

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION
FISCAL NOTE

L.R. No.: 4101-04
Bill No.: HCS for SS for SCS for SB 704 with HCA 3
Subject: Office of Administration; Department of Elementary and Secondary Education;
 Department of Higher Education; State Departments; Federal - State Relations; ;
 Economic Development; Department of Natural Resources
Type: Original
Date: May 11, 2016

Bill Summary: This proposal modifies laws relating to public funds.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented
General Revenue	(\$221,060)	(\$5,327,309) to (\$5,547,579)	(\$8,200,000) to (\$8,422,000)	(\$24,000,000) to (\$24,222,224)
Total Estimated Net Effect on General Revenue	(\$221,060)	(\$5,327,309) to (\$5,547,579)	(\$8,200,000) to (\$8,422,000)	(\$24,000,000) to (\$24,222,224)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented
Multipurpose Water Resource Program Fund*	\$0	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0	\$0

*Transfers In from General Revenue in addition to Contribution Fees Generated and Costs Net to Zero

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented
Multipurpose Water Resource Program Fund	3	3	3	3
Total Estimated Net Effect on FTE	3	3	3	3

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 2017	FY 2018	FY 2019	Fully Implemented
Local Government	\$0	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 37.851

Officials at the **Department of Natural Resources (DNR)** defers to Office of Administration for fiscal impact.

Sections 256.437, 256.438, 256.440, and 256.443

DNR would request one (1) Engineer III, one (1) Planner II, and one (1) Accounting Specialist III to support project review, planning, administration and oversight of the Multipurpose Water Resource Program Fund. This is based on department knowledge of financial assistance administration and operation of grant programs for planning and infrastructure development. At a minimum, this program requires engineering review, accounting oversight, and planning expertise.

Engineer III: (Engineering Review and Project Management at \$55,416 annually) Assist water resource project sponsors and ensure the availability of long-term water supply by providing assistance and engineering review of preliminary engineering reports and water resource plans; providing technical support for planning and feasibility studies; giving guidance to grant award plan development; leading and attending project meetings; providing oversight to and monitoring project progress; assisting with the development of contract language and oversight of contract compliance; participating in the budget planning process; and developing and reviewing administrative rules.

Planner II: (Project and Budget Planning, Contracts at \$40,380 annually) Assist water resource project sponsors and ensure the availability of long-term water supply by conducting initial and content review of preliminary engineering reports or water resource plans for compliance with minimum requirements; providing guidance to sponsors of planning and feasibility studies and participating in planning scope development; developing and finalizing the grant award plan; leading and attending project meetings; participating in contract language development; tracking project progress and aligning planning efforts; and developing and reviewing administrative rules.

Accounting Specialist III: (Fiscal Monitoring, Review, Reporting at \$47,892 annually) Assist water resource project sponsors and ensure fiscal vitality of the program by conducting review of the fiscal components of preliminary engineering reports or water resource plans; conducting fiscal review of proposed planning or feasibility studies; participating in the development of the

ASSUMPTION (continued)

grant award plan; attending project meetings and leading budget and fiscal planning meetings; assisting with the development of contract language and oversight of contract compliance; leading budget planning; providing accounting oversight to projects and reviewing project expenditures; producing fiscal reports; and tracking project progress and aligning fiscal planning efforts.

For purposes of this fiscal note, the department has assumed the funding source of this proposal would be General Revenue to the Multipurpose Fund. The Multipurpose Fund has never had money appropriated to it and has a balance of \$0. Once the program is up and running, it would most likely take a number of years before any revenues would cover the costs of activities to implement this proposal.

Oversight will show a fiscal impact for the new positions with costs related to equipment and expenses for these positions beginning with FY17 because the proposal contains an emergency clause. And Oversight will assume there will not be any contribution fees generated in FY17.

Oversight will show a \$0 or costs Up to \$220,270 for FY18 and a \$0 or costs Up to \$222,249 for FY19 to General Revenue. This reflects the impact of contribution fees generated for participation in the program which would reduce the amount needed to be transferred from General Revenue to the Multipurpose Water Resource Program Fund for personnel costs.

