

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4670-04
Bill No.: HCS for SB 951
Subject: Cities: Roads and Highways
Type: Original
Date: April 19, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
School Monies Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Missouri Department of Transportation (MoDOT)** assume no fiscal impact to their department.

In response to almost identical legislation, fiscal note 4670-03, officials of the **Office of the State Auditor** assume this version authorizes an annual audit of each city, town, or village that fails to send their excessive revenues to the Department of Revenue. Officials assume the language is permissive, and that an audit would be performed at the discretion of the State Auditor. Officials assume any audit would be incorporated into the annual audit plan with no fiscal impact.

Oversight cannot determine the number of cities that would fail to send in excess revenues as provided for in this proposal. **Oversight** assumes substantial compliance by cities, towns, and villages and will show fiscal impact to the State Auditor as \$0 or (Unknown).

ASSUMPTION (continued)

Officials of the **Office of the Secretary of State (SOS)** assume 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 proposal for Administrative Rules is less than \$1,500. The SOS recognizes this is a small amount and does not expect additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional required funding would be handled through the budget process.

Officials of the **Department of Revenue (DOR)** assume this proposal will have minimal fiscal impact. However, the cities, towns or villages will have to notify DOR that the general operating revenue from fines and court costs for traffic violations is in excess of 35% of its annual general operating budget. In addition, DOR will have to ensure collection of such excess revenues.

Officials of the **Office of State Court Administrator (CTS)** stated that the proposed legislation would revise the amount of excess revenues generated by fines for moving traffic violations that municipalities must send to the Department of Revenue. Officials stated that currently, it is any amount in excess of 45% of its total annual general operating budget; the legislation change that to in excess of 35%. Officials stated they would have no way of knowing how much additional money would go to revenue. Officials stated there would be no fiscal impact to the state Courts.

Officials of the **Department of Elementary and Secondary Education (DESE)** assume no fiscal impact to their department or to local school districts.

Oversight assumes that certain cities that have been receiving 45% of its total annual revenue from fines for traffic violations, would realize a decrease in revenue from fines under this proposal. **Oversight** will show a loss in revenue to certain cities in an unknown amount.

Oversight assumes that under this proposal any excess revenue from fines for traffic violations that exceeds 35% of the cities general operating budget goes to the Department of Revenue where the money is annually distributed to the of schools of the county. **Oversight** assumes that distribution of fines has the potential of affecting state aid to schools in an equal amount of the fines, resulting in no fiscal impact to schools in certain counties.

ASSUMPTION (continued)

Oversight assumes that fines collected by the DOR would be placed into the school distribution formula and schools receiving additional fine monies would receive less money from the state in an equal amount. Schools would have no fiscal impact.

Oversight sent response request to the cities of Kansas City, Independence, Raytown, Springfield, Clayton, Ladue, St. Charles, Fulton, Columbia, and many other cities. Oversight received no response.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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STATE SCHOOL MONIES FUND

<u>Income</u> to State School Monies Fund From Department of Revenue for additional fines.	Unknown	Unknown	Unknown
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<u>Loss</u> to State School Monies Fund From distribution of money to local schools.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT TO STATE SCHOOL MONIES FUND *	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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*** Cost estimates do not include administrative impact to the Department of Revenue. Costs would be minimal.**

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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CERTAIN CITIES GENERAL FUND

<u>Loss of Revenue</u> to Certain Cities from change in formula for distribution of certain traffic fines.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
ESTIMATED NET EFFECT TO CERTAIN LOCAL GOVERNMENTS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

Under the current law, if a city, town, or village receives more than 45% of its total annual revenue from fines for traffic violations, all of the excess revenue from the traffic violations must be sent to the Department of Revenue. This act beginning September 1, 2008, reduces the amount to 35% of the annual general operating revenue and includes court costs within the formula. Thus, if a city receives more than 35% of its annual general operating revenue from traffic fines and related court costs for traffic violations occurring on state highways, the revenues which exceed the 35% threshold must be sent to the Department of Revenue. Failure to send the excess revenue to the department in a timely manner may result in the city, town, or village being subject to an annual audit by the State Auditor. The State Department of Revenue would distribute the excess monies to the schools of the county, using the same process as other fines are distributed.

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

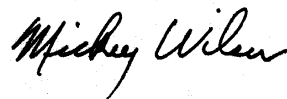
SOURCES OF INFORMATION

Office of the State Auditor
Office of the Secretary of State
Office of State Court Administrator
Missouri Department of Transportation
Department of Revenue
Department of Elementary and Secondary Education

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NOT RESPONDING

Oversight sent response request to the cities of Kansas City, Independence, Raytown, Springfield, Clayton, Ladue, St. Charles, Fulton, Columbia, and many other cities. Oversight received no response.



Mickey Wilson, CPA
Director
April 19, 2006