

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0169-05
Bill No.: HCS for SCS for SB 112
Subject: Political Subdivisions; Libraries and Archives; Boards, Commissions,
Committees, and Councils
Type: Original
Date: May 3, 2017

Bill Summary: This proposal changes the laws regarding political subdivisions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2022)
General Revenue	\$0 or (Unknown)	Less than \$340,257	Less than \$395,691	Less than \$395,691
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	Less than \$343,809	Less than \$400,427	Less than \$400,427

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2022)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 23 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2022)
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 2018	FY 2019	FY 2020	Fully Implemented (FY 2022)
Total Estimated Net Effect on FTE	0	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	Fully Implemented (FY 2022)
Local Government	Less than \$8,387,924	Less than \$29,284,375	Less than \$35,532,108	Less than \$35,532,108

FISCAL ANALYSIS

ASSUMPTION

§50.622 and §50.740

Oversight assumes that some political subdivisions will choose to use the electronic option of filing their budgets versus the traditional mail option; therefore, Oversight will reflect a “Minimal” savings to local political subdivisions and to the State Auditor’s Office..

§54.040

In response to similar legislation from this year, SCS for HCS for HB 199, officials at **St. Louis County**, the **Callaway County Commission**, the **Ozark County Commission** and the **Platte County Board of Election Commission** each assumed no fiscal impact to their respective entities from this proposal.

Oversight assumes this proposal changes the laws regarding qualifications of county treasurers and would have no fiscal impact.

§54.261

In response to similar legislation from this year, HB 967, officials at **Boone County** already have this procedure in place and assume no fiscal impact from this proposal.

Oversight assumes this proposal is already a part of statute and changes the requirement to reimburse for training expenses from may to shall. Oversight assumes there may be some counties who choose not to reimburse for training to the county treasurer in their county budgets. Therefore, Oversight will reflect an unknown cost for reimbursement of training expenses for those counties from this proposal.

§67.1360

In response to similar legislation from this year, HB 899, officials from the **Department of Revenue** and the **Office of Administration** assumed there would be no fiscal impact from this proposal to their organizations.

In response to similar legislation from this year, officials from the **City of Archie** advised us there are not currently any hotels or motels, or any other type of business in their city which would be subject to this proposed tax. **Oversight** assumes this proposal would have no fiscal impact until and unless there is a taxable base and local officials submit a proposed tax to the voters.

ASSUMPTION (continued)

§71.011

In response to similar legislation from this year, HB 981, officials at the **Office of the State Courts Administrator**, the **Department of Revenue**, the **Department of Public Safety's Missouri Highway Patrol** and the **Department of Health and Senior Services** each assumed no fiscal impact to their respective agencies from this proposal.

In response to similar legislation from this year, HB 981, officials at the **St. Louis County Board of Election Commission**, the **Platte County Board of Election Commission**, the **Jackson County Board of Election Commission**, **St. Louis County** and the **Callaway County Commission** each assumed no fiscal impact to their respective entities from this proposal.

§71.291

In response to similar legislation from this year, HB 1079, officials at the **Department of Health and Senior Services (DHSS)** assumed the proposed legislation would cap the fees currently collected by local authorities that assist DHSS in inspecting hotels and motels. As costs to conduct inspections increases, the Local Public Health Agencies (LPHA) may require additional contract money through DHSS in order to assist with the state lodging inspections/re-inspections. If additional contract money is not granted, the local public health agencies would be unable to carry out these functions and therefore the responsibility would fall back to DHSS. Either scenario would lead to a possible request for general revenue funds to carry out these essential public health services.

Oversight assumes Local Public Health Agencies could have a potential unknown loss in income on inspection fees collected from hotels and motels. If contract money is not approved by DHSS, then DHSS will have additional costs to carry out these services. Therefore, Oversight will also reflect \$0 to unknown loss of income for Local Public Health Agencies for this proposal.

In response to similar legislation from this year, HB 1079, officials at the **Department of Revenue** and the **Office of Administration's Division of Budget and Planning** each assumed no fiscal impact to their respective agencies from this proposal.

In response to similar legislation from this year, HB 1079, officials at **St. Louis County** assumed no fiscal impact from this proposal.

§84.514

In response to similar legislation from this year, SB 25, officials at the **City of Kansas City** assumed the beginning salary for a Lieutenant Colonel is \$71,969. The Kansas City Police

ASSUMPTION (continued)

Department (KCPD) could put a current Lieutenant Colonel in the position and the salary would be above the beginning. The new replacement would then be paid the minimum if the replacement was not already paid at least \$71,679. For example, the beginning salary for a Lieutenant Colonel is \$71,969, but the maximum for a Major is \$122,153. So it's possible a Major would get promoted and be paid more than what his/her current salary is. Benefits would also be at 30%. Unless the new position is absorbed by the current KCPD budget, the City will be asked to fund an additional Lieutenant Colonel position.

