

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0382-01  
Bill No.: # SB 22  
Subject: Political Subdivisions  
Type: Corrected  
Date: February 6, 2007  
# To correct bill number

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Bill Summary:           Modifies laws relating to political subdivisions.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 12 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</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 FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government</b>	<b>(\$1,511,426 to Unknown)</b>	<b>(\$841,444 to Unknown)</b>	<b>(\$613,594 to Unknown)</b>

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## **FISCAL ANALYSIS**

### ASSUMPTION

#### **LOCAL OPTION SALES TAX:**

**Oversight** assumes the following sections have the potential to impact the State's General Revenue Fund. Sections 67.997, 67.2040, 67.2500, 67.2510, 92.500, and 94.950 are **considered to be permissive and as written does not require certain defined local governments to initiate sales taxes for certain purposes.** Before there would be fiscal impact, the governing body would have to place the question of imposing a sales tax to the voters of the defined district. **Oversight** is showing this because the Department of Revenue- Sales Tax Division would collect the tax, and would **retain a 1% collection fee which would go into the State's General Revenue Fund. Fiscal impact will be shown as \$0 or a positive unknown.** If none of the political subdivisions would impose a sales tax there would be no fiscal impact to the General Revenue Fund. If a tax were approved, the 1% collection fee would go into the General Revenue Fund. The amount is unknown.

Officials of the **Department of Revenue** assumes any costs could be handled with existing resources and assume no fiscal impact.

Officials of the **Office of Administration - Information Technology** stated that any cost could be handled with existing resources and assume no fiscal impact.

#### **LOCAL OPTION TRANSIENT GUEST TAX:**

**Oversight** assumes Sections 67.1003 and 67.1360 allows cities to impose, with voter approval, a transient guest tax. **Oversight** assumes the taxes to be permissive. Both would require action by the governing body with voter approval. **Oversight** will show income and costs to tourism funds as unknown. **Oversight** assumes costs would not exceed income resulting in a zero annual fund balance or an annual positive fund balance. For purposes of this fiscal note fiscal impact will be shown as \$0.

ASSUMPTION (continued)

**LOCAL OPTION TOURISM TAXES: AUDIT**

Section 67.1181 requires political subdivisions that collect and expend tax revenues for advertising and tourism promotion to perform an audit at least every 5 years provided no other statutory auditing requirement exists. Cost of the audit would be paid from revenues for operating costs. The first audit would be completed by January 1, 2009.

**Oversight** will show costs to the County's Tourism Fund as unknown. **Oversight** assumes costs would be minimal.

**AMBULANCE DISTRICTS - BOARD MEMBERS: TRAINING**

Section 190.053 requires ambulance board members first elected after January 1, 2008 to complete educational training.

Officials of the **Department of Health and Senior Services** stated this proposal would have no fiscal impact on their department's appropriations. Officials assume ambulance districts would have some costs. Officials could not estimate cost.

**Oversight** assumes the amount of cost per ambulance district would depend upon the number of members requiring training, location of training, and whether board members would have to travel, require lodging, and meals. **Oversight** will show costs as \$0 to (unknown).

**KANSAS CITY AND ST. LOUIS: WATER AND SEWER SERVICES  
(SECTION 250.140)**

Officials of the office of the **Kansas City Attorney** stated if this section would reinstate the landlord liability to 120 days after the effective date of this legislation, the amount that the city could collect from a landlord increases by 25% or approximately \$170,000 annually.

Officials of the **Metropolitan St. Louis Sewer District** stated that the service they provide is an unapplied for service. Officials stated that this means an application by the property owner is not received prior to the establishment of an account. Officials stated that they do not turn on and off service when tenants move in and out. All charges remain with the property and are the responsibility of the owner. This is in accordance with MSD ordinances.

ASSUMPTION (continued)

Officials stated that since they are not an applied for service and without the means of easy shut-off particularly in the City of St. Louis where there are combined sewers as other utilities have, they are unable to track transient tenants as they move to collect their debts.

While billed services have always remained with the property and the owner is ultimately responsible for the bill, the practice of billing tenants and not strictly the owner has been the substantial contributor over the last 20 years to the District's over current outstanding \$27 million in outstanding receivables and \$26 million in bad debt allowance.

Officials estimate they would have one-time costs in fiscal year 2008 for programming and implementation costs. Officials estimate they would realize operational costs in 2008, 2009, and 2010. There would be one-time operational costs in FY 2008 of \$114,200. There would be on-going costs in all three fiscal years. Total 3 year cost is estimated at \$3,476,464.

**FIRE PROTECTION DISTRICTS - BOARD MEMBERS: TRAINING**

Section 321.162 requires board members of fire protection districts, first elected after January 1, 2008, to complete educational training.

Officials of the **Department of Public Safety - Division of Fire Safety** stated they currently have a training program that will meet the requirements outlined in this legislation and assume no fiscal impact.

