

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0499-01  
Bill No.: SB 254  
Subject: Education, Higher; Treasurer, State  
Type: Original  
Date: February 28, 2007

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Bill Summary: This proposal creates the Missouri Legacy Fund to provide college financial assistance.

**FISCAL SUMMARY**

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

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Missouri Legacy Fund	\$0	\$0	\$0
<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 5 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>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

### ASSUMPTION

Officials at the **Department of Higher Education (DHE)** assume this legislation will have no direct fiscal impact for the DHE because the Missouri higher education savings program board is not controlled by the DHE. It does indicate that the Missouri higher education savings program board shall be responsible for administering the fund, however, it should be noted that the board does not have any administrative staff under its direct control.

Officials at the **Missouri State University (MSU)** assume this legislation should have a positive impact on Universities by providing additional financial assistance to students. MSU cannot predict the extent of funds that might transfer from the abandoned account, and thus cannot predict the additional aid that might be made available to assist students.

Officials at the **Office of the State Treasurer, Truman State University, Lincoln University, St. Louis Community College, Metropolitan Community College, University of Central Missouri, University of Missouri** each assume no fiscal impact to their respective institutions from this proposal.

Under the current statutes General Revenue receives money from the Abandoned Fund Account. This proposal would transfer the first \$22 million from the Abandoned Fund Account to General Revenue and any additional funds to the Missouri Legacy Fund. In past fiscal years the Abandoned Fund Account has transferred in excess of \$22 million to General Revenue. **Oversight** assumes there would be a loss to General Revenue of the money over the cap of \$22 million. Oversight is showing in this note the loss to General Revenue as "Unknown" as it can not be determined the future collections of the Abandoned Fund Account

**Oversight** assumes that all money received by the Missouri Legacy Fund will be used to provide college financial assistance and will be paid out in the year it is received.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>GENERAL REVENUE</b>			
<u>Loss - General Revenue</u>			
Abandoned Fund Account Monies	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<b>MISSOURI LEGACY FUND</b>			
<u>Transfer In - Missouri Legacy Fund</u>			
Abandoned Fund Account Monies	Unknown	Unknown	Unknown
<u>Cost - Missouri Legacy Fund</u>			
College Financial Assistance	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON MISSOURI LEGACY FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2008 (10 Mo.)	 FY 2009	 FY 2010
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

### FISCAL DESCRIPTION

Beginning August 28, 2007, and each fiscal year thereafter, the first twenty-two million five hundred thousand dollars of net transfers from the abandoned fund account shall be transferred to the general revenue fund, and any amount in excess of twenty-two million five hundred thousand dollars shall be transferred from the abandoned fund account to the Missouri legacy fund.

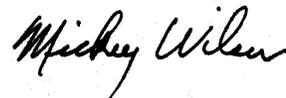
This act creates the "Missouri Legacy Fund" in the state treasury. The Missouri higher education savings program board shall administer the fund. Any interest and moneys earned on such investments shall be credited to the fund, and such interest shall be used solely to provide college financial assistance to participants in Missouri's qualified state tuition program under Section 529 of the Internal Revenue Code and for the administration of this section.

The state treasurer shall invest moneys in the fund in accordance with rules to be promulgated.

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 Higher Education  
Office of the State Treasurer  
Truman State University  
St. Louis Community College  
Metropolitan Community College  
University of Central Missouri  
Lincoln University  
Missouri State University  
University of Missouri



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