In response to similar legislation from this year, SB 25, officials at the **Kansas City Police Department (KCPD)** assumed the addition of a sixth Lieutenant Colonel for homeland security would be created from existing staffing levels. The cost to promote someone to this new position would be \$48,794 (\$48,096 salary and \$698 Medicare) once the ripple effect through the ranks is accounted for. The 10% referred to in Chapter 84.510 has to do with additional compensation such as incentive pay (shift differential, bi-lingual pay) and college pay. Benefits such as health insurance, pensions, and workers' compensation are not covered by this section.

The KCPD would not be increasing its staffing, therefore the cost to the Police Department would be the difference in salary of a topped out Officer and salary of a Lieutenant Colonel. This assumes the trickle down effect of promotions. The only benefit affected is Medicare (1.45%) associated with salary, other benefits would not be effected by the change in ranks.

Oversight assumes KCPD will create the position of Lieutenant Colonel from existing staff and will have no additional cost from benefits (excluding medicare) since existing benefits will transfer to the new position. Therefore, Oversight will reflect a \$0 or the cost of the position for each fiscal year for this proposal.

In response to similar legislation from this year, SB 25, officials at the **Department of Public Safety** assumed no fiscal impact from this proposal.

§88.770

In response to similar legislation from this year, HCS for HB 247, officials at the **St. Louis County Board of Election Commissioners**, the **Callaway County Commission**, the **City of Columbia**, the **Jackson County Board of Election Commissioners**, the **Platte County Board of Election Commissioners**, **St. Louis County** and the **City of Fulton** each assumed no fiscal impact to their respective entities from this proposal.

Oversight assumes the proposed legislation establishes procedures relating to municipally owned utilities. The proposal states "...except for the sale of a water or wastewater system, which

ASSUMPTION (continued)

shall be authorized by a simple majority vote of the voters voting on the question.” Oversight assumes, under current statute, election costs are already accounted for within §§81.190 and 88.770 of the proposal. Oversight assumes the proposal is making changes from a 2/3rds majority vote to a simple majority vote. Therefore, Oversight will reflect a \$0 fiscal impact from this proposal.

§§94.900, 94.902, 94.903 - ½% Sales Tax increase on certain cities

Officials at the **Office of Administration’s Division of Budget and Planning (B&P)** assume using the most recent available data (FY16), the B&P estimates that the affected cities and counties had total taxable sales and use revenues of \$4,529,487,774. All of the proposed taxes in this bill are capped at 0.5%. This means that the taxes included in the bill could yield \$22,420,964 per fiscal year after DOR retains \$226,474.

The earliest possible effective date for any of these taxes is the final quarter of FY18, so the first full fiscal year impact would not occur until FY19. The B&P notes this legislation could also impact other cities and counties.

B&P notes that sections 94.902.1 and 94.903.1 appear to achieve the same purpose. This analysis assumes that the impacted cities in each section will each levy a 0.5% public safety sales tax.

In summary, the B&P will assume the following additional revenues for this proposal:

FY18 - \$56,619
FY19 - \$226,474
FY20 - \$226,474

Oversight assumes a municipal election in April 2018. If the new tax rate for the cities is approved by the majority of voters, the additional tax would begin October 1, 2018 (FY 2019). Therefore, Oversight will assume the following for the general revenue fund:

FY18 - \$0
FY19 - \$169,856 (9 months)
FY20 - \$226,474

Officials at the **Department of Revenue (DOR)** assumed businesses in multiple cities in Missouri may need to collect and remit an additional sales tax of one-half of one percent for public safety issues in the city. If sales taxes are enacted, the integrated tax system incurs additional costs of \$98,280 to implement the provisions of this legislation.

ASSUMPTION (continued)

In response to similar legislation from this year, HCS No. 2 for HB Nos. 48, 69, 495, 589, officials at the **Department of Public Safety's Office of the Director** assumed no fiscal impact from this proposal.

Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city to approve the imposition of a sales tax. Should the voters approve the imposition of a sales tax, the city could expect revenue to be generated and there would be costs for improving the public safety of the city. Oversight assumes the Department of Revenue would collect the sales tax and retain a 1% collection fee which would be deposited into the State's General Revenue Fund.

Oversight notes that sections 94.902.1 and 94.903.1 appear to achieve the same purpose. This analysis assumes that the impacted cities in each section will each levy a 0.5% public safety sales tax.

Oversight assumes the amounts collected would be spent for public safety purposes but will not include those expenditures in this fiscal note.

Oversight notes, according to the bill description, 28 cities would now qualify to put the ½% sales tax for public safety purposes on the ballot. Page 4 of the note lists the cities and the potential sales tax proceeds if the ballot question is approved.