Officials of the **DeSoto Rural Fire Protection District** stated that they would estimate their costs at \$500 each year that an election was held, provided there were new board members elected. Officials assume if training were held within a reasonable traveling distance, costs would be less.

**Oversight** assumes costs of training for each fire protection district would depend upon the number of newly elected board members, the distance the members would have to travel to have training, would lodging be necessary, and the number of meals required. **Oversight** will show fiscal impact as \$0 to (Unknown), and expects costs per fire district to be minimal.

Officials of the **Department of Economic Development - Public Service Commission** assume no fiscal impact.

ASSUMPTION (continued)

Officials of the **Department of Social Services** assume no fiscal impact.

Officials of the **State Tax Commission** assume no fiscal impact.

Officials of the office of the **Director of Administration of St. Louis County** assume no fiscal impact.

Officials of the office of the **Boone County Collector** assume no fiscal impact.

Officials of the **Taney County Clerk's** office assume no fiscal impact.

Officials of the office of **County Counselor of Jefferson County** assumes no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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**GENERAL REVENUE FUND**

<b><u>Income</u></b> - From 1% collection fee on sales tax (Sections 67.997, 67.2040, 67.2500 and 67.2510, 92.500, and 94.950)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
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<b>ESTIMATED NET EFFECT TO STATE GENERAL REVENUE FUND</b>	<u><u>\$0 or Unknown</u></u>	<u><u>\$0 or Unknown</u></u>	<u><u>\$0 or Unknown</u></u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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**COUNTY TOURISM FUND  
(Section 67.1181)**

<b><u>Cost</u></b> - From conducting audit of fund.	<u>\$0</u>	<u>(Unknown)</u>	<u>\$0</u>
<b><u>Total Cost</u></b> to County Tourism Fund	<u>\$0</u>	<u>(Unknown)</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u> (continued)	FY 2008 (10 Mo.)	FY 2009	FY 2010
 <b>AMBULANCE DISTRICT FUND</b> <b>(Section 190.053)</b>			
<b>Cost</b> - From providing board member training.	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
<b>Total Costs</b> to Ambulance District Fund	<u><b>\$0 to</b></u> <u><b>(Unknown)</b></u>	<u><b>\$0 to</b></u> <u><b>(Unknown)</b></u>	<u><b>\$0 to</b></u> <u><b>(Unknown)</b></u>
 <b>FIRE PROTECTION DISTRICT FUND (Section 321.162)</b>			
<b>Cost</b> - From providing training to board members.	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
<b>Total Costs</b> to Fire Protection District Fund	<u><b>\$0 to</b></u> <u><b>(Unknown)</b></u>	<u><b>\$0 to</b></u> <u><b>(Unknown)</b></u>	<u><b>\$0 to</b></u> <u><b>(Unknown)</b></u>
 <b>KANSAS CITY SEWER AND WATER FUND (Section 250.140)</b>			
<b>Income</b> - From increase in delinquent sewer and water collections.	<u>\$170,000</u>	<u>\$170,000</u>	<u>\$170,000</u>
<b>Total</b> Estimated Net Effect to Kansas City Sewer and Water Fund	<u><b>\$170,000</b></u>	<u><b>\$170,000</b></u>	<u><b>\$170,000</b></u>

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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**METROPOLITAN ST. LOUIS  
 SEWER DISTRICT (Section 250.140)**

Costs to Metropolitan St. Louis Sewer

District

From Sewer Collection Costs

Programming (one-time)	(\$1,530,725)	\$0	\$0
Operational (one-time)	(\$114,200)	(\$227,850)	\$0
On-Going costs	<u>(\$36,501)</u>	<u>(\$783,594)</u>	<u>(\$783,594)</u>

<b>Total Cost</b> to Metropolitan Sewer District	<b><u>(\$1,681,426)</u></b>	<b><u>(\$1,011,444)</u></b>	<b><u>(\$783,594)</u></b>
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**CITIES, COUNTIES, SPECIAL  
 DISTRICTS SALES TAX FUNDS**

<u>Income</u> - From voter approved sales tax.	Unknown	Unknown	Unknown
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<u>Costs</u> - From administering defined purpose of sales tax.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>Estimated Net Effect</u> to Cities, Counties, Special Districts (Sections 67.997, 67.2040, 67.2500 and 67.2510, 92.500, and 94.950) *	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**CITIES OF SULLIVAN AND  
 GLADSTONE TOURISM FUND**

<u>Income</u> - From voter approved transient guest tax.	Unknown	Unknown	Unknown
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<u>Cost</u> - From promotion of tourism.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>Estimated Net Effect</u> to Cities of Sullivan and Gladstone Tourism Fund. (Sections 67.1003 and 67.1360) *	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>ESTIMATED NET EFFECT TO LOCAL GOVERNMENT</b>	<b><u>(\$1,511,426 to Unknown)</u></b>	<b><u>(\$841,444 to Unknown)</u></b>	<b><u>(\$613,594 to Unknown)</u></b>

**\* Oversight assume costs of providing defined services would not exceed income, resulting in either a \$0 or positive annual fund balance. Oversight assumes for purposes of this fiscal note a \$0 annual fund balance.**

FISCAL IMPACT - Small Business

Small business located within districts that impose voter approved sales taxes or certain businesses that would be required to collect a transient guest tax would have to collect and administer the

FISCAL DESCRIPTION

This proposal modifies the laws regarding political subdivisions.

