

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0365-02
Bill No.: HCS for HB 381
Subject: Revenue Department: Licenses - Motor Vehicle; Contract and Contractors
Type: Original
Date: March 9, 2009

Bill Summary: Requires the Department of Revenue to give charitable organizations and local political subdivisions a priority when awarding fee office contracts

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Local Government	Expected to exceed \$100,000	Expected to exceed \$100,000	Expected to exceed \$100,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Auditor, Department of Transportation,** and the **Missouri Veterans Commission** state this proposal will have no fiscal impact on their respective agencies.

Officials from the **Department of Elementary and Secondary Education (DESE)** state this proposal would appear to benefit schools (some more than others) at a nominal expense to the state in terms of bidding process costs and computing the distribution of the bid award monies to the schools. DESE has no data to determine the extent of any potential gain to school districts or resulting loss to the state. DESE will defer to the Department of Revenue regarding the fiscal impact.

Officials from the **Department of Revenue (DOR)** state their agency has already requested an appropriation in their budget to process the transition of offices today including hotel, travel, and training expenses incurred during transitions of offices. Since DOR is currently awarding contract offices through the competitive bidding process, no administrative impact is shown.

Officials from the **Francis Howell School District (FHSD)** state the proposed legislation would have a positive impact. Prior to a change four years ago, FHSD received grants from the Howell Foundation, based on revenues earned through a fee license office. The Foundation provided on average, \$40,000 per year to support various FHSD programs.

Officials from the **Sikeston School District** state there would be no fiscal impact to their district.

Officials from the **Special School District of St Louis County** state there would be no fiscal impact as the district would not be interested in running a fee office.

In response to the introduced version of this proposal, officials from **Kansas City** assumed this proposed legislation could have a positive impact on the City of Kansas City because of the preference given a municipality in being awarded a fee office contract by the state; however, it was impossible to determine the amount of such a positive fiscal impact.

Officials from **West Plains** stated there would be no fiscal impact to their city.

In response to the introduced version of the proposal officials from the **City of Centralia, St Louis County, Cass County Commission,** and the **Creve Coeur Fire District** assumed no fiscal impact to their respective political subdivisions.

ASSUMPTION (continued)

Oversight assumes that processing fee income to contract offices will surpass the cost of opening and operating the offices.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2010 (10 Mo.)	 FY 2011	 FY 2012
LOCAL POLITICAL SUBDIVISIONS*			
<u>Income</u> - Processing fee income from license contract offices (§135.055.6 (2))	Expected to exceed \$100,000	Expected to exceed \$100,000	Expected to exceed \$100,000
<u>Cost</u> - Expenses of setting up and operating license contract offices	(Expected to exceed <u>\$100,000</u>)	(Expected to exceed <u>\$100,000</u>)	(Expected to exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>Expected to exceed \$100,000</u>	<u>Expected to exceed \$100,000</u>	<u>Expected to exceed \$100,000</u>

*Local Political Subdivisions outlined in this proposed legislation include, but are not limited to, municipalities, counties, fire protection districts, chambers of commerce, veterans' organizations, and local school foundations.

FISCAL IMPACT - Small Business

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

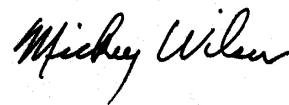
FISCAL DESCRIPTION

According to this proposed legislation, fee office contracts will be awarded first to not-for-profit organizations (including, but not limited to, chambers of commerce, veteran's organizations, and local school foundations) and then to municipalities, counties, and fire protection districts. No individual or for-profit organization will be awarded a contract unless there are no priority-status entities available. No employee under a fee service contract can receive more than \$100,000 per year for his or her services. The Department of Revenue will provide assistance to new fee office contract holders, and the State Auditor may audit fee offices in the same manner as state agencies.

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 Revenue
Department of Elementary and Secondary Education
Office of State Auditor
Missouri Veterans Commission
Department of Transportation
School Districts
 Francis Howell
 Sikeston
 Special School District of St Louis County
Cities
 West Plains
 Kansas City
 Centralia
Counties
 St Louis County
 Cass
Fire Protection Districts
 Creve Coeur



Mickey Wilson, CPA

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