

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5418-08
Bill No.: HCS for SCS for SB 1185, 1163, 1174, 1200 & 1225
Subject: Emergencies; State Departments; Public Safety Department; Transportation
Department; Social Services Department; Health Department; Insurance
Department
Type: Original
Date: May 4, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(\$131,527) or \$5,051,356	(\$17,025) or \$5,165,858	(\$15,329) or \$5,167,554
Total Estimated Net Effect on General Revenue Fund	(\$131,527) or \$5,051,356	(\$17,025) or \$5,165,858	(\$15,329) or \$5,167,554

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 16 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Document Services	\$3,500	\$3,605	\$3,713
Crime Victims Compensation	\$26,579 or (\$3,556,304)	\$32,693 or (\$3,523,611)	\$33,510 or (\$3,549,373)
Services to Victims	\$0 or (\$1,600,000)	\$0 or (\$1,600,000)	\$0 or (\$1,600,000)
Workers Compensation	(\$26,579)	(\$32,693)	(\$33,510)
Total Estimated Net Effect on <u>Other</u> State Funds	\$3,500 or (\$5,179,383)	\$3,605 or (\$5,179,278)	\$3,713 or (\$5,179,170)

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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Transfer of certain veterans' programs and funds from the Missouri Veterans Commission to the Office of the Lieutenant Governor

In response to a similar proposal from this year (SB 1026), officials from the **Office of the Lieutenant Governor** stated the proposal would only be administered if money is appropriated to the Veterans' Historical Education Trust Fund. Therefore, the MLG assumes the proposal will have no fiscal impact.

Officials from the **Missouri Veterans Commission** assumed no fiscal impact from a previous version of the proposal.

Officials from the **Office of the State Treasurer** assume the proposal would not fiscally impact their agency.

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Department of Public Safety's, Department of Transportation's, and the Lieutenant Governor's authority to promulgate rules, regulations, and forms. SOS estimates the departments could require approximately 90 new pages of regulations in the Code of State Regulations at a cost of \$27.00 per page, and 135 new pages in the Missouri Register at a cost of \$23.00 per page. Costs due to this proposal are estimated to be \$5,535, however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal, however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

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 budget process.

ASSUMPTION (continued)

Transfer of State Emergency Management Agency from Office of the Adjutant General to the Department of Public Safety

Officials from the **Department of Public Safety - State Emergency Management Agency** assumed no fiscal impact from a previous version of the proposal.

Officials from the **Department of Public Safety - Director's Office** assume this part of the proposal would not fiscally impact their organization.

In response to a previous version of this proposal, officials from the **Department of Public Safety, Office of the Adjutant General** assumed this part of the proposal would not fiscally impact their organization.

Transfer of approval of blood alcohol and other testing from the Department of Health and Senior Services to the Department of Transportation

Officials from the **Department of Health and Senior Services (DOHSS)** assume they will transfer its appropriation authority and two persons relating to the staff and expenses associated with the administration of the Breath Alcohol Program to the Department of Transportation. DOHSS assumes savings in the following areas:

2 Sr. Public Health Lab Scientists \$77,292 GR
Fringe Benefits \$34,055
Expense and Equipment \$55,412 (\$51,912 GR, \$3,500 Document Services)

The E&E is spent as needed, but estimated at:

\$16,000 Equipment Replacement (computer/office/other) GR
\$10,000 Travel GR
\$8,600 Supplies (\$8,000 GR, \$600 Document Services)
\$8,000 Professional Services (temp clerical support) (\$5,100 GR, \$2,900 Doc Svs)
\$7,500 Maintenance and Repair GR
\$5,200 Professional Development GR
\$112 Miscellaneous GR

ASSUMPTION (continued)

Because an emergency clause exists in this version, this fiscal note reflects a full year of savings.

Although there is a savings to our agency, DOHSS, assumes the Highway and Transportation Commission will submit a fiscal note estimating any costs associated with the program, as it will exist in their agency.

In summary, DOHSS assumes a savings of \$163,259 to the General Revenue Fund and savings of \$3,500 to the Document Services Fund.

Officials from the **Department of Transportation (MoDOT)** state this legislation would transfer all budget authority to fund the personal services and equipment and expenses necessary to carry out the powers, duties and functions relating to the approval and licensing of personnel, methods, and devices for testing of blood alcohol content from the Department of Health and Senior Services to MoDOT, and provides that such budget authority would be paid from the General Revenue Fund.

