officials from the **Department of Higher Education** (DHE) stated that if the proposal is intended to apply to higher education grant and scholarship programs, it could result in a significant fiscal impact for DHE. The projected fund balances for those programs in FY 06 exceed \$2,000,000 and fall just under this amount for FY 07. Therefore, although the amount is unknown and will vary, it can be estimated that this proposal will have a fiscal impact of approximately \$2,000,000 annually.

DHE indicated an unknown impact for the General Revenue fund and for federal and local funds for FY 2007, 2008, and 2009.

Officials from the **Department of Mental Health** (DMH) assume all funds utilized by DMH, with the exception of the DMH Federal fund, would be transferred to the state General Revenue Fund (GR). The balances in each of these funds as of June 30, 2006, would be transferred to GR and any future revenues would also be deposited to GR. The proposal would exclude funds created by the constitution, funds for the payment of interest and principal for any bonded indebtedness, funds that receive constitutionally created taxes and fees, and funds created in order to receive and disburse federal funds. This legislation would abolish all of the following funds controlled by the Department of Mental Health:

- Mental Health Interagency Payments Fund (0109)
- Mental Health Inter-governmental Transfers Fund (0147)
- General Revenue Reimbursements Fund (0176)
- Compulsive Gamblers Fund (0249)
- Mental Health Housing Trust Fund (0277)
- Family Support Loan Program Fund (0278)
- Mental Health Earnings Fund (0288)
- Mental Health Trust Fund (0926)

MDH indicated a net positive impact of \$23,1036,697 from transferring these funds into the General Revenue Fund, and a net negative impact to each fund in the amount of its projected June 30, 2006 fund balance.

Officials from the **Department of Economic Development, Division of Business and Community Services, Division of Professional Registration, and Public Service Commission** indicated an unknown positive impact to the General Revenue Fund and an unknown negative impact to the various state and federal funds currently used by their organizations.

ASSUMPTION (continued)

Officials from the **Department of Agriculture** (AGR) stated that AGR currently administers 28 different fee funds as part of its statutory responsibilities. These fee funds are dedicated to covering the costs of services provided to those paying the associated fees. If these fee fund balances are transferred into general revenue, the department would need GR appropriations to replace the fee fund appropriations it currently receives to administer these programs. AGR indicated a positive impact to the **General Revenue Fund** of \$19,184,064 for FY 2007, and \$12,391,736 for FY 2008 and FY 2009 from transferring activity from those accounts into the General Revenue Fund.

Officials from the **University of Missouri** (UM) assume the funding received by the University of Missouri from the Spinal Cord Injury Fund of \$400,000 would be eliminated beginning July 1, 2006 as a result of passage of SB 917 as it is currently written.

UM officials also provided information indicating that the amount budgeted by the University of Missouri for the PeopleSoft project was \$36.5 million to implement the PeopleSoft financial, human resource and student systems. UM officials stated they assume that the University's investment in the implementation of PeopleSoft for finance was more than 1/3 of this amount.

Officials from the **Office of Administration, Division of Accounting** assumed the proposal would have an unknown cost to their organization to develop or purchase an accounting system enhancements.

Officials from the **Office of Administration, Information Technology Services Division** stated that their organization could not meet the requirements of the proposal and accordingly did not submit an estimate of fiscal impact.

Officials from the **Office of Prosecution Services** assume their organization would be responsible for accounting for fees that are paid to the state from court fees, bad check fees, registration fees, and federal grants. There may be an unknown cost to the agency for this additional accounting.

Officials from the **Department of Social Services** (DOS) assume the proposal would eliminate many of the "other" funds DOS has appropriated separately in the budget. DOS assumes those funds would be appropriated from the state General Revenue Fund in order to meet statutory program requirements. As a result, no fiscal impact is assumed for the Division of Budget and Finance.

ASSUMPTION (continued)

Officials from the **Department of Insurance** (INS) assume the proposal would require the cash balances in the Insurance Dedicated Fund and the Insurance Examiners Fund to be transferred to General Revenue. Currently there is a cash balance of \$9,232,184 in the Dedicated fund and \$934,285 in the Examiners fund.

INS estimates the total revenue deposited into General Revenue from INS fees, licenses and billings would be \$17,134,612 (\$9,307,135 from Dedicated fund-related fees and licenses and \$7,827,477 from Examiner fund-related billings). These estimates are based on fiscal year 2005/2006 receipts. Department funding would be from General Revenue under the provisions of this bill. The department estimates that \$15,902,956 (\$8,075,479 for Dedicated fund-related expenses and \$7,827,477 from Examiner fund-related expenses) in General Revenue would be needed to fund department activities. These estimates are based upon fiscal year 2005/2006 expenditures.

Officials from the **Department of Health and Senior Services** assume this proposal would require the fund balances of all of the Department of Health and Senior Services' other funds to be transferred to the state General Revenue Fund beginning July 1, 2006. All future revenue for those funds would be deposited to the general revenue fund, and the other fund names would be eliminated from the statutes. The impact this would have on the department is unknown but could be highly significant.

Officials from the **Department of Elementary and Secondary Education** assume the proposal would result in no specific administrative burden; however, there will be administrative concerns with many funds. It will remain necessary for the Department to track separately, all monies from specific-purpose funds.

