

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0090-09  
Bill No.: CCS for HCS for SS for SB 35  
Subject: Office of Administration; County Officials; General Assembly; Internet and E-mail; Department of Natural Resources; Newspapers and Publications; Property, Real and Personal; Public Records, Public Meetings; State Departments  
Type: Original  
Date: May 11, 2017

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Bill Summary: This proposal modifies public notice and hearing requirements for certain land purchases made by the Department of Natural Resources or the Commissioner of Administration on behalf of state departments.

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**FISCAL SUMMARY**

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
	\$0	\$0	\$0
<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 8 pages.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## 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.

In response to a previous version, 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 Health and Senior Services, Department of Public Safety (Office of the Director and Fire Safety), 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 Auditor, Office of the State Treasurer, Office of the Governor, 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, Capitol Police, Gaming Commission, State Emergency Management Agency and the Veterans Commission), Department of Elementary and Secondary Education, Office of the State Courts Administrator, Missouri Senate, Office of the State Public Defender's Office, Department of Higher Education, Office of Prosecution Services, Office of the Lieutenant Governor and the Missouri House of Representatives** 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.

In response to a previous version, 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.

Officials from the **Department of Labor and Industrial Relations and the Department of Public Safety - State Highway Patrol** defer to the Office of Administration.

ASSUMPTION (continued)

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<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.

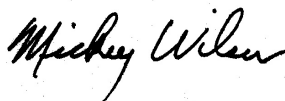
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### 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  
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

SOURCES OF INFORMATION (continued)

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  
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



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