Oversight will show a positive \$0 or Up to \$220,270 for FY18 and a positive \$0 or Up to \$222,249 for FY19 to the Multipurpose Water Resource Program Fund as a transfer from General Revenue. Also, Oversight will show a positive \$0 or Up to \$220,270 for FY18 and a positive \$0 or Up to \$222,249 for FY19 to the Multipurpose Water Resource Program Fund as revenue generated from contribution fees for participation in the program.

Oversight will show a \$0 impact to the Multipurpose Water Resource Program Fund because it is assumed that the revenue received from General Revenue and contribution fees deposited directly to the Multipurpose Water Resource Program Fund combined will equal the costs of the program.

In response to a similar proposal, SB 1120, Oversight received the following responses:

Officials at the **Callaway County** and **St. Louis County** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the **St. Louis Sewer District** assume this proposal will not have a fiscal impact on their organization.

ASSUMPTION (continued)

Section 620.1878

Officials from the **Department of Economic Development - Business and Community Services (BCS)** assume this proposal will amend the definitions in the Missouri Quality Jobs Act to add a definition of an “appropriate measure” to calculate benefits for a given year. The change in how benefits are to be calculated will have an immediate negative impact of \$5,327,309. This estimate is the difference between the authorized benefits and the requested benefits as listed on an annual report of a participating company. The following year, that company will see an additional \$8.2 million paid over and above what they agreed to.

There are 94 companies currently receiving benefits in the program. There are 27 more with accepted proposals for the Quality Jobs Program through 2022. The total outstanding benefits for all projects (not including the 27 proposals) is \$94,000,000. If it is assumed that benefits will go up for all companies in the program by 25% the state would be paying \$24,000,000 more in benefits for retained jobs.

Bill as a Whole

Officials from the **Office of Administration - Information Technology Services Division (ITSD)** assume this proposal would require changes to be made to the Missouri Accountability Portal to provide for the ability to post certain information of legal service contracts from outside firms onto the portal. This would require 133.92 hours of consultant work by ITSD at \$75 per hour this equates to a fiscal impact of \$10,044 for FY17. The annual maintenance of the system will require \$2,059 in FY18 and \$2,110 in FY19.

Oversight assumes ITSD would be able to absorb some of the programming costs, resulting in a minimal negative fiscal impact.

Officials from the **Department of Labor and Industrial Relations, the Missouri Senate, the Office of Prosecution Services, the Department of Economic Development - Public Service Commission, the Department of Economic Development - Division of Energy, the Department of Mental Health, the Missouri Department of Conservation, the Department of Agriculture, the Missouri Lottery Commission, the Department of Higher Education, the Department of Elementary and Secondary Education, the Legislative Research, the Office of the Governor, the Department of Transportation, the Missouri Consolidated Health Care Plan, the Department of Public Safety - Capitol Police, the Department of Public Safety - Missouri Veterans Commission, the Department of Public Safety - Missouri Gaming Commission, the Missouri Ethics Commission, the Joint Committee on Public Employee Retirement, the Office of the State Treasurer, the Office of the State Auditor,**

ASSUMPTION (continued)

the **Administrative Hearing Commission**, the **State Tax Commission**, the **Department of Health and Senior Services** and the **MoDOT and Patrol Employees Retirement System** each assume the current proposal would not fiscally impact their respective agencies.

Officials from the **Department of Revenue**, the **Department of Corrections**, and the **Department of Social Services** defer to Office of Administration for fiscal impact.

Officials from the **Joint Committee on Administrative Rules** state that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

House Committee Amendment 1

Oversight assumes this proposal adds "beginning August 28, 2017" to Section 602.1878. This amendment will result in the fiscal impact of \$5,548,369 to be moved from FY17 to FY18. Oversight has also received additional information from the Department of Economic Development and is incorporating it into the fiscal note.

