

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4354-05
Bill No.: HCS for SS for SB 704
Subject: Cities, Towns and Villages; Compacts; Counties; County Government; Political Subdivisions; Public Officers; Kansas City; Utilities; Elections; Taxation & Revenue - Sales & Use
Type: Original
Date: May 2, 2018

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	\$0	\$0 or Could exceed \$32,093	\$0 or Could exceed \$42,658
Total Estimated Net Effect on General Revenue	\$0	\$0 or Could exceed \$32,093	\$0 or Could exceed \$42,658

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 30 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	Unknown to (Unknown)	Unknown, less than \$3,182,564	Unknown, less than \$4,221,173

FISCAL ANALYSIS

ASSUMPTION

§41.657

In response to a previous version, officials at the **Wellsville-Middletown R-1 School District** assumed no fiscal impact from this proposal.

In response to similar legislation from this year, HB 1504, officials at **Newton County** assumed no fiscal impact from this proposal.

In response to a previous version, officials at the City of Pineville and McDonald County did not respond to **Oversight's** request for fiscal impact.

Oversight assumes this proposal would have no local fiscal impact without the action of the governing body to adopt ordinances regulating incompatible land uses and structures once the counties have participated in the completion of a joint land use study associated with the National Guard training center. Oversight will reflect a \$0 impact for this proposal.

§§49.020, 67.617, 71.015

In response to a previous version, officials at **Boone County** assumed no fiscal impact from this proposal.

§§50.660, 50.783

In response to similar legislation from this year, HB 2416, officials at **Boone County** assumed no fiscal impact from this proposal.

Oversight assumes by raising the competitive bidding amount requirements, there could be a savings to counties in advertising for bids. However, Oversight is unclear on the amount of savings. Therefore, Oversight will reflect a positive unknown to county funds for this proposal.

ASSUMPTION (continued)

§§56.363, 56.805, 56.807, 56.814, 56.833, 56.840 PACARS Retirement System

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** state the proposal may constitute a substantial proposed change in future plan benefits as defined in Section 105.660(10), RSMo. It is impossible to accurately determine the fiscal impact of this proposed legislation without an actuarial cost statement prepared in accordance with 105.665 RSMo.

Pursuant to section 105.670, an actuarial cost statement must be filed with the Chief Clerk of the Missouri House of Representatives, the Secretary of the Senate, and the Joint Committee on Public Employee Retirement as public information for at least five legislative days prior to final passage of the bill. An actuarial cost statement for this legislation has not been filed with the JCPER.

PACARS Current System Status: (as of July 1, 2016)

Market Value:	\$37,851,019	Funded Ratio:83.9%
Actuarial Value:	\$37,851,019	Funded Ratio: 83.9%
Liabilities:	\$45,074,928	

Recommended contribution for 2016/2017: \$2,037,365

Anticipated contribution for 2016/2017:

Expected Monthly County Contribution	\$ 860,030
Expected \$4 Surcharge Contribution	\$1,248,337
Interest Credit	<u>\$ 72,545</u>
Total Anticipated 2016 Contribution	\$2,180,912

Current Monthly County Contribution:

1st Class Counties	\$646
2nd Class Counties	\$271
3rd Class Counties	\$187
4th Class Counties	\$187

Covered Payroll: \$9,910,390

ASSUMPTION (continued)

Officials from the **Prosecuting and Circuit Attorney's Retirement System (PACARS)** reviewed the bill and, based on that review, state we are of the view that the bill was intended by the drafters to be at least revenue neutral, and, possibly, to improve the future fiscal health of the system, as compared to the existing statutory provisions.

There are provisions in the bill which correlate the way in which creditable service is accumulated more closely with the way the retirement benefits are calculated, so as to make the contributions to the system more closely relate to the expected retirement payments. Also, the bill requires new full time prosecutors to contribute to their retirement funds, in a manner similar to other retirement systems.

The bill also addresses certain issues presented by the current language of Sections 56.800 et seq. For example, the current language now allows members who qualified for a retirement benefit as a part-time prosecutor, and returned to serve as a full time prosecutor, to obtain a retirement benefit equal to 50% of the Final Average Compensation as a full time prosecutor. Provisions in SB 704 would make the benefits and the payments into the System correspond. In this way the bill addresses a "loophole" which currently allows certain members to qualify for a retirement benefit which costs the System more than the payments into the system would have "paid for". According to the System's actuaries, each such individual currently reduces the System's funded ratio by 1%. The bill also addresses transfers of creditable service between the System, and other retirement systems of the State, as well as the effect of returning to work as a prosecutor after leaving the position (having already fully vested) for a significant period of time.

Oversight assumes, based on the response from PACARS, that the proposal will have no fiscal impact on PACARS. Oversight also assumes this proposal is **not** making changes to section 56.807 that would change the monthly contributions from counties or from the City of St. Louis into PACARS; therefore, Oversight will not show a fiscal impact to local governments.

In response to similar legislation from this year, SB 892, officials from **Boone County** assumed the proposal will have no fiscal impact on their organization.

In response to a similar proposal (HCS/SB 639) from 2016, officials from the **City of Columbia** assumed the proposal will have no fiscal impact.

ASSUMPTION (continued)

§59.800 - Statutory County Recorder's Fund

In response to a similar proposal (SB 756), officials at the **Mississippi County Recorder of Deeds Office** assumed this could have an impact on this office if this bill isn't passed. That impact could be as much as \$45,000.00 to \$49,000.00 dollars for the county general revenue. Should the "Statutory County Recorder's Fund" run dry then the impact would cost this county the amounts that was previous talked about. The Mississippi County Recorder's Office annual budget is in the neighborhood of \$70,000, so this would have a huge impact in the event that this fund should run dry. Back in 2002 several counties elected to split the offices of Circuit Clerk and Recorder of Deeds with the promise that the State would help subsidize those offices. This bill will not allow the counties to get their full subsidy, but will allow the counties to be able to continue receiving some support from the state.

