

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4671-02
Bill No.: SCS for HB 1190
Subject: Licenses - Motor Vehicle; Roads and Highways; Emergencies; Revenue Department
Type: Original
Date: April 30, 2014

Bill Summary: This proposal establishes the "Facilitating Business Rapid Response to State Declared Disasters Act" and requires the Department of Transportation to issue emergency utility response permits following a disaster where utility service has been disrupted.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue Fund	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Other State Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on <u>Other State Funds</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume 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 Secretary of State's Office 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, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

Officials from the **Joint Committee on Administrative Rules** assume that this proposal would not have a fiscal impact to their organization in excess of existing resources.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume this proposal would not result in any additional costs or savings to their organization.

BAP officials deferred to the Department of Revenue and the Department of Transportation for the fiscal impact of this proposal, and assumed that total state revenue, the computation required in Article X, Section 18(e) and general revenue could be reduced by an unknown amount for the loss of income from these tax exemptions.

§304.180

Officials from the **Department of Public Safety - Missouri Highway Patrol**, the **Department of Agriculture** and the **Department of Revenue** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Department of Transportation** assume there will be no fiscal impact to their organization since the Motor Carrier Services division already has rules and regulations in place regarding the issuance of permits under its Oversize and Overweight (OS/OW) Permit rules when in the public interest. The OS/OW rules specifically address public utilities including emergency repairs of such utilities. §304.200, RSMo grants MoDOT's Chief Engineer authority to issue special permits for vehicles or equipment exceeding the limitations on width, length,

ASSUMPTION (continued)

height, etc. when there is good cause to do so and when the public safety or public interest so justifies it.

§§143.041, 143.071, 143.191, 144.610, 190.270, 190.275, 190.280, 190.285, 285.230, 285.232, 285.233, & 285.234

Officials from the **Department of Economic Development - Division of Business and Community Services, Public Service Commission, Office of Public Counsel, and Division of Workforce Development** assume there would be no impact to their organization from this proposal, and deferred to the Department of Revenue for an estimate of the fiscal impact.

Officials from the **Department of Revenue** assume this proposal would have no fiscal impact to the Department, but would reduce state revenues by a minimal amount.

Officials from the **Department of Natural Resources (DNR)** noted this proposal would exempt out-of-state vendors conducting operations within the state for purposes of assisting in repairing, renovating, installing, or building infrastructure related to a declared state disaster or emergency during the disaster period from existing provisions regarding a level of presence that would subject the business or any of its out-of-state employees to withholding or income tax registration, filing, or remitting requirements and use tax on equipment used or consumed. DNR officials also noted the proposed legislation doesn't include any new responsibilities for the department.

DNR officials assume the reduction to income which would result from the proposal would impact the General Revenue Fund rather than any of the department's dedicated fees or sales taxes.

Officials from **Northwest Missouri State University** assume this proposal would have impact but could not provide an estimate of that impact.

Officials from the **Office of Administration - Office of the Commissioner, the Department of Conservation, the Department of Labor and Industrial Relations, the Department of Transportation, Linn State Technical College, Missouri State University, the University of Central Missouri, the City of Jefferson City, the City of Kansas City, and the St. Louis County Directors of Elections** assume this proposal would have no fiscal impact on their organizations.

ASSUMPTION (continued)

Officials from **St. Louis County** and the **City of Columbia** assumed a previous version of this proposal would have no fiscal impact on their organizations.

Officials from the following counties: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for information.

Officials from the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for information.

Officials from the following school districts: Blue Springs, Branson, Charleston R-I, Cole R-I, Columbia, Fair Grove, Francis Howell, Fulton, Harrison R-IX, Independence, Jefferson City, Johnson County R-7, Kansas City, Kirksville, Kirbyville R-V , Lee's Summit, Malden R-I, Malta Bend, Mexico, Monroe City R-I, Nixa, Parkway, Pattonville, Raymore-Peculiar R-III, Raytown, Riverview Gardens, Sedalia, Sikeston, Silex, Special School District of St. Louis County, Spickard, St Joseph, St Louis, St. Charles, Sullivan, Warren County R-III, and Waynesville did not respond to **Oversight's** request for information.