According to information found on the Tax and Fee Distribution Summary for Cities from the Department of Revenue's Financial and Statistical Report, the following are the local sales tax revenues for FY16, FY15 and FY14. The additional ½ tax rate would yield \$23,994,349 in additional tax revenue.

ASSUMPTION (continued)

	<u>Tax Rate</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>3 Year Average</u>	<u>Tax Sales Base</u>	<u>Adding ½ tax rate</u>
Bolivar	2.500%	4,855,996	4,609,123	4,367,389	4,610,836	194,239,840	971,199
Branson	1.500%	17,149,452	16,440,333	15,453,917	16,347,901	1,143,296,800	5,716,484
Carl Junction	2.500%	717,051	708,644	621,382	682,359	28,682,040	143,410
Dexter	1.875%	3,003,459	3,134,157	2,931,613	3,023,076	160,184,480	800,922
Eldon	2.900%	1,887,669	1,955,081	1,902,211	1,914,987	65,092,034	325,460
Eureka	1.000%	2,547,485	2,416,480	2,233,936	2,399,300	254,748,500	1,273,743
Harrisonville	1.875%	4,088,704	3,985,818	3,840,645	3,971,722	218,064,213	1,090,321
Higginsville	2.250%	1,426,309	1,374,066	1,329,781	1,376,719	63,391,511	316,958
Jackson	2.000%	4,413,152	4,364,016	4,087,896	4,288,355	220,657,600	1,103,288
Jennings	1.250%	1,628,854	1,786,042	1,735,602	1,716,833	130,308,320	651,542
Lake St. Louis	2.000%	6,587,036	6,155,522	4,548,428	5,763,662	329,351,800	1,646,759
Lamar	2.000%	1,469,486	1,392,778	1,357,856	1,406,707	73,474,300	367,372
Lebanon	2.000%	7,144,879	6,691,768	6,280,483	6,705,710	357,243,950	1,786,220
Lexington	2.500%	920,148	939,668	847,497	902,438	36,805,920	184,030
Mountain Grove	2.000%	2,000,811	1,982,157	1,786,109	1,923,026	100,040,550	500,203
Mount Vernon	2.000%	1,614,123	1,361,809	1,064,555	1,346,829	80,706,150	403,531
Oak Grove	3.000%	2,216,456	2,118,668	1,998,803	2,111,309	73,881,867	369,409
Pacific	2.000%	1,293,369	1,319,327	1,135,241	1,249,312	64,668,450	323,342
Peculiar	2.500%	1,068,950	1,065,027	973,010	1,035,662	42,758,000	213,790
Platte City	2.375%	2,399,263	2,373,673	2,122,575	2,298,504	101,021,600	505,108
Republic	2.375%	5,604,326	4,998,885	4,435,397	5,012,869	235,971,621	1,179,858
Rock Hill	1.500%	1,167,572	1,060,899	940,831	1,056,434	77,838,133	389,191
St. Clair	3.000%	1,160,572	1,107,268	1,009,203	1,092,348	38,685,733	193,429
Salem	1.875%	1,909,659	1,683,183	1,691,993	1,761,612	101,848,480	509,242
Sullivan	2.500%	3,144,341	3,002,303	2,873,392	3,006,679	125,773,640	628,868
Troy	2.000%	5,172,685	4,870,470	4,377,057	4,806,737	258,634,250	1,293,171
Union	3.000%	3,772,282	3,675,993	3,410,325	3,619,533	125,742,733	628,714
Warrenton	2.750%	2,633,327	2,395,897	2,419,628	2,482,951	95,757,345	478,787
		92,997,416	88,969,055	81,776,755	87,914,409	4,798,869,862	23,994,349

Oversight further assumes that section 94.902.1(6) language qualifies the following cities for the additional ½% tax rate: Arcadia, Doolittle, Eminence, Fairfax, Hartville, Hayti Heights, Holcomb, Kelso, Lowry City, Matthews, Naylor, Pleasant Hope, Queen City, Trimble, Verona and Vienna. According to information found on the Tax and Fee Distribution Summary for Cities from the Department of Revenue's Financial and Statistical Report, the following are the local sales tax revenues for FY16, FY15 and FY14. The additional ½ tax rate would yield \$508,424 in additional tax revenue.

