

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0478-03
Bill No.: CCS for HCS for SB 30
Subject: County Government; Counties; Roads and Highways; Political Subdivisions; Water Resources and Water Districts
Type: Original
Date: May 11, 2017

Bill Summary: This proposal modifies provisions related to political subdivisions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue Fund	\$0 to \$67,869	\$0 to \$271,246	\$0 to \$271,246
Total Estimated Net Effect on General Revenue	\$0 to \$67,869	\$0 to \$271,246	\$0 to \$271,246

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

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> 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	Greater than \$3,333,333 to Greater than \$10,052,366	Greater than \$4,000,000 to Greater than \$30,876,134	Greater than \$4,000,000 to Greater than \$30,876,134

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. **Oversight** has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, **Oversight** will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

§59.800

In response to a similar legislation from this year, HCS for HB 957, officials at the **Department of Revenue (DOR)** assumed no fiscal impact from this proposal.

In response to a similar legislation from this year, HCS for HB 957, officials at the **Callaway County Commission** and the **St. Charles County Recorder of Deeds** each assumed no fiscal impact to their respective entities from this proposal.

In response to a similar legislation from this year, HCS for HB 957, officials at **St. Louis County** and the **Cole County Recorder of Deeds** each assumed no fiscal impact to their respective entities from this proposal.

Using information from the DOR's Fees Administered Report fiscal year ending June 30, 2016, **Oversight** assumes the following information:

	Current Fees Administered (at \$2 per document)	Number of Recorded Documents	Proposed \$1 increase in fees would generate:
FY16	\$8,597,142	4,298,571	\$4,298,571
FY15	\$8,314,148	4,157,074	\$4,157,074
FY14	\$8,607,793	4,303,897	\$4,303,897
FY13	\$10,024,229	5,012,115	\$5,012,115
FY12	\$9,007,133	4,503,567	\$4,503,567

A \$1 increase from this proposal would result in additional revenues of greater than \$4,000,000 each year. The Statutory County Recorder's Fund consist solely of local recorder proceeds and disbursements. The annual fund activity reports from the Office of the State Treasurer has shown no activity in this fund over the past two years and there is no balance in the fund. Therefore, **Oversight** will reflect a fiscal impact of greater than \$4,000,000 to the counties for this proposal. **Oversight** will reflect 10 months of impact in FY 2018

ASSUMPTION (continued)

§67.402

In response to similar legislation from this year, Perfected HB 281, officials at the **Department of Natural Resources** and the **Department of Agriculture** each assumed no fiscal impact to their respective agencies from this proposal.

§67.505, §67.547, & §94.510

In response to a similar legislation from this year, SCS for HCS for HB 935, officials from the **Office of Administration - Division of Budget and Planning (B&P)** stated the proposal included language requiring a county to wait at least two years between referendums for sales taxes in this section (regardless of whether the proposal is approved or defeated).

The proposal also included language permitting the City of St. Louis and St. Louis County to levy a 1/8th % sales tax for the St. Louis Zoo, and would prohibit other counties from levying a sales tax for the purposes of funding the zoo.

Since B&P cannot reliably determine when or if those jurisdictions have implemented sales taxes, the start date of a potential sales tax is uncertain due to the two year waiting period; however, B&P is able to estimate a yearly fiscal impact.

In FY 2016 (the most recent FY available), total taxable sales and use revenues in St. Louis City and County were \$21,718,088,481. Therefore, a 1/8 % sales tax on these revenues would generate \$26,876,134 per fiscal year after the Department of Revenue (DOR) retained \$271,476. Since this tax would be voter-approved, it would have no impact on Total State Revenues (TSR) or the constitutional revenue limit calculation. BAP officials noted that DOR's collection costs would increase TSR and impact the constitutional revenue limit calculation.

In response to a similar proposal, SCS for HCS for HB 935, from this year, B&P officials noted the first full fiscal year impact would not occur until FY 2019, as the earliest possible effective date of the taxes is the final quarter of FY 2018.