Section 67.997 allows Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs.

Section 67.1181 requires political subdivisions that collect and expend tax revenues for advertising and tourism promotion to perform an audit at least every five years if no other statutory auditing requirement exists for such political subdivision. The political subdivision shall pay the actual cost of the audit from the revenues for operating costs. The first audit shall be completed by January 1, 2009.

67.1003 allows the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism.

67.1360 allows the City of Sullivan and the portion of the Sullivan C-2 School District located in Franklin County to levy a transient guest tax on charges for sleeping rooms paid by guest of hotels, motels, bed and breakfast inns, and campgrounds or docking facilities. The proposed tax must be approved by the voters and could not be less than 2% or greater than 5% per occupied room per night.

DESCRIPTION (continued)

Section 67.2040 allows Pulaski County to impose, upon voter approval, a sales tax of one-eighth of 1% to fund construction of a women's and children's shelter.

Sections 67.2500 and 67.2510 allows cities, towns, and villages within Clay County, Franklin County, and Jackson County to form a Theater, Cultural Arts, and Entertainment District. St. Charles County may also form a district. The current law provides for funding by a voter approved sales tax.

Section 92.500 allows the City of St. Louis to impose, upon voter approval, a sales tax for public safety.

Section 94.950 allows the City of Joplin to impose, upon voter approval, a sales tax of up to 0.5% to be used for operation, renovation, and construction of historical locations and museums for the purpose of tourism.

Section 190.053 requires members of ambulance district boards first elected after January 1, 2008, to complete educational training. The training shall be offered by a statewide association organized for the benefit of ambulance districts or approved by the State Advisory Council on Emergency Medical Services. The content of the training must include the duties of the ambulance district director, all ambulance district statutes and regulations, ethics and sunshine laws, financial and fiduciary responsibilities, and laws relating to the setting of tax rates and revenue limitations. If a board member does not receive the required training within one year of taking office, the board member shall not receive an attendance fee until the training is completed

Section 250.140 Currently, until January 1, 2007, a St. Louis City or Kansas City property owner is only liable for an occupant's delinquent water or sewer bill for up to 120 days of service. After January 1, 2007, the property owner is only liable for up to 90 days of service.

Under this section, a St. Louis City or Kansas City property owner remains liable for up to 120 days of service when the occupant's bill is delinquent, and the number of days for which the owner is liable does not decrease on January 1, 2007.

Section 321.162 requires members of fire protection district (FPD) boards first elected after January 1, 2008, to complete educational training. The content of the training will be determined by the State Fire Marshal but must include the duties of the FPD director, all FPD statutes and regulations, ethics and sunshine laws, financial and fiduciary responsibilities, and laws relating to the setting of tax rates and revenue limitations.

DESCRIPTION (continued)

If a board member does not receive the required training within one year of taking office, the board member shall not receive an attendance fee until the training is completed.

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 Administration - Information Technology  
Department of Public Safety - Fire Safety Division  
State Tax Commission  
Department of Social Services  
Department of Health and Senior Services  
Department of Revenue  
Department of Economic Development - Public Service Commission  
Office of Kansas City Attorney  
St. Louis County Director of Administration  
Boone County Collector  
Taney County Clerk  
Jefferson County Counselor  
DeSoto Fire Protection District

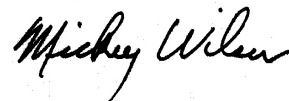
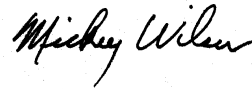
NOT RESPONDING

The County Commissions of:  
Clay County  
Johnson County  
Jackson County Executive  
Franklin County  
Pulaski County

City Clerk/Administrators of:  
Knob Knoster  
Warrensburg  
Gladstone  
Joplin  
St. Louis City

NOT RESPONDING (continued)

Boone County Fire Protection District  
Central Co. Fire Protection District  
Creve Coeur Fire Protection District  
Hawk Point Fire Protection District  
Hillsboro Fire Protection District  
Lake St. Louis Fire Protection District  
St. Charles County Ambulance District  
Taney County Ambulance District  
Valle Ambulance District



Mickey Wilson, CPA  
Director  
February 6, 2007