

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4322-02  
Bill No.: Perfected HCS for HB 1094  
Subject: Credit and Bankruptcy; Telecommunications; Administration, Office of; State  
 Departments  
Type: Original  
Date: March 28, 2012

**Bill Summary:** This proposal requires the Commissioner of the Office of Administration to develop and implement a statewide system or to contract with any third party to allow all state agencies and departments to accept electronic payment.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>       |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2013    | FY 2014    | FY 2015    |
|   |            |            |            |
|   |            |            |            |
| <b>Total Estimated Net Effect on General Revenue Fund</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |                                 |                                 |                                 |
|---|---------------------------------|---------------------------------|---------------------------------|
| FUND AFFECTED   | FY 2013                         | FY 2014                         | FY 2015                         |
| All State Funds   | (Unknown over \$100,000)        | (Unknown over \$100,000)        | (Unknown over \$100,000)        |
|   |                                 |                                 |                                 |
| <b>Total Estimated Net Effect on <u>Other</u> State Funds</b> | <b>(Unknown over \$100,000)</b> | <b>(Unknown over \$100,000)</b> | <b>(Unknown over \$100,000)</b> |

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 7 pages.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2013</b> | <b>FY 2014</b> | <b>FY 2015</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 2013</b> | <b>FY 2014</b> | <b>FY 2015</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 2013</b> | <b>FY 2014</b> | <b>FY 2015</b> |
| <b>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Alcohol & Tobacco Control, Capitol Police, Department of Economic Development, Department of Labor and Industrial Relations, Department of Revenue, Department of Social Services, Fire Safety, Joint Committee on Administrative Rules, Joint Committee on Public Employee Retirement, Missouri Consolidated Health Care Plan, Missouri Department of Transportation, Missouri Ethics Commission, Missouri Gaming Commission, Missouri Highway Patrol, Missouri House of Representatives, Missouri Lottery, MoDOT & Patrol Employees' Retirement System, Missouri Senate, Missouri Veterans Commission, Office of State Courts Administrator, Office of the State Auditor, Office of the State Public Defender** and the **State Tax Commission** assume there is no fiscal impact from this proposal.

Officials at the **Budget and Planning** and **Department of Health and Senior Services** defer to Office of Administration for fiscal impact.

Officials at the **Office of Administration** assume the implementation of this proposal could be absorbed with existing resources.

Officials at the **Office of State Treasurer** assume a loss to the state from the payment of fees per the contracts. All state funds would be affected and the projected loss to the state would be unknown but over \$100,000.

Officials at the **Department of Conservation** assume an unknown impact depending upon the method chosen for payments and definition of "payment card."

Officials at the **Department of Corrections** assume that OA-ITSD would purchase and implement all equipment components necessary for the electronic payment acceptance program on behalf of the state agencies and therefor the impact would be reported by Office of Administration.

Officials at the **Department of Higher Education** assume that if Office of Administration is responsible for all costs associated with this proposal then there would be no fiscal impact on the department.

ASSUMPTION (continued)

Officials at the **Department of Insurance, Financial Institutions and Professional Registration** assume this proposal could be handled with existing resources, however should cost be more than anticipated, the department would request an increase in appropriations.

Officials at the **Department of Mental Health (DMH)** assume they already receives most of their revenues electronically through the ACH process. This includes most of the federal grant revenues. Significant revenue sources which are currently not being accepted electronically are Substance Abuse Traffic Offender Program (SATOP) fees and Local Tax Match funds. DMH has chosen not to accept payments for these fees by credit or debit card.

The State Treasurer's Office also has a contract in place so that state agencies can make payments either electronically or by check. Agencies have been directed to utilize electronic payments as much as possible; however, there are a number of vendors who cannot or will not accept electronic payments. Many of our DMH contracted providers do not have the ability to accept payments electronically.

It is difficult to estimate a fiscal impact; however, depending on how this legislation is implemented, it could have either very little fiscal impact to the department or a significant fiscal impact. If the use of the commercial card for payments is implemented and made mandatory, agencies could see an increased cost of goods and services as vendors pass that expense on to their customers. Also, if a third party contractor is utilized to process the electronic receipts, it is unknown how their fees will be structured. It is impossible to anticipate the potential cost to the state agencies without knowing how the contract and fee structure are implemented; therefore, the fiscal impact is an unknown cost.