Officials from the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Kansas City Metro Community College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, Truman State University, and the University of Missouri did not respond to **Oversight's** request for information.

Oversight notes this proposal would eliminate many current requirements for businesses which would temporarily have sales or service activity in the state. Although these sales and activities

ASSUMPTION (continued)

may be on a relatively short term basis, the exemptions in this proposal could result in revenue reductions to the state and to local governments including but not limited to lost sales and use taxes, income taxes on individuals and corporations, deposits and other forms of financial assurance for taxes and fees due, and permits and licenses.

Oversight notes that information from the Department of Public Safety - State Emergency Management Agency website indicated disasters were declared in eight of the past ten years; therefore, the revenue reductions noted above would be expected, but not every year.

Oversight has no information as to the amount of qualified expenditures nor the number of companies and persons from outside the state of Missouri which would be involved in disaster recovery efforts. Further, Oversight is not able to estimate the extent of new business entities which might be created in response to this proposal. Oversight notes those contractors and their employees would be exempted from a number of taxes, fees, and regulatory provisions by this proposal, and will assume for fiscal note purposes there would be a revenue reduction of \$0 or unknown to the General Revenue Fund and other state funds, and to local governments.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Revenue reduction</u> - exemptions from taxes, deposits, and other forms of revenue	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
OTHER STATE FUNDS			
<u>Revenue reduction</u> - exemptions from taxes, deposits, and other forms of revenue	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL GOVERNMENTS			
<u>Revenue reduction</u> - exemptions from taxes, deposits, and other forms of revenue	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

FISCAL IMPACT - Small Business

This proposal could reduce the tax and administrative costs for small businesses which qualify for the exemption.

FISCAL DESCRIPTION

This bill establishes the Facilitating Business Rapid Response to State Declared Disaster Act to exempt an out-of-state business and its employees from Missouri withholding, income, and use tax, and employment, licensing, and registration requirements during a disaster period if the business has no registrations, tax filings, or nexus in the state before the declared disaster or emergency. However, a prior registration as an out-of-state business for a declared disaster or emergency is allowed.

The out-of-state business must provide assistance in repairing, renovating, installing, or building infrastructure related to the declared disaster or emergency and register with the Secretary of State within ten days of entering the state. The Secretary of State will provide the registration information to the Department of Revenue within 30 days after receipt of notification. If the business stays in the state after 60 days, it must meet all tax, registration, licensing, and filing requirements resulting from having nexus with the state.

§304.180

This section requires the Department of Transportation issue emergency utility response permits that allow motor carriers to transport equipment and materials necessary for repair work immediately following a disaster where utility service has been disrupted. Under exigent circumstances, verbal approval of the operation may be made by the motor carrier compliance supervisor or other designated motor carrier services representative. The motor carriers may

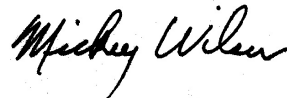
FISCAL DESCRIPTION (continued)

operate on state highways and roads at any time on any day to assist utility companies granted a permit.

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 the Secretary of State
Joint Committee on Administrative Rules
Office of Administration
 Office of the Commissioner
 Division of Budget and Planning
Department of Conservation
Department of Economic Development
 Division of Business and Community Services
 Public Service Commission
 Office of Public Counsel
 Division of Workforce Development
Department of Labor and Industrial Relations
Department of Natural Resources
Department of Revenue
Department of Transportation
Linn State Technical College
Missouri State University
Northwest Missouri State University
University of Central Missouri
St. Louis County
City of Columbia
City of Jefferson City
St. Louis County Directors of Elections



Mickey Wilson, CPA
Director
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