ASSUMPTION (continued)

	<u>Tax Rate</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>3 Year Average</u>	<u>Tax Sales Base</u>	<u>Adding 1/2 tax rate</u>
Arcadia	1.750%	83,619	78,062	84,022	81,901	4,778,229	23,891
Doolittle	1.500%	79,112	89,091	69,593	79,265	5,274,133	26,371
Eminence	2.000%	226,958	211,042	173,303	203,768	11,347,900	56,740
Fairfax	1.000%	30,636	37,368	35,712	34,572	3,063,600	15,318
Hartville	2.500%	106,207	109,960	103,994	106,720	4,248,280	21,241
Hayti Heights	1.500%	12,359	14,892	13,956	13,736	823,933	4,120
Holcomb	1.000%	42,743	47,107	40,991	43,614	4,274,300	21,372
Kelso	1.000%	139,054	130,914	138,841	136,270	13,905,400	69,527
Lowry City	2.250%	140,810	120,773	117,990	126,524	6,258,222	31,291
Matthews	2.500%	540,666	535,034	519,341	531,680	21,626,640	108,133
Naylor	2.000%	39,876	38,971	37,901	38,916	1,993,800	9,969
Pleasant Hope	2.000%	107,943	84,468	51,620	81,344	5,397,150	26,986
Queen City	2.500%	121,911	122,472	99,653	114,679	4,876,440	24,382
Trimble	2.000%	53,442	54,283	45,625	51,117	2,672,100	13,361
Verona	2.500%	69,063	70,456	59,202	66,240	2,762,520	13,813
Vienna	2.000%	167,645	170,775	164,791	167,737	8,382,250	41,911
		1,962,044	1,915,668	1,756,535	1,878,082	101,684,897	508,424

Therefore, **Oversight** will assume \$0 (not approved) or up to \$24,502,773 (\$23,994,349 + \$508,424) for a fiscal impact for this proposal. Oversight also assumes a municipal election in April 2018. If the new tax rate for the cities is approved by the majority of voters, the additional tax would begin October 1, 2018 (FY 2019).

§105.145

Officials at the **Office of Administration's Budget and Planning** assume this proposal could increase fine collections by an unknown amount, which would increase TSR and 18(e).

In response to similar legislation from this year, HB 849, officials from **Callaway County** and **St. Louis County** each assumed the proposal will have no fiscal impact on their respective organizations.

Oversight notes this proposal includes political subdivisions in the requirement that an annual report be submitted to the State Auditor. If the annual report is not submitted in a timely manner, the political subdivision is subject to a fine of \$500 per day. Oversight assumes that most political subdivisions will submit the annual report in a timely manner; therefore, Oversight will not reflect a fiscal impact for this proposal.

ASSUMPTION (continued)

§108.170

Officials at the **City of Kansas City** assume this proposal may have a positive fiscal impact on the City of an indeterminate amount.

Oversight assumes the local political subdivisions would not use the services of a municipal advisor unless it would either save money, provide some other benefit, or be absorbed within current budget appropriations. Therefore, Oversight will assume the proposal could have a positive fiscal impact to local political subdivisions from this proposal and will range the fiscal impact from \$0 to an unknown amount of savings.

In response to similar legislation from this year, HCS for HB 950, officials at the **Office of the State Treasurer**, the **Office of Administration** and the **Department of Public Safety** each assumed no fiscal impact to their respective agencies from this proposal.

In response to similar legislation from this year, HCS for HB 950, officials at **St. Louis County** and the **Callaway County Commission** each assumed no fiscal impact to their respective entities from this proposal.

§137.556

Oversight assumes this proposal corrects the description of St. Francois County in a provision of law regarding expenditures from a county's special road and bridge tax and will have no direct fiscal impact.

§139.100

In response to similar legislation from this year, HCS for HB 703, officials from the **Office of Administration - Division of Budget and Planning (BAP)** assumed this proposal would allow the collector to use his/her judgment regarding the timeliness of property tax payments, thus possibly increasing or decreasing the penalties assessed. BAP officials assume this could impact the amount going into the County School Fund (and ultimately the school districts), but would not impact State funds.

In response to similar legislation from this year, HCS for HB 703, officials from the **Department of Revenue**, **Callaway County**, **St. Louis County**, the **Jackson County Election Board**, the **Greene County Collector of Revenue**, the **Platte County Board of Elections**, and the **St. Louis County Directors of Elections**, assumed this proposal would have no fiscal impact on their organizations.

Oversight assumes this proposal would codify existing practice and would have no fiscal impact on the state or on local governments.

ASSUMPTION (continued)

§182.640 and §182.660

In response to a previous version, officials at **St. Louis County**, the **Callaway County Commission**, the **City of Columbia** and **Boone County** each assumed no fiscal impact to their respective entities from this proposal.

§205.205

Officials from the **Office of Administration - Division of Budget and Planning (B&P)** assume this proposal would allow any county hospital district to repeal its property tax levy and impose a sales tax. The proposal would impact the counties of Audrain, Barton, Pemiscot, Perry, Pike, Putnam, Ray, St. Genevieve, Sullivan, and Washington.

B&P officials noted the proposed sales tax would be voter approved, and therefore not included in Total State Revenue (TSR). This proposal would also have no impact on the constitutional revenue limit calculation. The Department of Revenue (DOR) collection fee would, however, increase TSR. The B&P estimated increase to TSR would be \$190,968 per year.