ASSUMPTION (continued)

Officials from the **Department of Transportation** assume this proposal would require the balances of all state funds created by statute, with exception of funds created by the constitution, to be transferred and credited to the state General Revenue Fund. Also, all future revenue intended for deposit in such funds would be credited to the General Revenue Fund. The negative fiscal impact on MoDOT funds for FY07 would be the projected beginning cash balance and cash receipts for FY07 and would be the projected receipts for FY08 and FY09. The fiscal impact is as follows:

	FY07	FY08	FY09
State Aviation Trust	\$17,270,259.00	\$5,713,235.00	\$5,884,632.00
State Transportation Assistance Revolving	\$128,622.00	\$590,656.00	\$608,375.00
Railroad Expense	\$858,667.00	\$777,651.00	\$82,219.00
Light Rail Safety	\$0.00	\$0.00	\$0.00

The fiscal impact for Light Rail Safety Fund is \$0 - negative unknown because there is no cash balance in this fund, however there could be cash receipts in the future. If there were a serious accident on the light-rail Metrolink system, MoDOT would assess Bi-State for its cost of conducting an investigation and the receipts would be deposited in the Light Rail Safety Fund.

**Oversight** assumes there would be an unknown positive impact to the General Revenue Fund in FY 2007 due to transferring the balances from other state funds into the General Revenue Fund and a corresponding unknown negative impact to the other state funds from transferring those balances. Oversight also assumes there would be an unknown impact on the General Revenue Fund resulting from the transactions which would be moved into the General Revenue Fund, and that this impact could be positive or negative. Oversight assumes that the other state funds would have corresponding reductions in revenues and expenses. Finally, Oversight assumes there would be an unknown cost to the General Revenue Fund to develop or purchase accounting system enhancements needed to track dedicated revenues and expenditures transferred into the General Revenue Fund from the former individual funds.

ASSUMPTION (continued)

Officials from the **Department of Natural Resources** (DNR) assume this proposal would result in the transfer in approximately \$73 million in statutorily created funds and approximately \$4 million in administratively created funds to the General Revenue Fund as of July 1, 2006.

DNR assumes the funds transferred to the General Revenue Fund would be expended for the original purpose intended in the statute and at generally the same level as funds are received. It would appear that there could be some cash flow problems associated with implementing the proposal on July 1, 2006. There could also be legal ramifications in transferring fees to general revenue.

The department assumes there would be no budget changes for the appropriations from the funds. The department also assumes that interest earnings for funds listed that currently retain interest, would be prorated and tracked within the general revenue fund to be expended for the same purpose for which the fees were paid. If the intent of this proposal is not to apply interest earnings to the original intended uses of the fees, then the level of services would be affected by approximately \$928,000 annually.

Officials from the **Office of the Attorney General** did not respond to our request for information.

This proposal includes an emergency clause.



<u>FISCAL IMPACT - State Government</u>	FY 2007	FY 2008	FY 2009
<b>GENERAL REVENUE FUND</b>			
<u>Transfers from other state funds</u>	Unknown	\$0	\$0
<u>Dedicated revenues</u>	Unknown	Unknown	Unknown
<u>Expenditures supported by dedicated revenue sources</u>	(Unknown)	(Unknown)	(Unknown)
<u>Cost - Office of Administration Accounting system *</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b> * expected to exceed \$1,000,000.	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>
<b>VARIOUS STATE FUNDS</b>			
<u>Expenditures supported by dedicated revenue sources</u>	Unknown	Unknown	Unknown
<u>Dedicated revenues</u>	(Unknown)	(Unknown)	(Unknown)
Transfers to General Revenue Fund	<u>(Unknown)</u>	\$0	\$0
<b>ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS</b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2007	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### FISCAL IMPACT - Small Business

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

### DESCRIPTION

This proposal would require the balance of all state funds to be transferred and credited to the state General Revenue Fund. Beginning July 1, 2006, the balances of all state funds, with the exception of funds created by the constitution, funds for the payment of interest and principal for any bonded indebtedness, funds that receive constitutionally created taxes and fees, and funds created in order to receive and disburse federal funds, would be transferred and credited to the state general revenue fund. All future revenue intended for deposit in such funds would be credited to the state general revenue in lieu thereof. The original purpose established by law for the expenditure of any such revenue would remain in effect until amended by law thereafter.

The revisor of statutes would have the authority to make all changes necessary to effectuate the purposes of this proposal, including but not limited to removing the name of any state fund and substituting the general revenue fund in lieu thereof, without changing the original purpose restricting the expenditure of the revenue in such fund.

Beginning July 1, 2006, the balances of all funds administratively created by the Office of Administration, with the exception of funds for the payment of interest and principal for any bond indebtedness or funds created in order to receive and disburse federal funds, would be transferred and credited to the state General Revenue Fund and all such administratively created funds would be abolished. The office of administration could not administratively create any new fund, with the exception of funds for the payment of interest and principal for any bond indebtedness or funds created in order to receive and disburse federal funds.

The proposal would be in full force and effect upon its passage and approval.

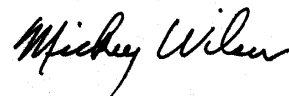
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of State Courts Administrator  
Office of the Secretary of state  
Office of the State Treasurer  
Office of Administration  
    Division of Accounting  
    Division of Budget and Planning  
    Information Technology Services Division  
Department of Agriculture  
Department of Economic Development  
Department of Elementary and Secondary Education  
Department of Health and Senior Services  
Department of Higher Education  
Department of Insurance  
Department of Labor and Industrial Relations  
Department of Mental Health  
Department of Natural Resources  
Department of Public Safety  
    Missouri Highway Patrol  
Department of Social Services  
Department of Transportation  
University of Missouri  
Office of Prosecution Services

NOT RESPONDING

**Office of the Attorney General**



Mickey Wilson, CPA  
Director  
February 20, 2006