

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0934-03  
Bill No.: HCS for SB 148  
Subject: Agriculture and Animals; Corporations; Office of the Secretary of State  
Type: Original  
Date: May 6, 2015

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Bill Summary: This proposal modifies provisions relating to business regulations.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
General Revenue	(\$9,226,746)	(\$9,206,746)	(\$9,206,746)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$9,226,746)</b>	<b>(\$9,206,746)</b>	<b>(\$9,206,746)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Secretary of State Technology Trust	\$0	\$0	\$1,201,621
Division of Alcohol and Tobacco Control	\$3,286,746	\$3,286,746	\$3,286,746
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$3,286,746</b>	<b>\$3,286,746</b>	<b>\$4,488,367</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 10 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</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 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

In response to a previous version, officials from the **Department of Agriculture** assumed the proposal will have no fiscal impact on their organization.

In response to a similar proposal (SCS for SB 157) from this year, officials at the **Office of the Secretary of State (SOS)** analyzed each section of this proposal to determine which business filings were affected and by how much each fee was reduced. SOS then multiplied the total number of these affected filings that SOS received in FY 2014 by the new fee amount, which equaled nearly \$5.6 million. SOS tracks nearly all of their filings, but there are several filings (roughly 15% of our total) that are not tracked. These untracked filings were estimated to total \$325,000 and added to the total, which came to \$5.92 million annually. SOS anticipates this to remain fairly consistent each year.

SOS would also have to contract with a vendor to change the amount customers are charged for filing fees. SOS anticipates a one time cost of \$20,000 to change the current software operated by the Business Services Division.

SOS stated 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.

ASSUMPTION (continued)

**Oversight** notes that current statute sections 347.740, 351.127, 356.233, 359.653 and 417.018 each allow for the collection of a \$5 fee into the Technology Trust Fund until December 31, 2017. This proposal extends the sunset date to December 31, 2021. Over the past 3 fiscal years, the Secretary of State Technology Fund has received an average of \$2,403,241 each year (FY 2012 - \$2,395,113; FY 2013 - \$2,403,059; FY 2014 - \$2,411,552; for an annual average of \$2,403,241. For fiscal note purposes, Oversight assumes the extension of the sunset date will cause the Secretary of State Technology Fund to receive an additional \$1,201,621 in FY 2018 ( $\$2,403,241/2 = \$1,201,621$ ) had the December 2017 expiration been allowed to occur.

Sections 108.140 and 108.170

In response to a similar proposal (HB 204) from this year, officials from the **Department of Economic Development - Division of Business and Community Services, Missouri Housing Development Commission, Division of Energy, and Missouri Development Finance Board, the Department of Insurance, Finance and Professional Registration, the Department of Revenue - Division of Taxation, the Office of Administration and the Office of Missouri State Auditor** each assumed this proposed legislation will have no fiscal impact on their respective agencies.

In response to a similar proposal (HB 204) from this year, officials from the **Joint Committee on Administrative Rules (JCAR)** stated this proposed legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

In response to a similar proposal (HB 204) from this year, according to from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office 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 Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, 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 their office can sustain with their core budget. Therefore, 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.

ASSUMPTION (continued)

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

In response to a similar proposal (HB 204) from this year, officials from the **Office of State Treasurer (STO)** state that the provisions of this bill relating to the STO are outside the scope of office's current duties. STO presently does not have any staff assigned to analyzing the Municipal Bond Market and providing advice and therefore will need an FTE to perform these duties. In addition to this analyst, STO anticipates the complexities of this market and the demands from municipalities will require a junior analyst. These two FTE and this new duty will create enough of a demand for clerical work to exceed existing capacity, requiring an additional clerical position.

**Oversight** assumes the legislation is permissive in that the State Treasurer may provide technical and advisory assistance. Oversight assumes the STO would not offer these services unless funding for the needed positions was obtained through the appropriations process. For fiscal note purposes only, Oversight will assume no impact.

In response to a similar proposal (HB 204) from this year, officials from the **City of Columbia** assumed no fiscal impact to their local political subdivision.

In response to a similar proposal (HB 204) from this year, officials from the **County of St. Louis** stated that this proposal could potentially lower the amount of taxes the County could collect for payment of general obligation bond debt. With the language in this proposal, it is unclear to the County if it allows for the funding of a debt reserve.

Section 137.076 - Additional Factors in Assessed Valuation:

Changes to this provision would add several additional factors that an assessor would be required to consider in establishing the value for property tax purposes of a parcel of real estate.

ASSUMPTION (continued)

**Oversight** assumes this provision would, in general, lead to an unknown reduction in the assessed valuation of real properties. **Oversight** notes, based on information from the Missouri Tax Commission, that the total assessed valuation of real property has decreased in the last three assessment cycles. Oversight is also aware that many additional factors influence actual property tax revenues for local governments and the Blind Pension Fund, which are supported by those revenues. For the purposes of this fiscal note, Oversight will assume there would be no revenue reductions to political subdivisions or the Blind Pension Fund resulting from the additional requirements for assessed valuations proposed in this legislation.

Section 311.730

Officials from the **Department of Public Safety - Alcohol and Tobacco Control (ATC)** state they collected \$4,695,352 in licensing fees in FY 2014. ATC expects FY 2015 will result in similar collections. Seventy percent of this amount is \$3,286,746.

ATC assumes this would be a loss to the General Revenue Fund and a gain to the new ATC Fund.

Officials from the **Office of the State Treasurer** assume the proposal would not fiscally impact their agency.