Oversight inquired the Mississippi County Recorder of Deeds Office. If this proposal is enacted, there will be a decrease in the amount of subsidies received from the state for the County. The decrease would be a small impact to the County between \$5,000 and \$7,000 per year. Oversight assumes that multiple counties could be affected from this legislation. Oversight also assumes the reduction in losses to counties will be less than under current law. Therefore, Oversight will reflect an unknown reduction in loss to County Recorder of Deeds Offices.

In response to similar legislation from this year, HB 2243, officials at the **St. Charles County Recorder's Office** assumed no fiscal impact from this proposal.

§§64.002, 65.702, 89.020

In response to similar legislation from this year, HB 2102, officials at **St. Louis County** assumed there is no fiscal impact from this proposal.

Oversight notes that §137.016 states that "agricultural and horticultural property shall also include any sawmill or planing mill ...". Since they are already included for property assessments purposes, it appears this proposal would have no fiscal impact.

ASSUMPTION (continued)

§§65.610, 65.620

In response to similar legislation from this year, SB 940, officials at **Dade County** assumed at the time the County was a township form of government, the County generated approximately \$500,000 in road tax per tax collecting year. Each township had their own distinct levy which lead to the approximate amount. Now that the County is not a township form of government, the County is allowed by statute to collect the lowest township tax that was in place prior to the abolishment, or \$.22. This generated approximately \$250,000 per year. In the upcoming General Municipal Election, April 3, 2018, the County will be asking for a \$.50. That proposed amount will generate approximately \$588,000 per year.

In response to similar legislation from this year, SB 940, officials at **Stoddard County** assumed a negative unknown fiscal impact. There are 7 townships in the County.

In response to similar legislation from this year, SB 940, officials at **Linn County** assumed this legislation would not have a fiscal impact, as long as, the new tax collected is equal to what the township was receiving before abolishment.

Oversight assumes that with the removal of subsection 65.620.4 could allow the county to immediately set a rate on the ballot that would allow the county to collect an amount which is equal to the current amount being collected by the townships for road and bridge funding. Under current law the affected county's tax rate is, for a year, the lowest tax rate charged by any of the former townships within the county. This removal also allows the question to be answered at the time it is put on the ballot, instead of waiting an extra amount of time, even up to a calendar year, to set the rate. Oversight assumes this could prevent a decrease in road and bridge funding for counties which would abolish townships compared tor current statute. Oversight assumes the language in this proposal could avert losses of road and bridge funds by counties which abolish the township form of government. Therefore, Oversight will reflect a \$0 (if no abolition of townships or the county does not choose to have an election to set tax rates) or a positive unknown (if there is an abolition of townships and the county government has a successful election to set a countywide property tax rate for roads and bridges) for this proposal.

§84.510

In response to a previous version, officials at the **Office of Administration Budget and Planning Division** assume this increases statutory minimum salaries for a number of KCPD positions. B&P defers to the KCPD for an estimated fiscal impact.

ASSUMPTION (continued)

In response to similar legislation from this year, HB 2070, officials at the **Kansas City Police Department (KCPD)** assumed the change to the base annual compensation ranges will not have any current fiscal impact. It provides a cushion for salary growth.

Oversight assumes this proposal changes the following salary ranges for the members of the KCPD per annum.

Lieutenant Colonels - from \$71,969 to \$133,888; to the new salary range of \$71,969 to \$146,124
Majors - from \$64,671 to \$122,153; to the new salary range of \$64,671 to \$133,320
Captains - from \$59,539 to \$111,434; to the new salary range of \$59,539 to \$121,608
Sergeants - from \$48,659 to \$97,086; to the new salary range of \$48,659 to \$106,560
Master Patrol Officers - from \$56,304 to \$87,701; to the new salary range of \$56,304 to \$94,332
Master Detectives - from \$56,304 to \$87,701; to the new salary range of \$56,304 to \$94,332
Detectives, Investigators, and Police Officers - from \$26,643 to \$82,619; to the new salary range of \$26,643 to \$87,636

Oversight notes the KCPD requested 1,367 law enforcement positions (non-civilian) for their FY 2018-2019 budget. Oversight is unable to determine how many KCPD members are within each personnel category, how many are at the top of their salary range, and whether or not the City of Kansas City would provide raises to the members of the KCPD in future years.

Oversight will reflect \$0 to an Unknown cost to the City of Kansas City as a direct result of this proposal.

§88.770

In response to similar legislation from this year, SB 658, officials at **Boone County** assumed no fiscal impact from this proposal.

In response to similar legislation from 2017, SCS for HCS for HB 247, officials at the **Callaway County Commission** assumed no fiscal impact from this proposal.

ASSUMPTION (continued)

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, or the sale of a gas plant, 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 §88.770 of the proposal. Oversight assumes the proposal is making changes from a 2/3rds majority vote to a simple majority vote. **Oversight** also assumes this proposal establishes procedures by the board of alderman for cities should the proposed sales of a water or wastewater system be placed before the voters. Therefore, Oversight will reflect a \$0 fiscal impact for this proposal.

§92.820

Officials at the City of St. Louis, the St. Louis City Sheriff’s Office and the St. Louis City Circuit Clerk did not respond to **Oversight’s** request for fiscal impact.

Oversight assumes this proposal is codifying statute regarding the location of public auctions in the City of St. Louis and will not have a direct fiscal impact.