B&P officials stated that according to a 2015 State Auditor report, 14 entities had authority to levy property taxes for their hospitals. Of those 14, the City of St. Louis, the City of Excelsior Springs, and Boone County are not included in this analysis. This proposal would amend Section 205.205.1, RSMo, which grants county commissions the authority to levy a property tax for hospitals. Therefore, cities (including St. Louis) are excluded, leaving eleven counties in this analysis.

In the most recent available calendar year (CY 2015), total taxable sales and use revenue among those counties was \$1,909,678,113.55. Total property tax collections for hospitals was \$6,897,721. Assuming the earliest possible effective date of April, 2018, the first full fiscal year impact would occur in FY 2019. This tax could generate a local impact of \$12,008,092 per fiscal year, with DOR collecting \$190,968 in collection costs.

In response to similar legislation from this year, HB 195, officials from the **Department of Health and Senior Services**, the **Department of Revenue**, **Callaway County**, the **Jackson County Election Board**, the **Platte County Board of Elections**, and the **St. Louis County Directors of Elections** assumed this proposal would have no fiscal impact on their organizations.

Oversight notes that the Cedar and Cooper County Hospital Districts would also qualify for the proposed tax option, and will include those entities in this analysis.

ASSUMPTION (continued)

Oversight has prepared the following analysis of property tax revenues and potential sales tax revenues from information provided by websites for the Department of Revenue and the Office of the State Auditor.

County	Property Tax Revenue	Estimated Sales Tax Revenue
Audrain	\$697,300	\$2,551,014
Barton	\$776,285	\$953,148
Cedar	\$251,937	\$1,005,465
Cooper	\$356,456	\$1,787,770
Lincoln	\$1,222,648	\$4,570,616
Pemiscot	\$822,086	\$1,293,364
Perry	\$300,688	\$2,582,651
Pike	\$598,737	\$1,678,393
Putnam	\$391,142	\$382,545
Ray	\$560,470	\$1,526,961
Ste. Genevieve	\$690,373	\$1,696,359
Sullivan	\$373,384	\$435,697
Washington	<u>\$464,608</u>	<u>\$1,501,928</u>
Total	\$6,283,466	\$17,395,295

Oversight notes that state law allows retailers to withhold 2% of the projected sales tax revenues for prompt payment. Further, the Department of Revenue would withhold 1% of projected sales tax revenues as reimbursement for collection costs.

Oversight will assume for convenience, that the property tax and sales tax revenues would be effective for all of FY 2022. Net revenues available to the hospital districts in FY 2019 through FY 2021 would be (97% of \$17,395,295) = \$16,873,436 and revenues to the state General Revenue Fund would be (1% of \$17,395,295) = \$173,953. Net revenues available to the hospital districts in FY 2022 would be (97% of \$17,395,295) = \$16,873,436 and revenues to the state General Revenue Fund would be (1% of \$17,395,295) = \$173,953.

ASSUMPTION (continued)

Oversight will assume for fiscal note purposes that counties could schedule elections as early as November, 2017 (FY 2018) and the fiscal impact of this proposal could begin in FY 2018 as well. If an election was held in November 2017 and the voters approved the proposition, the sales tax would be effective for two quarters of FY 2018 and the maximum impact for the hospital districts would be $(\$17,395,295 / 2) = \$8,697,648$. The maximum impact for the state General Revenue Fund would be $(\$173,953 / 2) = \$86,976$. The property tax levy would be cancelled as of January 1, 2018 and would have an impact on property tax revenues in December, 2018 (FY 2019).

Oversight does not have information regarding local election costs and will include unknown election costs for local governments. Oversight will assume that election costs would be less than the difference between the new sales tax revenue and the revenue from the cancelled property taxes. Since the effective date of any new sales taxes can not be projected, Oversight will indicate an impact of \$0 (no elections, or no sales tax levies approved) to the calculated impact for each year.

§233.295

In response to similar legislation from this year, HCS for SB 30, officials at **St. Louis County** and the **Callaway County Commission** each assumed no fiscal impact to their respective entities from this proposal.

Oversight assumes this proposal allows for the consolidation of road districts within a county. Oversight assumes there could be a savings from the consolidation of road districts, but this would depend on the actions taken by the road district commissioners. Therefore, Oversight will show no direct fiscal impact to this proposal.

In response to similar legislation from this year, HCS for SB 30, officials at the **Platte County Board of Election Commission** and the **Jackson County Board of Election Commission** each assumed no fiscal impact to their respective entities from this proposal.

§§242.460, 243.350, 245.185

In response to similar legislation from this year, HB 790, officials at the **Department of Revenue** assumed no fiscal impact from this proposal.

