

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1203-05
Bill No.: CCS for HCS for SB 283
Subject: Boards, Commissions, Committees, and Councils; County Officials; Elections; Political Subdivisions; Roads and Highways; Taxation and Revenue - Property; Transportation
Type: Original
Date: May 11, 2017

Bill Summary: This proposal enacts provisions regarding political subdivisions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$0 to \$67,869	\$0 to \$271,476	\$0 to \$271,476
Total Estimated Net Effect on General Revenue	\$0 to \$67,869	\$0 to \$271,476	\$0 to \$271,476

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	\$0 or (Unknown) to \$6,719,033	\$0 to \$26,876,134	\$0 to \$26,876,134

FISCAL ANALYSIS

ASSUMPTION

§67.402

In response to similar legislation from this year, HB 281, officials at the **Department of Agriculture** assumed no fiscal impact from this proposal.

§§67.505, 67.547, 94.510

In response to 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 this proposal includes 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 includes 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 previous version of this proposal 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 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 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.

In response to similar legislation from this year, SCS for HCS for HB 935, officials from the **City of St. Louis** did not respond to our request for information.

§67.1364

In response to similar legislation from this year, HB 913, officials at **St. Louis County** and the **Callaway County Commission** each assumed no fiscal impact to their respective entities from this proposal.

§68.075

In response to similar legislation from this year, HB 811, officials at **Department of Economic Development** 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 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,

ASSUMPTION (continued)

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.

§§137.565, 233.180

In response to a previous version, officials at the **St. Louis 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.

In response to similar legislation from 2016, SB 637, officials at the **Christian County Commission** assumed no fiscal impact from this proposal.

§162.492 Kansas City Public Schools School Board Elections

In response to similar legislation from this year, SCS for SB Nos. 300 & 306, officials at the **Kansas City Board of Election Commissioners (KC BEC)** assumed the cost of the April 2019 election is estimated to be \$200,000.

In response to similar legislation from this year, SCS for SB Nos. 300 & 306, 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. 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

ASSUMPTION (continued)

Oversight notes this proposal will stagger the terms of the Kansas City Public Schools Board so half the board is elected at a time (every two years). Changing the length of the term of will change the number of elections that Kansas City Public Schools must pay for. However, the price a political subdivision pays for an election is determined by the number of political subdivisions holding an election at the same time as well as the number of candidates on the ballot.

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.

§229.150

In response to similar legislation from this year, SCS for HCS for HB 647, officials at the **Department of Agriculture** and the **Office of the State Public Defender** each assumed no fiscal impact to their respective agencies from this proposal.

In response to similar legislation from this year, SCS for HCS for HB 647, officials at **St. Louis County** and the **Callaway County Commission** each assumed no fiscal impact to their respective entities from this proposal.

In response to similar legislation from this year, HCS for HB 162, officials from **Platte County**, the **City of Columbia** and the **City of Kansas City** each assumed the proposal would have no fiscal impact on their respective organizations.

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.

Bill as a whole

Officials at the **Department of Revenue**, the **Department of Public Safety's Missouri Highway Patrol**, the **Missouri Department of Transportation**, the **Office of the State Treasurer**, the **Department of Natural Resources**, the **Joint Committee on Administrative Rules** and the **State Tax Commission** each assume no fiscal impact to their respective agencies from this proposal.

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** stated 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

ASSUMPTION (continued)

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.

In response to a previous version, officials at the **Department of Elementary and Secondary Education**, the **Department of Mental Health**, the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration** and the **Office of Prosecution Services** each assumed no fiscal impact to their respective agencies from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE FUND			
<u>Additional Revenue - DOR - 1%</u>			
Collection charges (§§67.505, 67.547, 94.510)	<u>\$0 to \$67,869</u>	<u>\$0 to \$271,476</u>	<u>\$0 to \$271,476</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$0 to \$67,869</u>	<u>\$0 to \$271,476</u>	<u>\$0 to \$271,476</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
LOCAL POLITICAL SUBDIVISIONS			
<u>Additional revenue - Zoo sales tax and admission charges (§§67.505, 67.547, 94.510)</u>	\$0 to \$6,719,033	\$0 to \$26,876,134	\$0 to \$26,876,134
<u>Cost - Local Political Subdivisions - Elections (§§67.505, 67.547, 94.510)</u>	\$0 to (Unknown)	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or (Unknown) to <u>\$6,719,033</u>	\$0 to <u>\$26,876,134</u>	\$0 to <u>\$26,876,134</u>

FISCAL IMPACT - Small Business

There could be a direct fiscal impact to small businesses who purchase taxable goods or services.

FISCAL DESCRIPTION

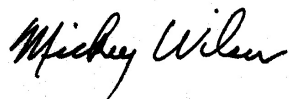
§§67.505, 67.547, 94.510

This proposal would allow 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

Missouri Department of Transportation
Office of the Secretary of State
Department of Mental Health
Department of Elementary and Secondary Education
Department of Economic Development
Department of Revenue
Department of Natural Resources
Department of Agriculture
Department of Public Safety
 Missouri Highway Patrol
Joint Committee on Administrative Rules
Office of the State Treasurer
Department of Health and Senior Services
Office of Administration
 Division of Budget and Planning
State Tax Commission
Office of the State Public Defender
Office of Prosecution Services
Department of Insurance, Financial Institutions and Professional Registration
St. Louis County
St. Louis County Board of Election Commissioners
Platte County Board of Election Commissioners
Callaway County Commission
Christian County Commission
City of Kansas City
Kansas City Board of Election Commission
Kansas City Public Schools
City of Columbia
University of Missouri
 Economic and Policy Analysis Research Center



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