**Oversight** notes that the core appropriation for the Division of Alcohol and Tobacco Control operations is \$1,149,403 (\$839,384 General Revenue, \$165,005 Federal, and \$145,014 from the Healthy Families Trust Fund) for FY 2015.

Section 319.114, 414.036 and 414.225

In response to a similar proposal (HB 1102) from this year, officials from the **Department of Natural Resources** and the **Petroleum Storage Tank Insurance Fund - Board of Trustees**, **Department of Agriculture**, **Department of Economic Development**, **Office of Administration - Division of Facilities Management Design and Construction**, **Office of Administration - Division of General Services**, and the **Office of the Attorney General** each assumed the proposal would not fiscally impact their respective agencies.

ASSUMPTION (continued)

Section 347.048

In response to a similar proposal (HB 864) from this year, officials at the **City of Kansas City** assume the time spent locating and contacting a responsible party would allow the inspector to use the time for other cases. Costs are for service of the petition, attorney time in preparation and prosecution of the suit, and enforcement of a judgement. Since the amendment struck the language that trial is without a jury, there will be significant delay in the process and increased time spent by attorneys.

**Oversight** assumes that potential costs and savings to the City of Kansas City would depend upon actions taken by the City and affected LLCs. The direct fiscal impact would be zero. Oversight also assumes this proposal is permissive in nature to other local political subdivisions and would have no fiscal impact without action by a governing body to enact an ordinance requiring limited liability companies located within the local political subdivision to file an affidavit listing the name and street address of a person who has control of property.

In response to a similar proposal (HB 864) from this year, officials at the **Office of the State Courts Administrator** and the **Office of the Secretary of State** each assumed no fiscal impact to their respective agencies from this proposal.

In response to a similar proposal (HB 864) from this year, officials at the **Platte County Board of Election Commission, St. Louis County** and the **Callaway County Commission** each assumed no fiscal impact to their respective entities from this proposal.

Section 381.022 and 381.058

In response to a similar proposal (HB 1040) from this year, officials from the **Department of Insurance, Financial Institutions and Professional Registration** assumed the current proposal would not fiscally impact their agency.

Section 456.950

In response to a similar proposal (HB 807) from this year, officials at the **Department of Insurance, Financial Institutions and Professional Registration** and the **Office of the State Courts Administrator** each assumed no fiscal impact from this proposal on their respective agencies.

ASSUMPTION (continued)

Sections 534.350, 534.360, 534.030, 534.110 and 534.160

In response to a similar proposal (HB 1006) from this year, officials at the **Office of the State Courts Administrator** assumed no fiscal impact from this proposal.

In response to a similar proposal (HB 1006) from this year, officials at the **Cole County Sheriff's Department** and the **Boone County Sheriff's Department** each assumed no fiscal impact to their respective entities from this proposal.

Sections 535.300

In response to a similar proposal (HB 1330) from this year, officials from the **Office of the State Courts Administrator** assumed the current proposal would not fiscally impact their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2016	FY 2017	FY 2018
<b>GENERAL REVENUE</b>			
<u>Costs</u> - Secretary of State - revenue loss due to lower business filing fees	(\$5,920,000)	(\$5,920,000)	(\$5,920,000)
<u>Costs</u> - Secretary of State - software programming changes	(\$20,000)	\$0	\$0
<u>Loss</u> - Alcohol and Tobacco Control Section 311.730 - Creation of new Alcohol and Tobacco Control Trust Fund and the direction of unspecified fees to be deposited into the fund instead of the General Revenue Fund	<u>(\$3,286,746)</u>	<u>(\$3,286,746)</u>	<u>(\$3,286,746)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$9,226,746)</u></b>	<b><u>(\$9,206,746)</u></b>	<b><u>(\$6,206,746)</u></b>



<u>FISCAL IMPACT - State Government</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
(continued)			

**SECRETARY OF STATE  
 TECHNOLOGY TRUST FUND**

<u>Income</u> - Secretary of State - extension of the sunset date; filing fees - from 2017 to 2021	<u>\$0</u>	<u>\$0</u>	<u>\$1,201,621</u>
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<b>ESTIMATED NET EFFECT TO THE SECRETARY OF STATE TECHNOLOGY TRUST FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$1,201,621</u></b>
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**ALCOHOL AND TOBACCO  
 CONTROL TRUST FUND**

<u>Gain</u> - Alcohol and Tobacco Control Section 311.730 - Creation of new Alcohol and Tobacco Control Trust Fund and the direction of unspecified fees to be deposited into the fund instead of the General Revenue Fund	<u>\$3,286,746</u>	<u>\$3,286,746</u>	<u>\$3,286,746</u>
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<b>ESTIMATED NET EFFECT TO THE ALCOHOL AND TOBACCO CONTROL TRUST FUND</b>	<b><u>\$3,286,746</u></b>	<b><u>\$3,286,746</u></b>	<b><u>\$3,286,746</u></b>
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FISCAL IMPACT - Local Government	FY 2016	FY 2017	FY 2018
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

Small businesses will realize a savings because of lower business filing fees.

### FISCAL DESCRIPTION

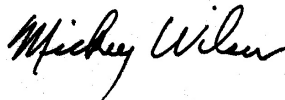
This proposal modifies provisions relating to business regulations.

This proposal has an emergency clause specific to Section 620.3150.

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  
Department of Agriculture  
Department of Economic Development  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Revenue  
Office of Administration  
Office of the State Auditor  
Joint Committee on Administrative Rules  
Office of the State Treasurer  
Department of Public Safety  
Department of Natural Resources  
Attorney General's Office  
Office of the State Courts Administrator  
Department of Corrections



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