

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1241-01
Bill No.: SB 266
Subject: Business and Commerce; Cities, Towns, and Villages; Elections
Type: Original
Date: February 18, 2015

Bill Summary: This proposal prohibits municipalities from providing a service that is being provided by at least one private business within the boundaries of the municipality without a vote of the people.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
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 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials at the **City of Kansas City (KC)** assume this legislation will have a significant fiscal impact on the City. This legislation would prohibit the KC from providing a service that is being provided by at least one private business within KC without a vote of the people unless such service was provided prior to August 28, 2015, or unless authorized by a ballot measure. There will likely be many services that KC does not provide prior to August 28, 2015, but may provide in the future, such as the development and operation of broadband networks. Many such future services would be subject to a ballot measure and each such ballot measure can cost the City up to \$100,000.

This creates a massive risk for KC. KC provides an ambulance service and currently collects approximately \$3.5 million from non-emergency ambulance patient transports and \$13 million from emergency ambulance patient transports. Such collections are necessary to make available this critical public safety service. Probation services provided by KC result in collections that provide KC's Municipal Court with approximately \$1 million. KC currently collects money from various services it provides, such as renting space for conventions and events. Many of these services could be provided by a private business. Therefore, these services would become subject to challenge under this legislation and KC risks losing the fees and amounts collected for providing such services.

Officials at the **City of Harrisonville** assume this proposal would require the voters of the City to vote to continue to provide electric service, solid waste service, snow removal service, sidewalk repair, street repair, storm water repair, water line repair, sewer line repair, recreation programs, sports programs, fitness training programs, mowing and tree trimming, all services that the City has provided to its citizens for decades. Because the City is not compelled to earn a profit and is exempt from property and sales tax, the City estimates the proposal will increase the cost of these services to the citizens of the City of 30% if they are provided by the private sector.

ASSUMPTION (continued)

Officials at the **Office of the State Auditor** assume no fiscal impact from this proposal.

Officials at the **Platte County Board of Election Commission** assume no fiscal impact from this proposal.

Oversight assumes from this proposal that the service provided by the local political subdivision may no longer be provided after August 28, 2015 unless the service meets certain criteria. One of those criteria is to be approved by the majority vote of the people. Looking at the State of Missouri, this loss in services that are provided by the local political subdivisions could be \$0 or unknown each year. Also, each competitive service would also need to be put on the ballot and approved by the majority of voters. Such future services could be subject to a ballot measure for local political subdivisions resulting in cost of \$0 or unknown each year.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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LOCAL POLITICAL SUBDIVISIONS

<u>Loss - Local Political Subdivisions - in revenue generated from services provided by locals and cost of future services subject to a ballot measure</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
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FISCAL IMPACT - Small Business

This could have a direct fiscal impact to small businesses as a result of this proposal.

FISCAL DESCRIPTION

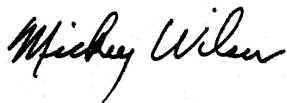
Under this act, beginning August, 28, 2015, no municipality may begin to provide a service that is being provided by at least one private business within the boundaries of the municipality without a vote of the people. This act does not apply to services that are recreational in nature, situations in which the private business has no physical business presence or assets in the municipality, or services that have an annual fiscal impact of less than \$100,000.

In order to pose the question to voters of whether to authorize the municipality to provide a service otherwise prohibited under this act, the municipality must publicly release a study of the feasibility of offering the service and the financial implications at least 90 days before the election and determine the total estimated cost of the project for the next five years. If the question fails to receive a majority vote, it cannot be resubmitted to voters for two years. If the service is provided by the municipality, this act prohibits financial subsidization of the service from revenue collected from other services offered by the municipality and municipal funds being used to support the service unless the voters approve a specific revenue stream for it.

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

City of Harrisonville
City of Kansas City
Office of the State Auditor
Platte County Board of Election Commission



Mickey Wilson, CPA
Director
February 18, 2015

Ross Strope
Assistant Director
February 18, 2015