

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5114-02
Bill No.: Truly Agreed To and Finally Passed HCS for SB 1140
Subject: Administration, Office of.
Type: Original
Date: May 29, 2008

Bill Summary: This proposal modifies the lapse threshold for the administrative trust fund.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	\$150,000	\$300,000	\$300,000
Total Estimated Net Effect on General Revenue Fund	\$150,000	\$300,000	\$300,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 37.005

Officials at the **Office of the State Treasurer (STO)** assume this proposal changes the biennial transfer exemption of the OA Revolving Administrative Trust Fund to one-eighth of the total amount appropriated, paid or transferred to the fund, up from one-twelfth of such amount. STO calculated the transfer for FY2007 as \$0. It was \$460,000 in FY 2005 and in FY 2003 it was \$0. The impact to the General Revenue Fund as a result of this proposal would be \$0 to Unknown. There is a potential impact but no way to calculate an estimate.

Officials at the **Budget and Planning (BAP)** assume no impact to BAP but there is an impact within the state's funds with a net effect of zero.

Oversight assumes no fiscal impact to state funds as a result of this proposal during the time periods covered by this fiscal note.

Section 33.103

Officials at the **Office of Administration** assume this proposal decreases state tax withholdings from state employees and increases savings in FICA employer fringe.

The current fringe savings is calculated by taking the current amount of health care deductions not being withheld tax free through the cafeteria plan X 7.65% for FICA match (employer share) which is equal to \$550,000 in FY 2009, \$1,100,000 in FY 2010 and \$1,100,000 in FY 2011.

The current state tax withheld is calculated by taking the same amount X 6% state tax rate which is equal to \$400,000 in FY2009, \$800,000 in FY 2010, and \$800,000 in FY 2011.

Officials at the **Missouri Department of Transportation, Department of Revenue, Missouri Consolidated Health Care Plan, Oversight Division of Legislative Research** and the **Department of Conservation** assume that there is no fiscal impact from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Savings</u> - General Revenue			
fringe benefits not owed by state	\$550,000	\$1,100,000	\$1,100,000
<u>Loss</u> - General Revenue			
6% state tax withheld	(\$400,000)	(\$800,000)	(\$800,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$150,000</u>	<u>\$300,000</u>	<u>\$300,000</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<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.

FISCAL DESCRIPTION

This act allows the Commissioner of Administration to deduct cafeteria plan administrative fees and any amount necessary for the participation in the cafeteria plan from the employee's compensation warrant, unless the employee affirmatively elects not to participate in the plan.

Vendors are allowed to solicit the selection of products currently allowed to be included in cafeteria plans, on site in state facilities.

Under current law, the balance of the administrative trust fund lapses when the unencumbered balance at the close of the fiscal year exceeds 1/12 of the total amount appropriated, paid, or transferred to the fund during that year. This act raises that threshold to 1/8.

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
Office of the State Treasurer
Missouri Department of Transportation
Department of Conservation
Budget and Planning
Department of Revenue
Missouri Consolidated Health Care Plan
Oversight Division of Legislative Research



Mickey Wilson, CPA
Director
May 29, 2008