<u>FISCAL IMPACT -</u> <u>State Government</u>	<u>FY 2017</u> <u>(10 Mo.)</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Fully</u> <u>Implemented</u>
GENERAL REVENUE				
<u>Transfer Out - to</u> Multipurpose Water Resource Program Fund - DNR - §256.437, §256.438, §256.440, and §256.443	(\$221,060)	\$0 or Up to (\$220,270)	\$0 or Up to (\$222,249)	\$0 or Up to (\$222,249)
<u>Loss - DED - BCS</u> Increased benefit allowance for Missouri Quality Jobs Act (\$620.1878)	\$0	(\$5,327,309)	(\$8,200,000)	(\$24,000,000)
NET EFFECT ON GENERAL REVENUE	<u>(\$221,060)</u>	<u>(5,327,309 to</u> <u>\$5,547,579)</u>	<u>(\$8,200,000) to</u> <u>(\$8,422,000)</u>	<u>(\$24,000,000) to</u> <u>(\$24,222,249)</u>

<u>FISCAL IMPACT -</u> <u>State Government</u>	<u>FY 2017</u> <u>(10 Mo.)</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Fully</u> <u>Implemented</u>
MULTIPURPOSE WATER RESOURCE PROGRAM FUND				
<u>Revenue - Contribution</u> Fees - §256.437, §256.438, §256.440, and §256.443	\$0	\$0 or Up to \$220,270	\$0 or Up to \$222,249	\$0 or Up to \$222,249
<u>Transfer In - from</u> General Revenue - §256.437, §256.438, §256.440, and §256.443	\$221,060	\$0 or Up to \$220,270	\$0 or Up to \$222,249	\$0 or Up to \$222,249
<u>Costs - §256.437,</u> §256.438, §256.440, and §256.443				
Personnel	(\$119,740)	(\$145,125)	(\$146,576)	(\$146,576)
Fringe Benefits	(\$57,943)	(\$69,924)	(\$70,321)	(\$70,321)
Equipment and Expenses	<u>(\$43,377)</u>	<u>(\$5,221)</u>	<u>(\$5,352)</u>	<u>(\$5,352)</u>
Total Costs	<u>(\$221,060)</u>	<u>(\$220,270)</u>	<u>(\$222,249)</u>	<u>(\$222,249)</u>
FTE Change - DNR	3 FTE	3 FTE	3 FTE	3 FTE
NET EFFECT ON MULTIPURPOSE WATER RESOURCE PROGRAM FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change for the Multipurpose Water Resource Program Fund	3 FTE	3 FTE	3 FTE	3 FTE

<u>FISCAL IMPACT -</u> <u>Local Government</u>	<u>FY 2017</u> <u>(10 Mo.)</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Fully</u> <u>Implemented</u>
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal requires every department and division of the state, including the General Assembly and the offices of statewide elected officials, to make available to the public on the Missouri Accountability Portal specified information relating to all contracts of greater than \$2,500 entered into for the provision of legal services by a private law firm.

This proposal adds the General Assembly and executive branch appointees to the list of persons required to make certain legal contract disclosures on the Missouri Accountability Portal.

The proposal requires the Department of Natural Resources must provide any municipality or community currently served by a wastewater treatment system with information regarding options to upgrade the existing lagoon system to meet discharge requirements. The information must include available advanced technologies including biological treatment options. The municipality or community, or a third party it hires, may conduct an analysis, including feasibility and cost, of available options to meet the discharge requirements. If upgrading or expanding the existing system is feasible, cost effective and will meet the discharge requirements, the department must allow the entity to implement the option.

The proposal also adds a definition of "Appropriate Measure" as it pertains to the Missouri Quality Jobs Act (Section 620.1878).

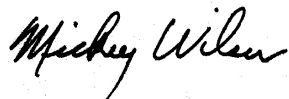
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Callaway County
St. Louis County
St. Louis Sewer District

SOURCES OF INFORMATION (continued)

Office of Administration
Department of Labor and Industrial Relations
Missouri Senate
Office of Prosecution Services
Department of Economic Development
Department of Mental Health
Missouri Department of Conservation
Department of Agriculture
Missouri Lottery Commission
Department of Higher Education
Department of Elementary and Secondary Education
Legislative Research
Office of the Governor
Department of Transportation
Missouri Consolidated Health Care Plan
Department of Public Safety
Missouri Ethics Commission
Joint Committee on Public Employee Retirement
Office of the State Treasurer
Office of the State Auditor
Administrative Hearing Commission
State Tax Commission
Department of Health and Senior Services
MoDOT and Patrol Employees Retirement System
Department of Revenue
Department of Corrections
Department of Social Services
Joint Committee on Administrative Rules



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