

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4953-02  
Bill No.: SB 572  
Subject: Political Subdivisions; Planning and Zoning; Law Enforcement Officers and Agencies; County Government; Courts  
Type: Original  
Date: January 11, 2016

---

Bill Summary: This proposal modifies municipal ordinance violation calculation for annual general operating revenue limits.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Distribution increase (decrease) net to zero

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Office of the State Courts Administrator** assume the proposed legislation modifies municipal ordinance violation calculation for annual general operating revenue limits. There may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Officials at the **Office of the State Auditor**, the **Department of Revenue** and the **State Tax Commission** each assume no fiscal impact to their respective agencies from this proposal.

Officials at **St. Louis County (SLC)** assume this legislation will have no impact on annual revenues from provisions relating to the maximum revenue that can be generated from court fees and costs. SLC further estimates that disincorporation of a municipality in the County will result in additional revenue from sales tax, utility gross receipts tax, and other sources, however a reasonable estimate of the additional revenue cannot be made at this time and will vary by municipality.

This legislation reduces the percentage of general operating revenues that the County can derive from fines, bond forfeitures, and court costs specific to traffic violations and municipal ordinance violations from 30% (current) to 20%. Applying a narrow interpretation of general operating revenue, the County anticipates revenue of \$185 million in the current year. Of this, \$5 million is to be received from fines and court costs associated with the St. Louis County Municipal Court. The County, therefore, derives 2.7% of total general operating revenue from municipal court fines and court costs.

SLC assumes no costs from the provision extending municipal ordinance violation into the calculation of allowable revenues. The County would incur significant costs if a municipality within the County were to disincorporate. These costs include the provision of basic municipal-level services (police, road maintenance, code enforcement, etc.) as well as costs to close the municipality's finances, hold elections, etc. A reasonable estimate of this cost cannot be made at this time and will vary by municipality.

Officials at the **Callaway County Commission** and the **City of Columbia** each assume no fiscal impact to their respective entities from this proposal.

ASSUMPTION (continued)

Officials at the **City of Kansas City (CKC)** assume no direct fiscal impact in revenues, savings or cost from this proposal. The CKC assumes no loss in revenue should be experienced by this legislation. The amount of money collected by the CKC from fines, bond forfeitures and court costs is a very small percentage of its annual general revenue. Inclusion of zoning/planning ordinance convictions and fines within this amount will have no measurable impact on the City's annual general operating revenue reported to the State of Missouri, and will remain considerably below the threshold established before excess money is submitted to the Director of Revenue.

In response to similar legislation from 2015 (TAFP CCS for HCS for SS for SCS for SB 5, LR 0455-18), **Oversight** inquired with officials at the Department of Revenue regarding the number of payments that have been redirected from local political subdivisions to schools for traffic fine:

Year	Amount
2011	\$19,205.47
2012	\$107.07
2013	\$0.00
2014	\$5,000.00

Oversight assumes that there are numerous local political subdivisions that could potentially realize more than 20% of their annual general operating revenues from this legislation to add municipal ordinance violations to the annual general operating revenues calculations. This could result in increased revenues to schools and a loss in revenue to local political subdivisions. Therefore, Oversight assumes this impact would net to zero across all local political subdivisions, collectively.

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

ASSUMPTION (continued)

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Des Peres, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O’Fallon, Pacific, Peculiar, Pineville, 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 fiscal impact.

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

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
---	---------------------	---------	---------

**LOCAL POLITICAL SUBDIVISIONS**

<u>Loss</u> - Revenue from adding municipal ordinance violations to the annual general operating revenues calculation limits	(Unknown)	(Unknown)	(Unknown)
--	-----------	-----------	-----------

<u>Revenue</u> - School Districts - increase in revenue from excess annual general operating revenues received	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
--	----------------	----------------	----------------

<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS*</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
--	------------	------------	------------

\*Distribution increase (decrease) net to zero

FISCAL IMPACT - Small Business

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

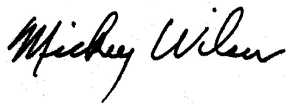
FISCAL DESCRIPTION

This act adds a definition for municipal ordinance violations which are added to the calculation limiting the percentage of annual general operating revenue that can come from fines and court costs for minor violations. Municipal ordinance violations are also added to the disincorporation language if a municipality fails to remit excess annual general operating revenue to the Department of Revenue for the county school fund.

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 State Courts Administrator  
Office of the State Auditor  
State Tax Commission  
Department of Revenue  
St. Louis County  
Callaway County Commission  
City of Kansas City  
City of Columbia



Mickey Wilson, CPA  
Director  
January 11, 2016

Ross Strobe  
Assistant Director  
January 11, 2016