In response to similar legislation from this year, HB 790, officials at **St. Louis County**, the **Callaway County Commission**, the **St. Charles County Recorder of Deeds Office** and the **Mississippi County Recorder of Deeds Office** each assumed no fiscal impact to their respective entities from this proposal.

§320.087

In response to similar legislation from this year, HB 1124, officials from the **Attorney General's Office** assumed any potential cost arising from this proposal can be absorbed with existing resources.

ASSUMPTION (continued)

In response to similar legislation from this year, HB 1124, officials from the **Office of Administration - Accounting Division** and the **Office of Administration - Personnel Division** each assumed the proposal will have no fiscal impact on their respective organizations.

§§321.242, 321.246 - Additional Sales Tax for Ripley County Rural Fire Protection District

In response to similar legislation from the 2017 session, HB 69, officials from **Ripley County** advised us there was not currently an organized Rural Fire Protection District in Ripley County.

In response to similar legislation from this year, HCS No. 2 for HB Nos. 48, 69, 495, 589, officials from the **University of Missouri - Economic and Policy Analysis Research Center (EPARC)** provided the following information.

This proposal would authorize the Ripley County Rural Fire Protection District to submit a proposal for a sales tax to the voters for up to one-half of one percent.

The Ripley County sales tax base has averaged \$98,130,757 over the last three years. Should a new one-half percent sales tax be implemented throughout Ripley County causing the after-tax price for all goods to increase by one-half percent, we estimate an approximate one-half percent decline in the demand for all goods reducing the tax base to \$97,642,544.

EPARC officials assumed the sales tax on this base would yield new collections of \$488,213; \$483,331 for Ripley County for a rural fire protection district and \$4,882 to General Revenue for the state collection fee of 1%.

EPARC officials assume a reduction in the sales tax base by approximately ½ % would reduce all other sales tax collections within Ripley County by approximately ½ %, an aggregate reduction of \$12,710 of which \$254 represents the decrease in the 2% General Revenue Collection Fee. The reduction in the Ripley County sales tax base would reduce the 3% General Revenue Sales Tax collection from \$2,943,923 to \$2,929,276, a reduction of \$14,646.

Oversight will not include any potential secondary impacts from this proposal in this fiscal note.

Oversight reviewed information available from Department of Revenue reports and noted that sales tax collections for Ripley County for the years ended June 30, 2014, 2015, and 2016 were \$1,386,463, \$1,542,970, and \$1,463,995, respectively. Therefore, average annual collections would be $((\$1,386,463 + \$1,542,970 + \$1,463,995) = \$4,393,428 / 3) = \$1,464,476$ with a tax rate of 1.5%.

Oversight assumes a one-half percent sales tax rate would generate $(\$1,464,476/3) = \$488,159$ if the proposition is approved by the voters and will include an impact of \$0 or that amount for fiscal note purposes. Oversight assumes a municipal election in April 2018. If the new tax rate for the cities is approved by the majority of voters, the additional tax would begin October 1, 2018 (FY 2019). Therefore, Oversight will assume the following:

ASSUMPTION (continued)

FY18 - \$0
FY19 - \$366,119 (9 months)
FY20 - \$488,159

Oversight assumes the amounts collected for a Fire Protection District would be spent for fire safety purposes but will not include those expenditures in this fiscal note. For simplicity, Oversight will not include the 1% withholding for Department of Revenue collection costs in this fiscal note.

\$347.048

Officials at the **City of Kansas City** assume this proposal will have a positive fiscal impact of an indeterminate amount.

Oversight assumes the positive fiscal impact to the City of Kansas City would be an indirect impact and therefore will reflect no direct fiscal impact for this proposal.

In response to similar legislation from this year, SCS for HB 493, officials at the **Office of the State Courts Administrator** assumed no fiscal impact from this proposal.

§§473.730, 473.743, 475.120

In response to similar legislation from this year, HCS for SB 111, officials at the **Office of the State Courts Administrator** and the **Department of Health and Senior Services** each assumed no fiscal impact to their respective agencies from this proposal.

In response to similar legislation from this year, HCS for SB 111, officials at **Johnson County**, the **Jackson County Board of Election Commission**, the **Platte County Board of Election Commission**, the **Callaway County Commission** and **St. Louis County** each assumed no fiscal impact to their respective entities from this proposal.

Section 1

Officials at the **Office of Administration's Division of Budget and Planning** assume this section allows DNR to convey real property to the City of Independence. If the City of Independence pays DNR for this property, the proceeds would count as Total State Revenue.

Officials at the **University of Missouri System** assume no fiscal impact from this proposal.

Bill as a whole

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

ASSUMPTION (continued)

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.

Officials at the **Department of Natural Resources** assume the number of SRF participants that would be required to competitively bid the sale of their bonds would be small. As such, it is assumed that the additional workload involved in bidding on those bonds could be absorbed by existing resources.