§94.900

In response to similar legislation from this year, SB 885, officials at the **Office of Administration’s Division of Budget and Planning (B&P)** assumed this proposal allows voters in the City of Centralia to impose a sales tax up to 0.50% for the purpose of funding public safety for the city. Using forecast estimates for statewide average growth in local sales taxes and state taxes (including food), the estimated average growth for FY 2018 and FY 2019 is 2.5% and 1.90%, respectively. Budget and Planning estimates the City of Centralia FY 2019 taxable sales totals \$40 million. The bill indicates that this sales tax would take effect starting April 1, thus only impacting Q4 of FY 2019 sales collections. With estimated Q4 sales collections of \$10.1 million, this proposed sales tax could generate approximately \$51,349 for the city for FY 2019. As a voter approved tax, the collected revenues will not impact General and Total State Revenues; however, DOR will retain 1% to offset collection costs. Therefore, that portion could increase General and Total State Revenues by approximately \$509 in FY 2019.

ASSUMPTION (continued)

Using the same methodology to estimate FY 2020 and FY 2021 sales, we estimate taxable sales in the City of Centralia to total \$40.7 million in FY 2019. This proposed sales tax might generate approximately \$201,397 for the city in FY 2020, and annually thereafter. The collected revenues will have no impact on General and Total State Revenues; however, DOR will retain 1% to offset collection costs. Therefore, General and Total State Revenues could increase by approximately \$2,034 in FY 2020 and annually thereafter if the county sales tax is approved.

B&P defers to DOR for estimates of actual collection costs.

In response to similar legislation from this year, HCS for HB 2186, officials at the **City of Centralia** assumed the City would reap almost all of the revenue, except the small percentage retained by the Department of Revenue for collection and disbursement. A ½ cent sales tax is anticipated to raise \$210,000 annually for the City of Centralia. Most of those funds would come from expenditures by Centralia residents.

Oversight notes this proposal would give the City of Centralia the option to vote to increase their local sales tax by .50% in order to fund public safety. Oversight notes the effective date of this proposal would be August 28, 2018. Oversight assumes this question would be put before voters at the general municipal election in April 2019 (FY 2019). Therefore, the earliest the sales tax could become effective would be the first day of the second calendar quarter after the Department of Revenue is notified of voter approval. In this case, the earliest effective date assuming voter approval at the April 2019 general municipal election would be October 1, 2019 (FY 2020).

Therefore, only nine months of taxes would be collected in FY 2020.

Oversight notes that if the proposal is adopted DOR would be allowed to keep 1% of the amount of sales tax collected to cover their expenses. Oversight notes that DOR would retain \$2,034. Oversight will show the fee as \$0 (no sales tax increase is adopted by voters) to up to the amount listed for the City.

ASSUMPTION (continued)

For fiscal note purposes, **Oversight** will indicate a range of additional local government revenue from \$0 (the sales tax is not adopted by the City of Centralia and/or voters fail to approve the sales tax) to up to \$201,397 for a full year of tax collections estimated by B&P.

City of Centralia - Taxable Sales Report	
FY 2017	\$19,490,976 (6 month total)
FY 2016	\$38,458,884
FY 2015	\$37,677,040

Source: Department of Revenue website

City of Lebanon

In response to similar legislation from this year, HB 2712, officials at the **Office of Administration Division of Budget and Planning (B&P)** assumed the stated intent of this proposal is to allow voters in the City of Lebanon to impose a sales tax up to 0.50% for the purpose of funding public safety for the city. Using forecast estimates for statewide average growth in local sales taxes and state taxes (including food), the estimated average growth for FY 2018 and FY 2019 is 2.50% and 1.90%, respectively.

Budget and Planning estimates the City of Lebanon's FY 2019 taxable sales at \$363 million. The bill indicates that this sales tax would take effect starting April 1, thus only impacting Q4 of FY 2019 sales collections. For the City of Lebanon, with estimated Q4 sales collections of \$90.8 million, this proposed sales tax could generate approximately \$454,298 for the city for FY 2019. As a voter approved tax, the collected revenues will not impact General and Total State Revenues; however, DOR will retain 1% to offset collection costs. Therefore, that portion could increase General and Total State Revenues by approximately \$4,543 in FY 2019.

Using the same methodology to estimate FY 2020 and FY 2021 sales, we estimate taxable sales in the City of Lebanon to total \$363 million. This proposed sales tax might generate approximately \$1.8 million for the city in FY 2020, and annually thereafter. The collected revenues will have no impact on General and Total State Revenues; however, DOR will retain 1% to offset collection costs. Therefore, General and Total State Revenues could increase by approximately \$18,172 in FY 2020 and annually thereafter if the county sales tax is approved.

Budget and Planning defers to DOR for more specific estimates of actual collection costs.

ASSUMPTION (continued)

In response to a previous version, officials at the **City of Lebanon** assumed they would generate approximately \$1,700,000 annually in sales tax if adopted.

Oversight notes this proposal would give the City of Lebanon the option to vote to increase their local sales tax by .50% in order to fund public safety. Oversight notes the effective date of this proposal would be August 28, 2018. Oversight assumes the question would be put before the voters at the general municipal election in April 2019 (FY 2019). Therefore, the earliest the sales tax could become effective would be the first day of the second calendar quarter after the Department of Revenue is notified of voter approval. In this case, the earliest effective date assuming voter approval at the April 2019 general municipal election would be October 1, 2019 (FY 2020). Therefore, only nine months of taxes would be collected in FY 2020.

Oversight notes that if the proposal is adopted DOR would be allowed to keep 1% of the amount of sales tax collected to cover their expenses. Oversight notes that DOR would retain \$17,000. Oversight will show the fee as \$0 (no sales tax increase is adopted by voters) to up to the amount listed for the City.