Oversight assumes the B&P estimate of revenue for the City of St. Louis and St. Louis County is the best available and will use that estimate for fiscal note purposes. Oversight assumes the proposal could be implemented in FY 2018 but would only provide revenues for the final quarter. For FY 2018, Oversight will indicate a fiscal impact of \$0 (sales tax not submitted to voters or not approved by voters) to $(\$26,876,134 \times 25\%) = \$6,719,033$ for the zoo and \$0 to $(\$271,476 \times 25\%) = \$67,869$ in DOR collection charges. For FY 2019 and FY 2020, Oversight will indicate a fiscal impact of \$0 to the B&P estimate.

ASSUMPTION (continued)

Since this proposal would make the proposed sales tax subject to voter approval, Oversight will include an election cost of \$0 to (Unknown) in FY 2018.

In response to a similar legislation from this year, SCS for HCS for HB 935, officials from the **Department of Revenue (DOR)** assumed the proposal would have no fiscal impact on their organization.

In response to a similar legislation from this year, SCS for HCS for HB 935, officials from the **University of Missouri - Economic and Policy Analysis Research Center** stated they were not able to provide an estimate of the fiscal impact for the language in this proposal.

In response to a similar legislation from this year, SCS for HCS for HB 935, officials from the **Office of the Secretary of State and the Joint Committee on Administrative Rules** assumed the proposal would have no fiscal impact on their organizations.

In response to a similar legislation from this year, SCS for HCS for HB 935, officials from **St. Louis County** assumed a previous version of this proposal could result in an election cost from \$300,000 to \$350,000 if the election is held in conjunction with April municipal elections.

§67.990, 67.993

In response to a similar legislation from this year, HCS for SCS for SB 405, **Oversight** assumed these sections of the proposal allow the City of St. Louis to expend funds within the Senior Citizen Services Fund only by the approval of the board of directors who administer the fund. Oversight assumes no fiscal impact from this section of the proposal.

§68.075

In response to a similar legislation from this year, Perfected HB 811, officials at **Department of Economic Development** assumed there is no fiscal impact from this proposal.

In response to a similar legislation from this year, Perfected HB 811, officials at the **Missouri Department of Transportation, Department of Revenue, Office of the State Treasurer, Joint Committee on Administrative Rules** and the **Office of the Secretary of State** assumed there is no fiscal impact from this proposal.

Oversight notes the Advanced Industrial Manufacturing Zone Act (AIM) was enacted on August 28, 2016 (SB 861) and has no current participants. It established the Port Authority AIM Zone Fund that is to consist of 50% of the state withholding tax from new jobs within the zone after

ASSUMPTION (continued)

development or redevelopment plans. The money in the fund must be used for expenses to continue expanding, developing, and redeveloping zones identified by the port authority. Currently the Fund has not been set up, since there are no participants in the program.

Oversight notes this proposal defines “county average wage” and clarifies the port authority’s jurisdiction. Oversight notes this proposal states that if the county average wage is above the statewide average wage then the statewide average wage is the wage used for determining eligibility. This county average wage definition is used when determining if employees that work less than fifty percent of the time in the facility are considered employees of the facility.

Oversight notes that this change could make it easier for new jobs to qualify for the fifty percent of state tax withholding being diverted from the state’s General Revenue Fund (GR). However, since Oversight reflected a \$0 or (Unknown) loss of GR revenue in the fiscal note for SB 861 in 2016, and since there are currently no participants in the program, Oversight will not reflect a fiscal impact from the changes in this bill.

§88.770

In response to similar legislation from this year, Perfected HCS for HB 247, officials at the **Office of the Secretary of State** assumed no fiscal impact from this proposal.

In response to similar legislation from this year, Perfected HCS for HB 247, officials at the **St. Louis 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.

In response to similar legislation from this year, Perfected HCS for HB 247, officials at the **Callaway County Commission** and the **City of Columbia** 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 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.

ASSUMPTION (continued)

§162.492 Kansas City School Board Elections

In response to similar legislation filed this year, SB 300, officials at the **Kansas City Board of Election Commissioners (KC BEC)** assumed the cost of the April 2019 election was estimated to be \$200,000.