Officials at the **Office of State Auditor**, the **Department of Economic Development**, the **Department of Public Safety's Division of Fire Safety** and the **State Emergency Management Agency**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Missouri Department of Transportation**, the **Department of Agriculture**, the **Department of Conservation**, the **Joint Committee on Administrative Rules**, the **Department of Mental Health**, the **Department of Social Services** and the **State Tax Commission** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the **City of Kansas City** assume no fiscal impact from this proposal, except for sections 108.170 and 347.048 noted above.

Officials at the **Metropolitan St. Louis Sewer District** assume no fiscal impact from this proposal.

<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented (FY 2022)
GENERAL REVENUE FUND				
<u>Savings</u> - SAO - decreased mailing costs due to electronic filing options (§§50.622, 50.740)	Minimal	Minimal	Minimal	Minimal
<u>Additional Revenue</u> - DOR - Collection charges on sales tax (§§94.900, 94.902, 94.903)	\$0	\$0 or Up to \$169,856	\$0 or Up to 226,474	\$0 or Up to \$226,474
<u>Additional Revenue</u> - DOR - Collection charges on additional local sales tax (§205.205)	\$0 to \$86,977	\$0 to \$173,953	\$0 to \$173,953	\$0 to \$173,953
<u>Cost</u> - DHSS - increase inspections of hotels and motels (§71.291)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost</u> - DOR - Updates to Integrated Tax System (§§94.900, 94.902, 94.903)	<u>(\$98,280)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or (Unknown)</u>	<u>Less than \$343,809</u>	<u>Less than \$400,427</u>	<u>Less than \$400,427</u>

FISCAL IMPACT -
Local Government

	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2022)
LOCAL POLITICAL SUBDIVISIONS				
<u>Savings</u> - decreased mailing costs due to electronic filing option (§§50.622, 50.740)	Minimal	Minimal	Minimal	Minimal
<u>Additional Revenue</u> - Ripley County Fire Protection District (§§321.242, 321.246)	\$0	\$0 or 366,119	\$0 or \$488,159	\$0 or \$488,159
<u>Revenue</u> - from additional sales tax increase (§§94.900, 94.902, 94.903)	\$0	\$0 or Up to \$18,377,080	\$0 or Up to \$24,502,773	\$0 or Up to \$24,502,773
<u>Additional Revenues</u> - Sales Tax (§205.205)	\$0 to \$8,436,718	\$0 to \$16,873,436	\$0 to \$16,873,436	\$0 to \$16,873,436
<u>Savings</u> - Local Political Subdivisions - employing the services of a municipal advisor when issuing debt (§108.170)	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Cost</u> - Counties - Reimbursement of training expenses to county treasurers (§54.261)	(Unknown)	(Unknown)	(Unknown)	(Unknown)

FISCAL IMPACT -
Local Government -
 (continued)

Fully
 Implemented
 (FY 2022)

Loss - LPHA -
 potential loss of
 income on
 inspection fees
 collected from hotels
 and motels
 (\$71.291)

FY 2018	FY 2019	FY 2020	
\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

Cost - Kansas City
Funds - for
Lieutenant Colonel
position (\$84.514)

Salary	\$0 or (\$48,096)	\$0 or (\$48,096)	\$0 or (\$48,096)	\$0 or (\$48,096)
Fringe Benefits				
(Medicare only)	<u>\$0 or (\$698)</u>	<u>\$0 or (\$698)</u>	<u>\$0 or (\$698)</u>	<u>\$0 or (\$698)</u>
<u>Total Costs</u>	<u>\$0 or (\$48,794)</u>	<u>\$0 or (\$48,794)</u>	<u>\$ or (\$48,794)</u>	<u>\$0 or (\$48,794)</u>

Revenue reduction -
Property taxes
 (\$205.205)

		\$0 to	\$0 to
\$0	\$0 to (6,283,466)	(\$6,283,466)	(\$6,283,466)

Cost - Elections
 (\$205.205)

<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
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ESTIMATED NET
EFFECT ON
LOCAL
POLITICAL
SUBDIVISIONS

Less than	Less than	Less than	Less than
<u>\$8,387,924</u>	<u>\$29,284,375</u>	<u>\$35,532,108</u>	<u>\$35,532,108</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

§50.622 and §50.740

This bill authorizes the county clerk of counties of the third and fourth classification to send the county's estimated budget to the State Auditor by email or other electronic system, and the State Auditor may send the county a receipt by the same method.

§54.261

This bill requires that expenses incurred by county treasurers for attending required training sessions will be reimbursed to the treasurer. Currently, the reimbursement is discretionary.