For fiscal note purposes, **Oversight** will indicate a range of additional local government revenue from \$0 (the sales tax is not adopted by the City of Lebanon and/or voters fail to approve the sales tax) to up to \$1,700,000 for a full year of tax collections estimated by the City of Lebanon.

City of Lebanon - Taxable Sales & Use Report	
FY 2017	\$173,735,023 (6 month total)
FY 2016	\$351,609,337
FY 2015	\$340,006,611

Source: Department of Revenue website

§94.902

In response to similar legislation from this year, HCB 23, officials at the **Office of Administration's Division of Budget and Planning** assumed the intent of this proposal is to allow voters in the City of Riverside to impose a sales tax up to 0.50% for the purpose of funding public safety for the city.

ASSUMPTION (continued)

According to the State Demographer, the description in the bill language in Sec. 94.902.1.(8) could also apply to the cities of Ava, Byrnes Mill, Hayti, Hillsboro, Knob Noster, Montgomery City, Mountain View, Pleasant Valley, and Windsor, in addition to Riverside.

Using forecast estimates for statewide average growth in local sales taxes and state taxes (including food), the estimated average growth for FY18 and FY19 is 2.5% and 1.90%, respectively.

City of Riverside - Budget and Planning estimates the City of Riverside FY19 taxable sales to total \$132 million. The bill indicates that this sales tax would take effect starting April 1, thus only impacting Q4 of FY19 sales collections. With estimated Q4 sales collections of \$33 million, this proposed sales tax could generate approximately \$163,000 for the city for FY19. As a voter-approved tax, the collected revenues will not impact general and total state revenues; however, DOR will retain 1% to offset collection costs. Therefore, this portion could increase general and total state revenues by approximately \$1,649 in FY19.

Using the same methodology to estimate FY20 and FY21 sales, we estimate taxable sales in the City of Riverside to total \$132 million in FY19. This proposed sales tax might generate approximately \$653,000 for the city in FY20, and annually thereafter. The collected revenues will have no impact on general and total state revenues; however, DOR will retain 1% to offset collection costs, which could therefore increase general and total state revenues by approximately \$6,597 in FY20 and annually thereafter if the county sales tax is approved and is continued by voter-approval.

Budget and Planning defers to DOR for estimates of actual collection costs.

4th Class Cities with Populations between 2,700 and 3,000

Oversight notes this proposal would give the 4th Class Cities with populations between 2,700 and 3,000 the option to vote to increase their local sales tax by .50% in order to fund public safety. Oversight notes the effective date of this proposal would be August 28, 2018. Oversight assumes the question would be put before the voters at the general municipal election in April 2019 (FY 2019). Therefore, the earliest the sales tax could become effective would be the first day of the second calendar quarter after the Department of Revenue is notified of voter approval. In this case, the earliest effective date assuming voter approval at the April 2019 general municipal election would be October 1, 2019 (FY 2020). Therefore, only nine months of taxes would be collected in FY 2020.

ASSUMPTION (continued)

<u>Cities</u>	<u>Sales Tax 2017 (6 mos)</u>	<u>Sales Tax 2016</u>	<u>Sales Tax 2015</u>	<u>3 year avg. Sales Tax Base</u>	<u>Additional 0.5% Rate</u>	<u>DOR 1% Collection</u>
Ava	38,038,353	76,806,536	74,797,806	75,857,078	379,285	3,793
Byrnes Mill	9,599,833	18,919,375	17,249,626	18,307,534	91,538	915
Hayti	19,257,710	38,373,370	39,277,825	38,763,562	193,818	1,938
Hillsboro	14,803,296	27,817,142	30,565,360	29,274,319	146,372	1,464
Knob Noster	9,585,924	19,341,762	19,329,917	19,303,041	96,515	965
Montgomery City	14,423,389	30,094,724	28,857,515	29,350,251	146,751	1,468
Mountain View	26,210,228	53,507,796	53,158,013	53,150,415	265,752	2,658
Pleasant Valley	17,304,735	30,604,045	31,007,267	31,566,419	157,832	1,578
Riverside	75,916,575	159,499,003	152,543,068	155,183,458	775,917	7,759
Windsor	<u>10,732,685</u>	<u>21,135,172</u>	<u>22,459,034</u>	<u>21,730,756</u>	<u>108,654</u>	<u>1,087</u>
Totals	235,872,727	476,098,926	469,245,431	472,486,834	2,362,434	23,624

*Source: MO Department of Revenue Taxable Sales (Sales & Use Taxes) Report

Oversight notes that if the proposal is adopted DOR would be allowed to keep 1% of the amount of sales tax collected to cover their expenses. Oversight notes that DOR would retain up to \$23,624. Oversight will show the fee as \$0 (no sales tax increase is adopted by voters) to up to the amount listed for the 4th class cities.

For fiscal note purposes, **Oversight** will indicate a range of additional local government revenue from \$0 (the sales tax is not adopted by the 4th class cities and/or voters fail to approve the sales tax) to up to \$2,362,434 for a full year of tax collections estimated by the 4th class cities.

Officials at the **City of Liberty** assume this would ultimately require Liberty to resubmit its Public Safety Sales Tax (PSST) to the voters every ten years starting in 2028. When Liberty voters passed our PSST, they understood the funds would be used exclusively to provide market competitive salaries and additional Police and Fire staffing. There was no sunset attached to the ballot item. Having a ten year reoccurring vote requirement so to allow the City to maintain market competitive salaries and additional staffing would make it impossible to undertake effectively budget planning, would expose our Fire and Police departments to severe personnel staffing dislocations and impair their ability to recruit and retain qualified staff.