The Breath Alcohol Program would be outsourced to the Missouri Safety Center at Central Missouri State University. The Missouri Safety Center (MSC) does house a breath alcohol training and repair facility and therefore has the necessary capabilities to perform the duties relating to the Breath Alcohol Program. MoDOT currently does not have the technology and capability for the program. According to the MSC, the cost would be as follows: FY07 - \$294,786; FY08 and FY09 - \$184,626.

Transfer of collection of surplus lines tax from the Department of Insurance to the Department of Revenue

Officials from the **Department of Revenue** assume the proposal will not fiscally impact their agency.

Officials from the **Department of Insurance (INS)** stated a minimal amount of checks (1,300 out of 83,000 received by INS), but a large collection amount (over \$20,000,000) is being transferred to the Department of Revenue. INS will utilize information from the DOR to track, analyze and certify the data regarding surplus lines tax. INS anticipates a process similar to that of Premium Tax collection. INS assumes no fiscal impact from the proposal.

ASSUMPTION (continued)

Transfer of Domestic Violence Shelters from the Department of Public Safety to the Department of Social Services

Officials from the **Department of Public Safety (DPS)** assume the proposal would not fiscally impact their agency.

Officials from the **Department of Social Services (DOS)** state currently, there are 45 shelters for victims of domestic violence that qualify to receive donations eligible for tax credits through the Domestic Violence Shelter Tax Credit Program. DOS states the Division of Budget and Finance (DBF) would carry out the responsibilities as indicated in the proposal. DOS states information would be shared by the Department of Public Safety (DPS), including transferring data base records to DOS; DBF would mirror most of the current program's policy and procedures. DBF would bring staff on-board immediately as the program currently exits at the Department of Public Safety and there can not be a break in service. DBF assumes new equipment and furniture would be required but existing space would be utilized. DBF assumes to conduct the business of this legislation, DBF would require 1 FTE (Accounting Analyst I) to be supervised by existing staff. DOS estimates costs would be \$46,394 in FY 07, \$46,357 in FY 08 and \$47,523 in FY 09.

Oversight assumes the DOS could absorb the duties as outline in this proposal. Should DOS determine they need additional resources, funds to support the program could be sought through the budget process.

Transfer of Crime Victims Compensation Fund from the Department of Labor and Industrial Relations to the Department of Public Safety

Officials from the **Department of Revenue** assume the proposal would not fiscally impact their agency.

Officials from the **Office of Administration - Administrative Hearing Commission** anticipate that this legislation will not significantly alter its caseload. However, if other similar bills also pass, there will be a fiscal impact. If there are more cases, or more complex cases, there could be a fiscal impact.

ASSUMPTION (continued)

Officials from the **Department of Labor and Industrial Relations (DOLIR)** state that a previous version of this proposal would transfer this program to the Department of Public Safety. ITSD will retain its appropriation and portion of an FTE and provide services to the program in Department of Public Safety. The Labor and Industrial Relations Commission will no longer hear appeals; however, the Commission has not heard any appeals for several years.

The legislation does not indicate if the program would be moved from its current physical location and, if not moved, what costs would be incurred by the Department of Labor and Industrial Relations for housing the program in its current location.

DOLIR assumes a cost savings as a result of the program transferring to the Department of Public Safety. DOLIR reported savings related to elimination of 10.10 FTE in DOLIR. There are currently 9.0 FTE budgeted in the Division of Workers' Compensation, Crime Victims' Compensation Program. Also, in the Division of Workers' Compensation, there is 0.25 FTE Administrative Law Judge funded from the Crime Victims' Compensation Fund. This funding will no longer be appropriate and the Department shows the 0.25 FTE transferred to the Workers' Compensation Administrative Fund. Although PS costs and FTEs were shown at the budgeted amount, the Expenses have been estimated using actual costs from FY 2005. The program frequently spends less than the appropriation and the inflation factors built into the fiscal note worksheet should adequately cover any expected cost increases above what was spent in FY 2005. The Department assumes that the Department of Public Safety will report program expenditures from the state Crime Victims' Compensation Fund.