§71.291

This bill limits any increase in a license tax rate or fee amount on hotels and motels by more than 5% above the annual rate in effect on August 28, 2017. The total dollar amount of all license taxes or fees on any hotel or motel in one year cannot exceed the greater of one-eighth of 1% of the gross revenue of the hotel or motel as of August 28, 2017, or the license tax or fee in effect on December 31, 2016. If the revenue from a license tax or fee is dedicated and restricted to a project for which bonds were outstanding on January 1, 2017, this limitations of this section will not apply to the tax.

§84.514

This act allows the chief of police for the Kansas City Police Department to appoint a lieutenant colonel who will be responsible for matters relating to homeland security.

§§94.900, 94.902, 94.903

This bill adds certain cities to the list of cities authorized to impose, upon voter approval, a retail sales tax of up to 0.5% for improving public safety including compensation, pension programs, health care, and additional equipment and facilities for police, fire, and emergency medical providers (Sections 94.900, 94.902, and 94.903, RSMo).

The additional cities include Peculiar, Lamar, Salem, St. Clair, Higginsville, Lexington, Mount Vernon, Eldon, Platte City, Rock Hill, and Mountain Grove, (Section 94.900.1(1)(b)); Jackson, Republic, and Lake St. Louis, (Section 94.900.1(1)(f)); Carl Junction, Sullivan, Pacific, Oak Grove, Dexter, and Warrenton, (Section 94.900.1(1)(g)); and Eureka, Harrisonville, Union, Bolivar, Branson, and Troy (Section 94.902.1(6))

In certain of the additional cities, the sales tax will expire in 10 years unless approved again by the voters, and if the sales tax fails on the first ballot, the cities cannot put the issue on the ballot again without new statutory authorization. The cities to which the 10 year duration and the one-time vote opportunity applies include Peculiar, Lamar, Salem, St. Clair, Higginsville, Lexington, Mount Vernon, Eldon, Platte City, Rock Hill, and Mountain Grove (Section 94.900.1(1)(b)).

FISCAL DESCRIPTION (continued)

In certain of the additional cities, regardless of when the tax is imposed, it will expire on December 31, 2038. The specific tax expiration date provision currently applies to the cities of Eureka, Harrisonville, Union, Bolivar, Branson, and Troy.

In certain of the additional cities, the sales tax will expire in 15 years, and then every 10 years thereafter, unless approved again by the voters. If the sales tax fails on the first ballot, those cities cannot put the issue on the ballot again for at least 12 months. If the sales tax fails on a second ballot, then the authorization for the sales tax for those cities is repealed. Currently, this provision only applies to the cities of Branson, Eureka, Harrisonville, Union, Bolivar, and Troy (Section 94.903).

§108.170

This bill requires that any political subdivision issuing debt must use a competitive process unless employing a municipal advisor. The municipal advisor can use a negotiated or competitive process to issue debt, but cannot profit financially either directly or indirectly from the underwriter of a negotiated bond issuance and must be independent of the underwriter. The bill also requires the State Treasurer to provide authoritative guidance and information to political subdivisions on debt issuance to aid them with the process of issuing debt and awarding bonds to the highest and best bidder.

§205.205

The proposed legislation would authorize any county hospital district to repeal a dedicated property tax in favor of a sales tax.

§321.246

The bill also adds certain fire protection districts to the list of fire protection districts authorized to impose, upon voter approval, a sales tax not to exceed 0.5% for the purpose of providing revenues for the operation of the fire protection district. The additional fire protection districts currently include those located in Ripley and Mississippi counties (Section 321.246).

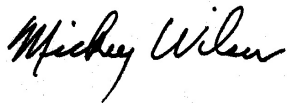
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Office of State Auditor
Department of Insurance, Financial Institutions and Professional Registration
Department of Revenue
Department of Natural Resources
Missouri Department of Transportation
Department of Conservation
Department of Public Safety
 Office of the Director
 State Emergency Management Agency
 Missouri Highway Patrol
 Division of Fire Safety
State Tax Commission
Joint Committee on Administrative Rules
Office of Administration
 Division of Budget and Planning
Department of Agriculture
Department of Economic Development
Office of the State Courts Administrator
Department of Health and Senior Services
Office of the Attorney General
Office of the State Treasurer
Department of Social Services
Department of Mental Health
St. Charles County Recorder of Deeds Office
Mississippi County Recorder of Deeds Office
Ozark County Commission
Johnson County
St. Louis County Board of Election Commission
Jackson County Board of Election Commissioners
Platte County Board of Election Commission
Callaway County Commission
Boone County
St. Louis County
City of Kansas City
City of Columbia
Ripley County
University of Missouri
 Economic and Policy Analysis Research Center
City of Archie
Kansas City Police Department
Metropolitan St. Louis Sewer District
City of Fulton

SOURCES OF INFORMATION (continued)

Greene County Collector of Revenue
Cooper County
University of Missouri System

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
May 3, 2017

Ross Strobe
Assistant Director
May 3, 2017