If the PSST was to expire and not be renewed the City would see the loss of \$2.5 million dollars. This loss would devastate our Police and Fire departments. Under the current law that authorizes the PSST for Liberty, there is already built in two different ways the tax could end - Council decisions to submit a question to the voters and a voter initiative petition to place the question to the voters. Further, the City does not need to incur additional election expenses every 10 years.

ASSUMPTION (continued)

Oversight assumes the potential loss in sales tax revenue to the City of Liberty goes beyond the scope of this fiscal note. Therefore, Oversight assumes no fiscal impact for this proposal.

§105.030

Oversight assumes assume no fiscal impact from this proposal.

§§105.470, 105.473

In response to similar legislation from this year, HB 1496, officials from the **University of Central Missouri** assumed the proposal will have no fiscal impact.

In response to similar legislation from this year, HB 1496, officials from the **Summersville R2 School District, Kirksville R-III School District, West Plains Schools, and Pettis County R-V** each assumed the proposal will have no fiscal impact on their respective organizations.

§§108.120, 137.555

In response to similar legislation from this year, HB 2352, officials at the **Callaway County Commission** and the **City of Springfield** each assumed no fiscal impact to their respective entities from this proposal.

§115.124

In response to similar legislation from this year, HB 1446, officials from the **Kansas City Election Board, St. Louis County Board of Election Commissioners, Buchanan County** and **Boone County** each assumed the proposal will have no fiscal impact on their respective organizations.

Oversight notes this proposal would allow cities, towns, or villages with less than 2,000 (changed from 1,000) inhabitants to skip local elections if the number of open seats equals the number of candidates running for those seats. We are unable to determine the number of cities, towns, or villages that would not participate in those elections; therefore, Oversight will show the fiscal impact to the Local Election Authorities (LEA) as a savings of \$0 or Unknown.

ASSUMPTION (continued)

§137.556

In response to similar legislation from 2017, SCS for HB 87, officials at **St. Francois County** stated this proposal would save the county twenty five percent of the taxes collected in the city which will allow the county to maintain the county roads. County officials estimated the savings from the City of Farmington would be \$130,000 for 2016.

Oversight will assume for fiscal note purposes, this proposal would have no effect on local governments as the given summary of the bill is correcting the description of St. Francois County in existing statutes.

§162.441

In response to similar legislation from this year, SB 990, officials at **Kirksville R-III School District** assume no fiscal impact from this proposal.

Oversight will reflect a potential fiscal impact to community college districts for costs of holding the elections.

§162.720 Gifted Programs and §162.722 Acceleration Policy

Officials from the **Summersville R2 School District** assume an unknown impact.

Officials from the **Osage R-2 School District** assume there is a cost to create and approve the policy. Also, officials assume there is a loss of ADA for a student who is accelerated (times the number of years accelerated). If a student is accelerated one grade, the district would have a loss of \$7,000 per student.

Officials from the **Montgomery County R-II School District** assume no cost from this proposal. The district already has an appeal process.

Officials from the **West Plains School District, Moberly School District #81, Pettis County R-12 School District, Kirksville R-III School District, and Forsyth R-III Schools** assume the proposal will have no fiscal impact on their organizations.

Oversight notes this proposal requires a school district with a gifted program to have a policy, approved by the school district's board of education, that outlines when a parent could request a review of the decision that determined that their child did not qualify to receive services through the district's gifted education program. Oversight assumes the creation and approval of these procedures can be done with existing resources.

ASSUMPTION (continued)

Depending upon the decision review processes that are set up, **Oversight** assumes there could be some additional costs to school districts. Therefore, Oversight will reflect a potential cost to school districts as \$0 or an unknown amount of costs to the district.

Oversight assumes any loss to the average daily attendance (ADA) from acceleration would occur in the long run (at the time of graduation when the cumulative total ADA would be less than if acceleration had not occurred) and would be outside the time frame of this fiscal note. Oversight will not show an impact to schools from acceleration.

§§227.600, 227.601

Oversight assumes concession agreements between the commission (the MO Highway and Transportation Commission) and a political subdivision would have no local fiscal impact without action by the governing body of the political subdivision which shall be subject to voter approval if required by law. Oversight will reflect a \$0 fiscal impact to Local Political Subdivisions.

§263.245

In response to similar legislation from this year, HB 1646, officials at **Chariton County** assumed no fiscal impact from this proposal.

In response to similar legislation from this year, SB 657, officials at **Linn County** assumed a positive impact from this proposal. Linn County could not ascertain an amount for this proposal but this proposal would make it easier to collect the brush removal expense.

In response to similar legislation from this year, SB 657, officials at **Daviess County** assumed no fiscal impact from this proposal.

Oversight assumes this proposal would allow for easier collection of a special tax because expenses charged against a tract of land by the county will be due on the landowner's real and personal property tax assessments. Oversight also assumes this proposal would have no local fiscal impact without action by the governing body and approval by the majority of voters. Therefore, Oversight will show no direct fiscal impact for this proposal.

ASSUMPTION (continued)

Officials from the following **counties**: Nodaway, Dekalb, Carroll, Gentry, Harrison, Caldwell, Mercer, Grundy, Livingston and Putnam did not respond to **Oversight's** request for fiscal impact.

§304.060

In response to similar legislation from this year, HB 1366, officials at the **Department of Public Safety's Missouri Highway Patrol** and the **Kirksville R-III School District** each assume no fiscal impact to their respective agencies from this proposal.

In response to similar legislation from this year, HCB 23, officials at the **Wellsville-Middletown R-1 School District** assumed no fiscal impact from this proposal.