The program receives federal grants which are spent paying crime victims claims. The program has a \$50,000 expense and equipment appropriation available to pay for outreach and training; however, the federal grant requires a state maintenance of effort which has not been met. The Department did not project any expense and equipment expenditures from the federal grant.

Claim payments are projected at the amounts reported in the program's Program Description form in the DOLIR Budget Request. The program projected \$7.1 million in claim payments in FY 2007, including approximately \$2,471,103 of federal grant funds and \$7.2 million in claim payments in FY 2008 with \$4,155,687 of federal grant funds. For this fiscal note, the Department projected \$7.3 million in total claim payments in FY 2009, including approximately \$3,716,249 of federal grant funds.

ASSUMPTION (continued)

DOLIR does not show an impact in the federal fund because the Department will no longer disburse these monies and will no longer draw down the federal funds; therefore, the reduction in disbursements is offset by a reduction in revenues (federal draw downs). It is assumed the Department of Public Safety will report the federal program expenditures and receipts.

In addition, through a transfer to the DOLIR Administrative Fund, the program would have paid approximately \$64,380 toward departmental administrative costs. Finally, COA ITS has in its FY 2007 budget request, \$12,655 PS, 0.23 FTE and \$21,247 E&E. It is assumed that those costs will continue after the program is transferred.

Officials from the **Department of Public Safety (DPS)** stated that the fiscal impact of moving the oversight of the Crime Victims' Compensation Fund to the Department of Public Safety would be unknown, since DPS does not know at this time what the requirements would be as to where the individuals who are now housed at DOLIR would be housed after this change of oversight.

DPS also stated they did not have a clear understanding of how the budget considerations associated with this change of oversight would be handled. DPS believes there would be a Memorandum of Understanding.

Oversight assumes DPS will incur the same expenses as the savings reflected by the Department of Labor and Industrial Relations, both of which will be reflected in the Crime Victims Compensation Fund. Oversight also assumes the claim payments from the fund will not be impacted by this proposal, and therefore, Oversight has not reflected the claim payment or the federal grants in the fiscal note. Oversight further assumes the partial FTE in the OA-ITSD fiscal year 2007 budget request would continue after the program is transferred.

ASSUMPTION (continued)

Redirection of Revenues to General Revenue Fund

Officials from the **Office of Administration - Budget and Planning (BAP)** state the Net General collections for the past ten years have been;

FY 1996	5,300,944,201	7.0%
FY 1997	5,702,324,132	7.6%
FY 1998	5,947,666,874	4.3%
FY 1999	6,127,541,257	3.0%
FY 2000	6,133,460,467	0.1% Changes in standard deduction and phar. tax credit
FY 2001	6,389,848,484	4.2%
FY 2002	6,210,935,383	(2.8%)
FY 2003	5,926,307,765	(4.6%)
FY 2004	6,345,791,828	7.1%
FY 2005	6,711,442,726	5.8%

Officials from the **Department of Public Safety** state based on their understanding that this amendment affects collections by clerks into the fund, it would reduce both the Crime Victims Compensation and State Services to Victims funds. Based on FY2005 collections, 50%, or \$5,646,120.82 would be transferred to GR.

Officials from the **Department of Labor and Industrial Relations** state the total amount of collections in FY 2005 into the Crime Victims' Compensation Fund was \$7,165,766. The collections into the Crime Victims' Compensation Fund for fiscal years 2003 and 2004 were \$6,560,164 and \$7,044,685 respectively. The collections into the Services to Victims Fund for fiscal years 2003 and 2004 were \$3,068,820 and \$3,198,061 respectively.

Oversight assumes that if net General Revenue Fund collections in a given year increased by less than two percent over the previous year, one half of the year's collections into each of the two funds would be diverted to the General Revenue Fund. One half of FY 2005 Crime Victims' Compensation Fund collections would be \$3,582,883 $(\$7,165,766 / 2)$. One half of FY 2005 Services to Victims Fund collections would be \$1,600,000 $(\$3,198,061 / 2)$.

