

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0090-08
Bill No.: HCS for SS for SB 35
Subject: Administration, Office of; County Officials; General Assembly; Internet and E-mail; Public Records, Public Meetings; State Departments
Type: Original
Date: May 1, 2017

Bill Summary: This proposal changes the law regarding state purchases of land.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
	\$0	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Facilities Management Design and Construction (FMDC)** assume the number of parcels that FMDC purchases per year fluctuates and is not possible to accurately forecast. In any given year, there could be zero purchases or there could be several. For purposes of responding to this fiscal note request, FMDC assumes that it would purchase one property per year.

FMDC assumes that this version of this bill would require it to pay for two separate advertisements, one for the intended sale and one for the public hearing. Assuming that interpretation is correct, FMDC's research shows that the advertising cost for one purchase could vary from \$15,584 to \$86,548 depending on the advertising market area. Thus HB-13, Section 13.005 would need to include additional funds to cover the cost for advertising.

For a purchase in St Louis County, which has 90+ municipalities, FMDC assumes postage for 1,000 notices would be necessary, plus one day of staff time to identify officials and their addresses, prepare a notice and mail the notice. The cost of mailing 1,000 notices for such property would equal \$695.

FMDC has no way of estimating the additional price, if any, that sellers of land would demand on account of the bill's requirements

In summary, FMDC assumes a cost of up to \$87,243 (\$86,548 + \$695) in FY 2018, FY 2019 and FY 2020 to the General Revenue Fund to provide for the implementation of changes in this proposal.

Oversight assumes FMDC is provided with core funding to handle a certain amount of activity each year. Oversight assumes FMDC could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, FMDC could request funding through the appropriation process.

ASSUMPTION (continued)

Officials from the **Department of Natural Resources (DNR)** assume that the public notice requirement would drive up interest in the real estate and therefore, the price of acquiring land. At this time, the Department assumes a 25 percent cost increase. The average price per acre for hunting/recreation land in Missouri in 2016 was \$1,807, according to the MU Extension Missouri Farm Land Values Opinion Survey. Therefore, the Department estimates that on average, the Department could expect to instead pay \$2,258.75 per acre for transactions exceeding 60 acres. Over the past 90 years, the Department has engaged in an average of four transactions per year in which it purchased land in excess of 60 acres, or at a purchase price of \$250,000 or more. The average number of acres acquired by the Department for land transactions of greater than 60 acres or price greater than \$250,000 has been 243.46 acres. Therefore, the Department expects to incur an average of \$439,101 in additional purchase price costs per fiscal year (4 transactions per year times 243.46 acres per transaction times the price increase of \$452 per acre).

Advertising costs would be dependent on the county in which the land would be purchased. Based on quotes provided by the Missouri Press Service, Inc. in 2015, the lowest advertisement rate is \$25.50 per week while the highest rate is \$4,244.34 per week. This bill would require the Department to advertise purchases with a cost exceeding \$250,000 or in excess of 60 acres in size for a minimum of four weeks (two weeks prior to closing and two weeks prior to the public hearing). Therefore, the expected range of the advertising cost for each transaction would be \$102-\$16,977 per transaction. The Department has historically purchased an average of four properties each fiscal year that exceeded 60 acres in size or at a price in excess of \$250,000. Thus, the additional advertising costs in a fiscal year would average \$408-\$67,909.

Oversight assumes the increased price of acquiring land is speculative and will not reflect that impact in the fiscal note. Oversight assumes DNR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DNR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DNR could request funding through the appropriation process.

Officials from the **Missouri National Guard (MNG)** assume this proposal will restrict the ability to quickly purchase property that may result in the loss of federal funding to support construction for emergency projects. MNG assumes the fiscal impact is unknown.

Oversight assumes MNG's response is speculative and will not reflect the fiscal impact in the fiscal note.

ASSUMPTIONS (continued)

Officials from the **Department of Agriculture, Department of Elementary and Secondary Education, Department of Health and Senior Services, Department of Labor and Industrial Relations, Department of Public Safety (Office of the Director, Capitol Police, Fire Safety, Gaming Commission, Missouri State Highway Patrol, State Emergency Management Agency and the Veterans Commission), Joint Committee on Administrative Rules, Missouri Lottery Commission, Missouri Consolidated Health Care Plan, Missouri Department of Conservation, Missouri Ethics Commission, Missouri Department of Transportation, Missouri State Employees' Retirement System, Office of Administration (Administrative Hearing Commission), Office of the State Courts Administrator, Office of the State Auditor, Missouri Senate, Office of the State Treasurer, Office of the State Public Defender's Office, Department of Higher Education, Office of Prosecution Services, Office of the Lieutenant Governor, Office of the Governor, Office of the Secretary of State, and the State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Department of Public Safety (Alcohol and Tobacco Control)** assumed the proposal will have no fiscal impact on their organization.

In response to a previous version, officials from the **Attorney General's Office (AGO)** assumed any potential cost arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in cases.

Officials from the **Joint Committee on Public Employee Retirement** assume the proposal will not affect retirement plan benefits as defined in Section 105.660.

Officials from the **Department of Mental Health, Department of Social Services, Department of Corrections, Department of Economic Development, Department of Revenue, Office of Administration - Budget and Planning** and the **Department of Insurance, Financial Institutions and Professional Registration** defer to the Office of Administration.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<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

Under this act, when the Commissioner of Administration seeks to purchase land on behalf of any state department, the department is required to take certain actions, including providing public notice on its website, to elected officials, and in a newspaper, holding a public hearing in affected counties, and providing public notice of the public hearing as set forth in this act.

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

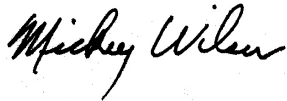
Attorney General's Office
Department of Agriculture
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education
Department of Social Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health

SOURCES OF INFORMATION (continued)

Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety
 Office of the Director
 Capitol Police
 Alcohol & Tobacco Control
 Fire Safety
 Gaming Commission
 Missouri Highway Patrol
 State Emergency Management Agency
 Veterans Commission
MoDOT & Patrol Employees' Retirement System
Office of Administration
 Administrative Hearing Commission
 Office of Administration - Budget and Planning
Missouri State Employee's Retirement System
Office of the State Courts Administrator
Office of the State Public Defender
Office of the State Treasurer
State Tax Commission
Missouri House of Representatives
Office of Prosecution Services
Missouri Department of Conservation
Missouri Ethics Commission
Office of the Lieutenant Governor
Department of Transportation
Department of Social Services
Office of the Governor
Joint Committee on Public Employee Retirement

SOURCES OF INFORMATION (continued)

Missouri Lottery Commission
Missouri Consolidated Health Care Plan
Joint Committee on Administrative Rules
Office of the State Auditor
Missouri Senate
Office of the Secretary of State



Mickey Wilson, CPA
Director
May 1, 2017

Ross Strobe
Assistant Director
May 1, 2017