Oversight notes this section allows school boards in urban districts with greater than 300,000 inhabitants (Kansas City School District) the option to contract with other agencies for additional transportation services to transport high school students.

In response to similar legislation from this year, SS #2 for SCS for SB 1050, officials from the **Department of Corrections** assumed the proposal will have no fiscal impact.

In response to similar legislation from this year, SS #2 for SCS for SB 1050, officials from the **Joint Committee on Administrative Rules** stated that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

Oversight notes that school bus drivers are required to undergo a criminal background check before being allowed to operate a school bus. Some school districts may contract with municipalities or other entities to provide school buses. This proposal clarifies that any person who drives a school bus, whether the bus is operated by the school district, a transportation company, a municipality or any other entity must undergo that criminal background check.

ASSUMPTION (continued)

Oversight is unable to determine if any school districts currently contract school bus drivers that have not undergone the criminal background check. Oversight notes the criminal background check is performed by the Missouri Highway Patrol and they charge a fee for the background check. Oversight assumes the Missouri Highway Patrol may have to complete additional background checks but the expenses of the background check will be offset by the fee charged for the performance of the background check. Oversight will not show a fiscal impact for this proposal.

Oversight assumes this proposal allows school districts to enter into contracts with municipalities to provide transportation to students. Oversight assumes this proposal requires a school-approved adult supervisor on municipal vehicles transporting students and requires seating to be designated for school children. Oversight assumes this proposal is permissive and will not show a fiscal impact.

§321.246

In response to similar legislation from this year HCB 23, officials at the **Office of Administration Division of Budget and Planning (B&P)** assumed this proposal allows voters whose voting jurisdictions meet the criteria described in section 1(2) (such as Clay County) to impose a sales tax up to 0.50% for the purpose of funding fire protection districts.

Using forecast estimates for statewide average growth in local sales taxes and state taxes (including food), the estimated average growth for FY 2018 and FY 2019 is 2.5% and 1.90%, respectively. Budget and Planning estimates Clay County FY 2019 taxable sales to total \$3.4 billion. The bill indicates that this sales tax would take effect starting April 1, thus only impacting Q4 of FY 2019 sales collections. With estimated Q4 sales collections of \$845 million, this proposed sales tax could generate approximately \$418,220 for the county for FY 2019. As a voter-approved tax, the collected revenues will not impact General and Total State Revenues; however, DOR will retain 1% to offset collection costs. Therefore, this portion could increase general and total state revenues by approximately \$4,224 in FY 2019.

Using the same methodology to estimate FY 2020 and FY 2021 sales, we estimate taxable sales in Clay County to total \$3.4 billion in FY 2019. This proposed sales tax might generate approximately \$1.67 million for the county in FY 2020, and annually thereafter. The collected revenues will have no impact on General and Total State Revenues; however, DOR will retain 1% to offset collection costs, which could therefore increase General and Total State Revenues by approximately \$16,898 in FY 2020 and annually thereafter if the county sales tax is approved.

ASSUMPTION (continued)

Budget and Planning estimates Jefferson County FY19 taxable sales to total \$2.1 billion. The bill indicates that this sales tax would take effect starting April 1, thus only impacting Q4 of FY19 sales collections. For the County of Jefferson, with estimated Q4 sales collections of \$536.8 million, this proposed sales tax could generate approximately \$265,728 for the county for FY19. As a voter-approved tax, the collected revenues will not impact general and total state revenues; however, DOR will retain 1% to offset collection costs. Therefore, this portion could increase general and total state revenues by approximately \$2,684 in FY19.

Using the same methodology to estimate FY20 and FY21 sales, we estimate taxable sales in Jefferson County to total \$2.1 billion in FY19. This proposed sales tax might generate approximately \$1.1 million for the county in FY20, and annually thereafter. The collected revenues will have no impact on general and total state revenues; however, DOR will retain 1% to offset collection costs, which could therefore increase general and total state revenues by approximately \$10,737 in FY20 and annually thereafter if the county sales tax is approved.

Budget and Planning defers to DOR for estimates of specific estimates of collection costs.

In response to similar legislation from this year, HCS for HB 2030, officials at the **Kearney Fire Department** assumed that based on the current half cent sales tax imposed by the City of Kearney, they would generate \$671,636 for the district.

In response to similar legislation from this year, HCS for HB 2030, officials at Clay County, Excelsior Springs Fire Department and the Liberty Fire Department did not respond to **Oversight's** request for fiscal impact.

Oversight notes the following fire protection districts are located in Clay County:

- Claycomo Fire Department
- Excelsior Springs Fire Department
- Gladstone Fire Department
- Kearney Fire Department
- Liberty Fire Department
- Mosby Fire Department
- Fishing River Fire Protection District
- North Kansas City Fire Department
- Pleasant Valley Fire Department
- Smithville Fire Department

ASSUMPTION (continued)

Oversight assumes this proposal allows a fire protection district within Clay County to implement a one half of one percent sales tax to help fund the district. There is the possibility that the county or one or more additional local governments could implement the sales tax. The following table indicates the potential revenue for the local governments in Clay County.

For fiscal note purposes **Oversight** will indicate a range of additional local government revenue from \$0 (the sales tax is not adopted by the governing body of any local government and/or voters fail to approve the sales tax) to an unknown amount, dependent upon which fire protection districts in Clay County decide to submit the sales tax to the voters.

Government	2016 Taxable Sales and Use Base	Gross Potential Revenue
Clay County	\$3,690,840,477	\$18,454,202
Claycomo	\$32,953,148	\$164,766
Excelsior Springs	\$175,676,310	\$878,382
Gladstone	\$355,496,350	\$1,777,482
Kearney	\$143,458,034	\$717,290
Liberty	\$493,619,777	\$2,468,099
Mosby	\$4,623,839	\$23,119
North Kansas City	\$409,742,054	\$2,048,710
Pleasant Valley	\$30,604,045	\$153,020
Smithville	\$94,281,032	\$471,405

Oversight notes that if the proposal is adopted DOR would be allowed to keep 1% of the amount of sales tax collected to cover their expenses.