ASSUMPTION (continued)

Workers Compensation Insurance Surcharge Assessment and Collection

In response to a similar proposal from this year (SB 1075), officials from the **Office of Administration, Division of General Services, Risk Management Section, the Department of Insurance, the Department of Labor and Industrial Relations, and the Department of Revenue** each assumed the proposal would have no fiscal impact on their organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2007	FY 2008	FY 2009
GENERAL REVENUE FUND			
<u>Transfer In</u> - Possible half-year collections of the Crime Victims' Compensation Fund and the Services to Victims' Fund	\$0 or \$5,182,883	\$0 or \$5,182,883	\$0 or \$5,182,883
<u>Costs</u> - Department of Transportation (from Sections 306.114, 306.117, 577.020 - 577.208)			
Professional Service Contract	(\$294,786)	(\$184,626)	(\$184,626)
<u>Savings</u> - Department of Health and Senior Services (from Sections 306.114, 306.117, 577.020 - 577.208)			
Personal Services (2 FTE)	\$77,292	\$79,225	\$81,206
Fringe Benefits	\$34,055	\$34,907	\$33,018
Expense and equipment	<u>\$51,912</u>	<u>\$53,469</u>	<u>\$55,073</u>
<u>Total Savings</u> - DOHSS	<u>\$163,259</u>	<u>\$167,601</u>	<u>\$169,297</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$131,527) or \$5,051,356</u>	<u>(\$17,025) or \$5,165,858</u>	<u>(\$15,329) or \$5,167,554</u>

<u>FISCAL IMPACT - State Government</u>	FY 2007	FY 2008	FY 2009
DOCUMENT SERVICES FUND			
<u>Savings</u> - Department of Health and Senior Services (from Sections 306.114, 306.117, 577.020 - 577.208)			
Expense and Equipment	<u>\$3,500</u>	<u>\$3,605</u>	<u>\$3,713</u>
ESTIMATED NET EFFECT TO THE DOCUMENT SERVICES FUND	<u>\$3,500</u>	<u>\$3,605</u>	<u>\$3,713</u>

<u>FISCAL IMPACT - State Government</u>	FY 2007	FY 2008	FY 2009
CRIME VICTIMS COMPENSATION FUND			
<u>Savings</u> - Department of Labor and Industrial Relations (from Sections 595.010 - 595.060)			
Personal Services (10.10 FTE)	\$261,882	\$322,115	\$330,167
Fringe Benefits	\$115,385	\$141,924	\$145,472
Expense and equipment	<u>\$59,167</u>	<u>\$73,129</u>	<u>\$75,322</u>
<u>Total Savings</u> - DOLIR (to DPS)	\$436,434	\$537,168	\$550,961
 <u>Savings</u> - Department of Labor and Industrial Relations (from Sections 595.010 - 595.060)			
Personal Services (.25 FTE)	\$18,450	\$22,694	\$23,261
Fringe Benefits	\$8,129	\$9,999	\$10,249
Expense and equipment	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Total Savings</u> - DOLIR (to Workers Comp)	\$26,579	\$32,693	\$33,510
 <u>Costs</u> - Department of Public Safety (from Sections 595.010 - 595.060)			
Personal Services (10.10 FTE)	(\$261,882)	(\$322,115)	(\$330,167)
Fringe Benefits	(\$115,385)	(\$141,924)	(\$145,472)
Expense and equipment	<u>(\$59,167)</u>	<u>(\$73,129)</u>	<u>(\$75,322)</u>
<u>Total Costs</u> - DPS (from DOLIR)	<u>(\$436,434)</u>	<u>(\$537,168)</u>	<u>(\$550,961)</u>
 <u>Transfer Out</u> - Possible half-year transfer of collections to the General Revenue Fund			
	\$0 or <u>(\$3,582,883)</u>	\$0 or <u>(\$3,582,883)</u>	\$0 or <u>(\$3,582,883)</u>
 ESTIMATED NET EFFECT TO THE CRIME VICTIMS COMPENSATION FUND			
	<u>\$26,579 or</u> <u>(\$3,556,304)</u>	<u>\$32,693 or</u> <u>(\$3,523,611)</u>	<u>\$33,510 or</u> <u>(\$3,549,373)</u>

FISCAL IMPACT - State Government FY 2007 FY 2008 FY 2009
 (continued)