In response to similar legislation filed this year, SCS for HB 587, officials at the **Kansas City Public Schools (KCPS)** assumed this would not create any additional unfunded mandates or have a negative impact on the district.

In response to similar legislation filed this year, KCPS provided costs for the KCPS school board elections held from 2011-2016.

Year	Election	Districts	Cost
2011	Nov Special	Sub District 6	\$43,600
2012	April Regular	At Large; Sub Districts 1, 2, 3 & 5	\$219,131
2012	Nov Special	Sub District 2	\$77,379
2014	April Regular	2 At Large; Sub Districts 4 & 6	\$92,499
2015	Nov Special	Sub District 2	\$62,997
2016	April Regular	At Large; Sub District 1, 3,& 5	\$52,896

Oversight notes this proposal will stagger the terms of the Kansas City Public School Board so half the board is elected at a time (every two years).

Oversight is unable to determine if the Kansas City Public Schools will experience any savings because of the staggered terms of office. **Oversight** will not show an impact from this provision.

ASSUMPTION (continued)

§233.295

In response to a previous version of this legislation, 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.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
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GENERAL REVENUE FUND

Additional Revenue - DOR

1% Collection charges - §67.505, §67.547, & §94.510	<u>\$0 to \$67,869</u>	<u>\$0 to \$271,476</u>	<u>\$0 to \$271,246</u>
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**ESTIMATED NET EFFECT ON THE
GENERAL REVENUE FUND**

<u>\$0 to \$67,869</u>	<u>\$0 to \$271,246</u>	<u>\$0 to \$271,246</u>
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FISCAL IMPACT - Local Government

FY 2018 (10 Mo.)	FY 2019	FY 2020
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LOCAL POLITICAL SUBDIVISIONS

Income - Increase from \$5 to \$6 for fees collected by county recorder of deeds on each instrument recorded - §59.800

Greater than \$3,333,333	Greater than \$4,000,000	Greater than \$4,000,000
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Additional revenue - Zoo sales tax and admission charges - §67.505, §67.547, & §94.510

<u>\$0 to \$6,719,033</u>	<u>0 to \$26,876,134</u>	<u>0 to \$26,876,134</u>
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**ESTIMATED NET EFFECT TO
LOCAL GOVERNMENTS**

<u>Greater than \$3,333,333 to Greater than \$10,052,366</u>	<u>Greater than \$4,000,000 to Greater than \$30,876,134</u>	<u>Greater than \$4,000,000 to Greater than \$30,876,134</u>
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FISCAL IMPACT - Small Business

A direct impact could be expected from sales tax from products sold locally.

FISCAL DESCRIPTION

§59.800

Increases from \$5 to \$6 a fee that is charged and collected by the county recorder on each instrument recorded. The extra \$1 will increase from \$2 to \$3 the part of the fee that is distributed to the statutory county recorder's fund. The bill also provides a method by which distributions from the fund will be allocated among counties if collections fall below distributions.

§67.505, §67.547, & §94.510

Allows the City of St. Louis and St. Louis County to submit to the voters a proposed 1/8th of one cent sales tax to fund the St. Louis Zoo.

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

Department of Agriculture
Missouri Department of Transportation
Joint Committee on Administrative Rules
Office of Prosecution Services
Department of Revenue
Office of Secretary of State
Missouri Tax Commission
Department of Elementary and Secondary Education
Office of Administration - Budget and Planning
Office of Administration - Commissioner's Office
State Auditor's Office
Office of the Secretary of State

SOURCES OF INFORMATION (continued)

Department of Economic Development
Department of Natural Resources
Johnson County
St. Louis County
Callaway County Commission
Ozark County Commission
City of Kansas City Board of Election Commissioners
St. Louis County Board of Election Commissioners
Jackson County Board of Election Commissioners
Platte County Board of Election Commissioners
St. Charles County Recorder of Deeds
St. Louis County Recorder of Deeds
City of Kansas City
City of Columbia
City of Fulton
Metropolitan St. Louis Sewer District
University of Missouri - Economic and Policy Analysis Research Center
Missouri Western State University
City of Kansas City Public School District



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