ASSUMPTION (continued)

Oversight notes the effective date of this proposal would be August 28, 2018. The first possible election to approve the sales tax could be held at the general municipal election in April 2019 (FY 2019). Therefore, the earliest the sales tax could become effective would be the first day of the second calendar quarter after the Department of Revenue is notified of voter approval. In this case, the earliest effective date assuming voter approval at the April 2019 general municipal election would be October 1, 2019 (FY 2020). Therefore, only nine months of taxes would be collected in FY 2020.

§640.648

In response to similar legislation from this year, HCS for HB 2216, officials at the **City of St. Charles** assumed this bill prohibits political subdivisions from restricting private wells in certain instances. A private well would introduce additional demand on sewer systems, since the amount of water used would be unknown. If fire protection is provided by a public water supply, then the burden of the cost would be borne on the other customers and not the owner of the private well. Public water systems are regulated, are constantly monitoring water quality and must provide safe water to the public. A private well is not under the same regulations. Additionally, if a public system was connected to the same system as a private well (as a backup to the private system) and a backflow valve failed, this could cause contamination of the public system. The true fiscal impact of such legislation would be extremely difficult to calculate.

In response to similar legislation from this year, HCS for HB 2216, officials at the **City of Springfield** assumed there is a potential negative fiscal impact, however the impact is unquantifiable without knowing how the proposal will affect City departments.

Oversight assumes this proposal prohibits political subdivisions from restricting the rights of certain property owners with regard to water resources. While there are advantages and disadvantages of owning a private well vs. a public water supply, there are also rules and regulations in place to monitor public water supplies. Oversight assumes the proposal would not have a direct fiscal impact on local political subdivisions.

In response to similar legislation from this year, HCS for HB 2216, officials at **Boone County** and the **Callaway County Commission** each assumed no fiscal impact to their respective entities from this proposal.

ASSUMPTION (continued)

Bill as a Whole

Officials at the **Office of the State Courts Administrator**, the **Department of Elementary and Secondary Education**, the **State Tax Commission**, the **Department of Revenue**, the **Department of Natural Resources**, the **State Emergency Management Agency**, the **Office of State Auditor**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Missouri Ethics Commission**, the **Office of Administration's Administrative Hearing Commission**, the **Missouri National Guard**, the **Department of Agriculture**, the **Missouri Department of Transportation**, the **Office of Prosecution Services** and the **Missouri Local Government Employees Retirement System** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the **City of Kansas City**, the **Jackson County Board of Election Commission**, the **Missouri State University**, the **State Technical College of Missouri**, the **St. Louis County Department of Justice Services** and the **Platte County Board of Election Commission** each assume no fiscal impact to their respective entities from this proposal.

In response to a previous version, officials at the **Department of Economic Development**, the **Office of the State Treasurer**, the **Department of Higher Education**, the **Office of Administration**, the **Office of the Secretary of State** and the **Office of the Governor** each assumed no fiscal impact to their respective agencies from this proposal.

In response to a previous version, officials at **St. Louis County**, the **University of Missouri System** and the **Missouri Western State University** each assumed no fiscal impact to their respective entities from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2019	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Additional Revenue</u> - DOR - 1% Collection charges Centralia (\$94,900)	\$0	\$0 or Up to \$1,625	\$0 or Up to \$2,034
<u>Additional Revenue</u> - DOR - 1% Collection charges Lebanon (\$94,900)	\$0	\$0 or Up to \$12,750	\$0 or Up to \$17,000
<u>Additional Revenue</u> - DOR - 1% collection charges (\$94,902) - 4 th class cities with populations between 2,700 and 3,000	\$0	\$0 or Up to \$17,718	\$0 or Up to \$23,624
<u>Additional Revenue</u> - DOR - 1% collection charges (\$321,246)	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0	\$0 or Could exceed \$32,093	\$0 or Could exceed \$42,658

<u>FISCAL IMPACT - Local Government</u>	FY 2019	FY 2020	FY 2021
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings</u> - County Funds - raises the amount when advertising for bids (§§50.660, 50.783)	Unknown	Unknown	Unknown
<u>Reduction</u> - Recorder of Deeds - modifying provisions of county subsidies on recorder fees (§59.800)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Savings</u> - County Funds - on road and bridge funding in counties with townships who abolish their government (§§65.610, 65.620)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Additional Revenues</u> - City of Centralia - additional half cent sales taxes for Public Safety (§94.900)	\$0	\$0 to Up to \$167,831	\$0 to Up to \$201,397
<u>Additional Revenues</u> - City of Lebanon - additional half cent sales taxes for Public Safety (§94.900)	\$0	\$0 to Up to \$1,275,000	\$0 to Up to \$1,700,000
<u>Additional Revenues</u> - 4 th Class Cities with populations between 2,700 and 3,000 (§94.902)	\$0	\$0 or Up to \$1,771,826	\$0 or Up to \$2,362,434
<u>Savings</u> - Local Election Authorities - skip certain elections based on the number of open seats and number of candidates running (§115.124)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Additional Revenues</u> - Clay County Fire Protection Districts (§321.246)	\$0	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> - City of Kansas City - Potential increased KCPD salaries (§84.510)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Loss</u> - Collection Fee kept by DOR (§94.900) Centralia	\$0	\$0 or (Up to \$1,625)	\$0 or (Up to \$2,034)