SERVICES TO VICTIMS FUND

<u>Transfer Out</u> - Possible half-year transfer of collections to the General Revenue Fund	\$0 or <u>(\$1,600,000)</u>	\$0 or <u>(\$1,600,000)</u>	\$0 or <u>(\$1,600,000)</u>
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ESTIMATED NET EFFECT TO THE SERVICES TO VICTIMS FUND	\$0 or <u>(\$1,600,000)</u>	\$0 or <u>(\$1,600,000)</u>	\$0 or <u>(\$1,600,000)</u>
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WORKERS COMPENSATION FUND

<u>Costs</u> - Department of Labor and Industrial Relations (from Sections 595.010 - 595.060)			
Personal Services (.25 FTE)	(\$18,450)	(\$22,694)	(\$23,261)
Fringe Benefits	(\$8,129)	(\$9,999)	(\$10,249)
Expense and equipment	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Total Costs</u> - DOLIR (from Crime Victims Compensation)	<u>(\$26,579)</u>	<u>(\$32,693)</u>	<u>(\$33,510)</u>

ESTIMATED NET EFFECT TO THE WORKERS COMPENSATION FUND	<u>(\$26,579)</u>	<u>(\$32,693)</u>	<u>(\$33,510)</u>
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<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

- A. This proposal would transfer responsibility for various duties between state agencies:
- This proposal would transfer certain veterans programs from the Missouri Veterans Commission to the Lieutenant Governor.
 - SEMA would be reorganized under the Department of Public Safety and the department director would be named as the executive head of the agency. The department director would also appoint a director of SEMA to manage day-to-day operations.
 - Responsibility for administration of the domestic violence shelter tax credit would be transferred from the director of the Department of Public Safety to the director of the Department of Social Services.
 - The proposal would transfer the collection of surplus lines taxes from the Department of Insurance to the Department of Revenue. The Department of Revenue would be required to notify the Department of Insurance of the sums collected, and the Department of Insurance would be required to post a list of non-complaint surplus lines insurers on the Department of Insurance website.
 - All the powers, duties and functions relating to the approval and licensing of personnel, methods, techniques, and equipment for the testing of blood alcohol content would be transferred from the Department of Health and Senior Services to the Department of Transportation by a Type I transfer. The proposal provides that all budget authority to fund such duties would also be transferred. All appropriations to fund these duties would be paid from the General Revenue Fund. The Highways and Transportation Commission would have the authority to suspend, cancel, or revoke credentials, permits and licenses related to the blood alcohol program. The proposal provides that all bonds, certificates of deposit, letters of credit, drafts, checks, and other financial instruments formerly payable to the Department of Health and Senior Services on behalf of the blood alcohol program would be payable to the Highways and Transportation Commission to the credit of the General Revenue Fund.

DESCRIPTION (continued)

- The proposal transfers the authority to hear claims and award compensation to crime victims from the Division of Workers' Compensation in the Department of Labor and Industrial Relations to the Department of Public Safety. Petitions to review a decision of the Department of Public Safety could be filed with the Administrative Hearing Commission.
- The Director of the Department of Revenue, who administers the Crime Victims' Compensation Fund and the Services to Victims Fund, would report monthly to the Department of Public Safety rather than the Division of Workers' Compensation, on the money being deposited into such funds.
- The proposal would allow the Department of Revenue to receive gifts and contributions for the benefit of crime victims and such money would be credited to the Crime Victims' Compensation Fund.


Certain of these reorganization provisions contain an emergency clause.

- B. The proposal also states that if in the immediate previous fiscal year, the state's net general revenue collections did not increase by two percent or more over the year before, the State Treasurer would deposit moneys, except for gifts, donations, or bequests received under Section 595.045, into the General Revenue Fund beginning January first of the current fiscal year.
- C. This proposal would eliminate the current quarterly estimated payment system for workers' compensation deductible plan administrative surcharges, and would create a quarterly payment system based on rates determined by the Division of Workers' Compensation. If the Director of the Division of Workers' Compensation fails to calculate the surcharge by the thirty-first day of October of any year for the following year, any increase in the surcharge ultimately set by the Director would not be effective for any calendar quarter beginning less than sixty days from the date the Director makes such determination.

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 Public Safety
Department of Revenue
Department of Labor and Industrial Relations
Office of the State Courts Administrator
Department of Health and Senior Services
Department of Transportation
Department of Insurance
Department of Social Services
Office of the State Treasurer
Office of the Secretary of State
Office of Administration



Mickey Wilson, CPA
Director
May 4, 2006