Officials at the **Department of Natural Resources** assume the department currently uses the State of Missouri's procurement card for many purchases less than \$3,000. Many times there is no cost to the department to use the procurement card, but on occasion, vendors will charge the department a convenience fee. If the fee is significant, the department may opt to not use the procurement card, but rather to pay the vendor directly.

The department currently accepts credit card payments from customers for services or commodities, but not in all cases. The department pays credit card vendor fees, which are sometimes passed on to the customer. Should the proposed legislation pass, the department assumes it would need to decide whether to pass the credit card fees on to all customers or request a General Revenue appropriation to cover the cost of the service, since many of the dedicated fee funds are already facing fiscal challenges.

ASSUMPTION (continued)

The department assumes resources from the commissioner of the Office of Administration will be used to establish the statewide commercial payments system or contract.

Officials at the **Department of Elementary and Secondary Education** assume right now there is a statewide vendor who we work with to accept GED and teacher certification credit card payments; the vendor supplies us with the revenue each day and we deposit it into the state system. To make this mandatory for all programs would require quite a lot of work on each program's account to get it set up. Payments are mostly made electronically. All payroll except hourly folks get an ACH. Vendors mostly get an ACH unless they are new or changing their bank statements. If mandated, then it would just be a matter of getting all vendors to complete the vendor banking information form. Therefore, it would take a lot of time and effort for staff to implement this; but there would appear to be no fiscal impact.

Officials at the **Office of Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**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 appropriation process.

**Oversight** assumes that all the state funds would be affected by the payment of the fees per the contracts. For the simplicity of the fiscal note, Oversight will show the loss to All State Funds.

|   |                     |         |         |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> | FY 2013<br>(10 Mo.) | FY 2014 | FY 2015 |
|---|---------------------|---------|---------|

**ALL STATE FUNDS**

|  |                                 |                                 |                                 |
|--|---------------------------------|---------------------------------|---------------------------------|
| <u>Loss - fees paid for the collection of the payments</u> | <u>(Unknown over \$100,000)</u> | <u>(Unknown over \$100,000)</u> | <u>(Unknown over \$100,000)</u> |
|--|---------------------------------|---------------------------------|---------------------------------|

|  |  |  |  |
|--|--|--|--|
| <b>ESTIMATED NET EFFECT ON ALL STATE FUNDS</b> | <b><u>(Unknown over \$100,000)</u></b> | <b><u>(Unknown over \$100,000)</u></b> | <b><u>(Unknown over \$100,000)</u></b> |
|--|--|--|--|

|   |                     |         |         |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - Local Government</u> | FY 2013<br>(10 Mo.) | FY 2014 | FY 2015 |
|---|---------------------|---------|---------|

|  |            |            |            |
|--|------------|------------|------------|
|  | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
|--|------------|------------|------------|

FISCAL IMPACT - Small Business

Small businesses could be effected.

FISCAL DESCRIPTION

This bill requires the Commissioner of the Office of Administration to develop and implement within six months of August 28, 2012, a statewide system or to contract with any third party to allow all state agencies and departments to accept electronic payments.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

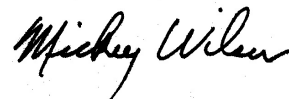
SOURCES OF INFORMATION

- Alcohol & Tobacco Control
- Budget and Planning
- Capitol Police
- Department of Conservation
- Department of Corrections
- Department of Economic Development
- Department of Elementary and Secondary Education
- Department of Health and Senior Services
- Department of Higher Education

JH:LR:OD

SOURCES OF INFORMATION (continued)

Department of Insurance, Financial Institutions and Professional Registration  
Department of Labor and Industrial Relations  
Department of Mental Health  
Department of Natural Resources  
Department of Revenue  
Department of Social Services  
Fire Safety  
Joint Committee on Administrative Rules  
Joint Committee on Public Employee Retirement  
Missouri Consolidated Health Care Plan  
Missouri Department of Transportation  
Missouri Ethics Commission  
Missouri Gaming Commission  
Missouri Highway Patrol  
Missouri House of Representatives  
Missouri Lottery  
MoDOT & Patrol Employees' Retirement System  
Missouri Senate  
Missouri Veterans Commission  
Office of Administration  
Office of Attorney General  
Office of the Secretary of State  
Office of State Courts Administrator  
Office of the State Auditor  
Office of the State Public Defender  
Office of State Treasurer  
State Tax Commission



Mickey Wilson, CPA  
Director  
March 28, 2012