<u>FISCAL IMPACT - Local Government</u>	FY 2019	FY 2020	FY 2021
<u>Loss</u> - Collection Fee kept by DOR (\$94.900) Lebanon	\$0	\$0 or (Up to \$12,750)	\$0 or (Up to \$17,000)
<u>Loss</u> - 4 th Class Cities - 1% collection fee kept by DOR (\$94.902)	\$0	\$0 or (Up to \$17,718)	\$0 or (Up to \$23,624)
<u>Cost</u> - Local School Districts - School District gifted student status review (\$162.720)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Loss</u> - Clay County Fire Protection Districts - 1% collection fee kept by DOR (\$321.246)	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost</u> - Community College Districts - election costs regarding plan of attachment of the school district and the community college district (\$162.441)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	Unknown to (Unknown)	Unknown, less than \$3,182,564	Unknown, less than \$4,221,173

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

§§50.660, 50.783

Currently, counties must advertise a request for bids for contracts and purchases of more than \$4,500 with any one person or corporation during a 90-day period. This bill provides that the bidding requirement applies to contracts or purchases involving expenditures of more than \$6,000.

Currently, a county commission is required to seek competitive bids or proposals on single feasible source purchases of \$3,000 or more, and advertise for bids on such purchases of \$5,000 or more. The bill requires the commission to seek bids and advertise on single feasible source purchases of more than \$6,000.

FISCAL DESCRIPTION (continued)

§59.800

This bill provides a method by which distributions from the statutory county recorder's fund will be allocated among counties if collections fall below distributions.

§§65.610, 65.620

This act specifies that ballot questions to abolish the township form of government in a county shall also provide for a countywide tax for road and bridge purposes.

§84.510

This bill increases the maximum base annual compensation of Kansas City police officers of various ranks, as specified in the bill.

§94.900

This act adds the City of Centralia to the list of cities authorized to propose a sales tax for the purposes of improving public safety. Such sales tax, if approved by the voters, would be at a rate of up to 0.5%.

§94.902

This bill adds certain cities (4th class cities with population between 2,700 and 3,000 inhabitants) to the list of cities authorized to impose, upon voter approval, a sales tax of up to .05% for public safety purposes, including expenditures on equipment, city employee salaries and benefits, and facilities for police, fire and emergency medical providers.

§115.124

This bill expands the existing exception for small cities, towns, and villages under Section 115.124, RSMo, which allows candidates for election to assume office without holding an election if a particular election is uncontested and the number of candidates available equal the number of open positions, from cities, towns, or villages with 1,000 or less persons to those with 2,000 or less persons.

§162.441

Under current law, in order for a school district to become attached to a community college district, a petition must be submitted to the school board of the school district signed either by voters of the district equal in number to ten percent of those voting in the last school election at which school board members were elected or by a majority of the voters of the district, at which point an election must be called. This act provides that a community college district may, by a majority vote of its board of trustees, propose a plan to the voters of the school district to attach the school district to the community college district and call an election upon the question of such plan. The community college district shall be responsible for the costs associated with the election.

FISCAL DESCRIPTION (continued)

§162.720 Gifted Programs and §162.722 Acceleration Policy

This bill requires any district with an approved gifted education program to have a process, which must be approved by the district's board of education, that outlines the procedures and conditions under which parents or guardians may request a review of the decision that determined that their child did not qualify to receive services through the district's gifted education program.

This bill also allows for the subject or whole grade acceleration of any student.

§321.246

This bill authorizes all fire protection districts located in Clay County to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of providing revenue for the fire protection district. Currently, only the Smithville Fire Protection District in Clay County is authorized to impose this tax.

This proposal has an effect on Total State Revenues.

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 State Auditor
Office of the State Courts Administrator
Office of Administration
 Division of Budget and Planning
 Administrative Hearing Commission
Department of Agriculture
Department of Revenue
Missouri Department of Transportation
Department of Elementary and Secondary Education
Department of Economic Development
State Tax Commission
Office of Prosecution Services
Missouri National Guard
State Emergency Management Agency
Department of Natural Resources
Department of Corrections
Department of Insurance, Financial Institutions and Professional Registration

SOURCES OF INFORMATION (continued)

Office of the State Treasurer
Department of Higher Education
Office of the Secretary of State
Office of the Governor
Missouri Ethics Commission
Joint Committee on Administrative Rules
Joint Committee on Public Employee Retirement
Missouri Local Government Employees Retirement System
Prosecuting and Circuit Attorney's Retirement System
Department of Public Safety
 Missouri Highway Patrol
Kirksville R-III School District
City of Columbia
St. Louis County
Boone County
City of Kansas City
Jackson County Board of Election Commission
Platte County Board of Election Commission
Summersville R-2 School District
Missouri Western State University
Missouri State University
State Technical College of Missouri
Dade County
Stoddard County
Linn County
Kansas City Police Department
City of Centralia
Kansas City Election Board
St. Louis County Board of Election Commissioners
Buchanan County
Wellsville-Middletown R-1 School District
Newton County
St. Louis County Department of Justice Services
Mississippi County Recorder of Deeds Office
St. Charles county Recorder's Office
Callaway County Commission
City of Lebanon
City of Liberty
University of Central Missouri
University of Missouri System

SOURCES OF INFORMATION (continued)

West Plains School District
Pettis County R-V
City of Springfield
St. Francois County
Osage R-2 School District
Montgomery County R-11 School District
Moberly School District #81
Pettis County R-12 School District
Forsyth R-III Schools
Chariton County
Daviess County
Kearney Fire Department
City of St. Charles

Ross Strope

A handwritten signature in black ink, appearing to read "Ross Strope".

Acting Director
May 2, 2018