

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4953-09
Bill No.: HCS for SS for SCS for SB 572
Subject: Political Subdivisions; Planning and Zoning; Law Enforcement Officers and Agencies; County Government; Courts
Type: Original
Date: April 22, 2016

Bill Summary: This proposal modifies provisions relating to municipalities.

FISCAL SUMMARY

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

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

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 67.287

In response to similar legislation this year, HB 2658, officials at the **Office of the Attorney General (AGO)** assumed under this proposal, the AGO has the duty to review and to determine whether or not a municipality is operating below minimum standards and to file suit to enforce its provisions (Section 67.287.3). The AGO assumes that the costs associated with this proposal can be absorbed with existing resources. The AGO may seek additional resources if there is a significant increase in its caseload.

In response to similar legislation this year, HB 2658, officials at **St. Louis County** assumed no fiscal impact from this proposal.

Oversight assumes this proposal reflects a change codifying statute and should have no direct fiscal impact to the proposal.

Section 71.980

In response to a previous version, officials at the **Department of Revenue** and the **Office of the State Auditor** each assumed no fiscal impact to their respective agencies from this proposal.

In response to a previous version, officials at the **City of Columbia** and the **City of Jefferson** each assumed no fiscal impact to their respective entities from this proposal.

In response to a previous version, officials at the **City of Kansas City** assumed this section of the proposal has a disclaimer by the State of the responsibility for the debts of cities, despite the reduction of revenue many bills will accomplish. The City of Kansas City estimates no fiscal impact on this proposal.

Sections 77.700, 77.703, 77.706, 77.709, 77.712, 77.715, 79.490, 80.570, 82.133, 82.136, 82.139, 82.142, 82.145, 82.148

In response to similar legislation filed this year, HCS for HB 1686, officials at the **Office of the Secretary of State** assumed no fiscal impact from this proposal.

In response to similar legislation filed this year, HCS for HB 1686, officials at the **St. Louis County Board of Elections** assumed if a large city petitioned to disincorporate in an even year, it would create a sizable petition to validate signatures. The increase in temporary staff would cost somewhere in the range of \$7,500 to \$15,000 to handle the extra volume.

ASSUMPTION (continued)

In response to similar legislation filed this year, HCS for HB 1686, officials at **St. Louis County** assumed should a third class city within the County be dissolved, the County would receive revenues from sales tax, utility gross receipts tax and road and bridge taxes that had previously gone to the city. The amount of revenue to be received depends on the city(ies) to be dissolved. The County would incur costs up to \$12,500 per day for publication of the election in a local newspaper, as well as an undetermined amount to hold the election. If the County were to appoint a County employee as trustee, it would cost the County staff time and resources to support that employee. The County would provide municipal-level services to the dissolved city, such as police protection, road maintenance, code enforcement, etc.

Oversight assumes revenues from taxes on a disincorporated city(ies) would be an unknown positive to St. Louis County depending on if one city or multiple cities disincorporate in the same year. Oversight also assumes there would be increased cost to support the disincorporated city(ies) for services such as police, fire, etc. If an election to disincorporate a city(ies) is held, according to Section 77.700.3, notice of the election needs to be given in a newspaper for four weeks. Assuming the notice of the election is ran everyday for four weeks, (28 days times \$12,500 per day for publication of the election) this cost would be up to \$350,000 per city. Oversight also assumes there is a potential in the future for some savings due to the economies of scale and the duplication of services between St. Louis County and the city(ies). Therefore, Oversight will reflect an expenditure for St. Louis County of \$0 (if no city disincorporates) or an unknown amount (for the cost of publication of the election in the newspaper).

Sections 479.350, 479.353, 479.359, 479.360, 479.368

In response to a previous version, officials at the **Office of the State Auditor** assumed the language in this proposal would require their office to update the current rule and forms. The Office believes it could absorb these costs within its current appropriation authority.

In response to a previous version, officials at the **Department of Revenue** assumed no fiscal impact from this proposal.

In response to a previous version, officials at the **Callaway County Commission** assumed no fiscal impact from this proposal. However, the County can see how this proposal could cause some counties and cities to do additional paperwork.

Officials at the **City of Independence** assume a loss of \$400,000 in revenue per year from this proposal.

In response to a previous version, officials at the **City of Dardenne Prairie** assumed this proposal could create a fiscal impact but could not quantify it at this time.

ASSUMPTION (continued)

In response to a previous version, officials at **St. Louis County** assumed no fiscal impact from this proposal.

In response to a previous version, officials at the **City of Jefferson** assumed this amendment would decrease their original cost from \$40,000 per year to \$10,000 per year.

In response to a previous version, officials at the **City of Kansas City** assumed the amendment to the definition of municipal ordinance violation limiting it to planning, zoning, nuisances, weeds, reduces the fiscal impact of the prior version. However, it still has a direct fiscal impact on the operation of the City's Housing Court. A fund is maintained from part of the fines paid by people in Housing Court to make available financial assistance to defendants economically unable to make required repairs to their homes. The reduction of the maximum fines for these types of violations to less than \$200 (since court costs are included in the maximum) will reduce the size of the Municipal Court Fund, and therefore, will reduce the number of persons, generally elderly people attempting to stay in their longtime home in declining neighborhoods, that can be helped. Because of the limitations on the definition of municipal ordinance violation, the original estimate of \$6 - \$10 million will be reduced to only several million dollars.

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 fines; the annual totals were:

Year	Amount
2011	\$ 19,205
2012	\$ 107
2013	\$ 0
2014	\$ 5,000
2015	\$390,741

Oversight assumes that there are numerous local political subdivisions that could potentially realize more than 20% of their annual general operating revenues due to this legislation adding 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. Oversight also recognizes there are numerous local political subdivisions that could be affected from limitations placed on fine amounts. Therefore, Oversight assumes a direct fiscal impact to local political subdivisions of \$0 or a negative unknown.

ASSUMPTION (continued)

Bill as a whole

Officials at the **Office of the State Courts Administrator** assume the proposed legislation modifies provisions relating to municipalities. 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 **State Tax Commission** and **Department of Public Safety's Missouri Highway Patrol** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the **Jackson County Board of Election Commissioners** and the **Platte County Board of Election Commissioners** each assume no fiscal impact to their respective entities from this proposal.

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.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Des Peres, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, 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>Revenue</u> - Disincorporated City(ies) tax revenue transferred to St. Louis County (Sections 77.700, 77.703, 770706, 77.709, 77.712, 77.715, 79.490, 80.570, 82.133, 82.136, 82.139, 82.142, 82.145, 82.148)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - increase in costs for services to support disincorporated city(ies) transferred to St. Louis County (Sections 77.700, 77.703, 770706, 77.709, 77.712, 77.715, 79.490, 80.570, 82.133, 82.136, 82.139, 82.142, 82.145, 82.148)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - publication of election for 4 weeks in newspaper (Sections 77.700, 77.703, 770706, 77.709, 77.712, 77.715, 79.490, 80.570, 82.133, 82.136, 82.139, 82.142, 82.145, 82.148)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Loss</u> - Revenue from adding municipal ordinance violations to the annual general operating revenues calculation limits (Sections 479.350, 479.353, 479.359, 479.360, 479.368)	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> - Limitations placed on fine amounts (Sections 479.350, 479.353, 479.359, 479.360, 479.368)	(Unknown)	(Unknown)	(Unknown)
<u>Revenue</u> - School Districts - increase in revenue from excess annual general operating revenues received (Sections 479.350, 479.353, 479.359, 479.360, 479.368)	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

FISCAL IMPACT - Small Business

There could be a direct fiscal impact to small businesses as a result of this proposal.

FISCAL DESCRIPTION

Section 67.287

Currently, under the provisions that set minimum standards for municipal governance, every municipality must have an annual audit that includes a report on the internal controls utilized by the municipality that are implemented to prevent the misuse of public funds. The report must be prepared by a qualified financial consultant. This bill removes the requirement that the report be prepared by a qualified financial consultant.

Section 71.980

Clarifies the State of Missouri will not be held liable for the debts of a municipality that is financially insolvent.

Sections 77.700, 77.703, 77.706, 77.709, 77.712, 77.715, 79.490, 80.570, 82.133, 82.136, 82.139, 82.142, 82.145, 82.148

This proposal decreases the number of signatures required on a petition to disincorporate a city of the fourth class or a village in St. Louis County from 50% to 25% of voters, and decreases the voter approval percentage for disincorporation from 60% to 50% plus one voter.

Sections 479.350, 479.353, 479.359, 479.360, 479.368

This act changes the definition for minor traffic violation to include traffic ordinance violations for which no points are assessed to a driver's driving record and amended charges for any minor traffic violation and adds a definition for municipal ordinance violations. Municipal ordinance violations and amended charges for municipal ordinance violations are added to the calculation limiting the percentage of annual general operating revenue that can come from fines and court costs for minor violations and to provisions regarding fines, imprisonment, and court costs in municipal court cases.

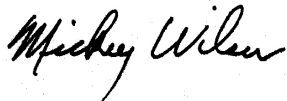
Additionally, the maximum allowable fine for minor traffic violations and municipal ordinance violations has been lowered from three hundred dollars to two hundred dollars and no court costs shall be charged to defendants found to be indigent. Municipal courts are also required to not charge defendants for costs associated with community service alternatives. Municipal ordinance violations are also added to municipal disincorporation provisions if a municipality fails to remit excess annual general operating revenue to the Department of Revenue for the county school fund and the disincorporation threshold has been lowered from sixty percent to a majority of participating voters.

FISCAL DESCRIPTION (continued)

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 Attorney General
Office of the Secretary of State
Department of Public Safety
 Missouri Highway Patrol
Office of the State Courts Administrator
Office of the State Auditor
State Tax Commission
Department of Revenue
St. Louis County Board of Elections
Jackson County Board of Election Commissioners
Platte County Board of Election Commissioners
St. Louis County
Callaway County Commission
City of Kansas City
City of Columbia
City of Jefferson
City of Dardenne Prairie
City of Independence



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