

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4467-06  
Bill No.: SCS for HB 1446  
Subject: Cities, Towns, and Villages; County Government; County Officials; Education, Elementary and Secondary; Education, Higher; Political Subdivisions; Roads and Highways; Secretary of State; Taxation and Revenue-Sales and Use; Transportation; Utilities  
Type: Original  
Date: May 8, 2018

---

Bill Summary: This proposal modifies several provisions relating to elections.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>  |            |                              |                              |
|--|------------|------------------------------|------------------------------|
| FUND AFFECTED  | FY 2019    | FY 2020                      | FY 2021                      |
| General Revenue                                      | \$0        | \$0 or Up to \$14,375        | \$0 or Up to \$19,034        |
| <b>Total Estimated Net Effect on General Revenue</b> | <b>\$0</b> | <b>\$0 or Up to \$14,375</b> | <b>\$0 or Up to \$19,034</b> |

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

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 13 pages.

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

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                      | <b>FY 2019</b> | <b>FY 2020</b> | <b>FY 2021</b> |
|   |                |                |                |
|   |                |                |                |
| <b>Total Estimated Net Effect on FTE</b>                  | <b>0</b>       | <b>0</b>       | <b>0</b>       |

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |                       |  |  |
|--|-----------------------|--|--|
| <b>FUND AFFECTED</b>                       | <b>FY 2019</b>        | <b>FY 2020</b>                               | <b>FY 2021</b>                               |
| <b>Local Government</b>                    | <b>\$0 or Unknown</b> | <b>\$0 or Unknown, less than \$1,428,456</b> | <b>\$0 or Unknown, less than \$1,882,363</b> |

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Secretary of State** assume the proposal will have no fiscal impact on their organization.

Officials from the **Office of Prosecution Services** assume the proposal will have no measurable fiscal impact on their organization.

Officials from the **Office of the Governor, Missouri Ethics Commission, Missouri Tax Commission, Office of the State Treasurer, and Department of Revenue** each assume the proposal will have no fiscal impact on their respective organizations.

### §65.610 & 65.620

In response to a similar proposal 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 its 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 of townships, 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 tax rate. That proposed amount will generate approximately \$588,000 per year.

In response to a similar proposal 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 a similar proposal 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 to current statute. Oversight assumes the

ASSUMPTION (continued)

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.

§88.770

In response to similar legislation from this year, SB 658, officials at **Boone County** and **St. Louis County** each assumed no fiscal impact to their respective entities 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.

**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.

§94.900 - Public Safety Sales Tax

In response to similar legislation from this year, CCS for SS for SCS for HB 1291, officials at the **Office of Administration 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 \$50,349 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 deferred 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 for transportation 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 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 \$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.

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.

ASSUMPTION (continued)

| 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

Officials at the **Office of Administration Division of Budget and Planning (B&P)** assume 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 \$449,775 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.

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.

ASSUMPTION (continued)

**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

§ 115.157 - Similar to SB 702

In response to a similar proposal from this year (SB 702), officials from the **Office of the Secretary of State** assumed the proposal will have no fiscal impact on their organization.

In response to a similar proposal from this year (SB 702), officials from the **St. Louis County Board of Election Commissioners, Platte County Board of Election Commissioners, and Kansas City Election Board** assumed the proposal will have no fiscal impact on their respective organizations.

ASSUMPTION (continued)

§ 162.441 - Similar to SB 990

In response to a similar proposal (SB 990), officials from the **Department of Elementary and Secondary Education, Office of the Secretary of State and Department of Higher Education** assumed the proposal will have no fiscal impact on their organizations.

In response to a similar proposal (SB 990), officials from the **State Technical College of Missouri, Jackson County Election Board, and Kirksville R-III School District** assumed the proposal will have no fiscal impact on their organizations.

Officials from the **Platte County Board of Elections, St. Louis County Election Board, St. Louis County, City of Kansas City, and City of Springfield** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from **Kansas City Election Board, Jackson County Board of Election Commissioners, Buchanan County, and Boone County** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Missouri State University, Missouri Western State University, and State Technical College of Missouri** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Summersville R2 School District and Kirksville R-III School District** both assume the proposal will have no fiscal impact on their respective organizations.

**Oversight** will reflect a potential fiscal impact to community college districts for costs of holding the elections. Oversight assumes that any funds generated from the tax levy would be used by the community college districts in the year in which the funds were received.

Bill as a Whole

Officials from the following **cities**: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark City, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, St. Charles City Administrator, St. Louis City Budget Division, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not



ASSUMPTION (continued)

respond to **Oversight's** request for fiscal impact.

Officials from the following **counties**: Andrew, Atchison, Audrain, Barry, Benton, Bollinger, Callaway, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Clinton, Cole, Cooper, Davies, Dekalb, Dent, Franklin, Greene, Holt, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Moniteau, Monroe, Montgomery, New Madrid,

Nodaway, Ozark, Perry, Pettis, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne, and Worth did not respond to **Oversight's** request for fiscal impact.

Officials from the following **colleges and universities**: Crowder, East Central, Harris-Stowe, Jefferson College, Kansas City Metropolitan Community College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Northwest Missouri State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, Truman State University, the University of Central Missouri and the University of Missouri did not respond to **Oversight's** request for a statement of fiscal impact.

Officials from the following **school districts**: Alton R-IV, Arcadia Valley R-2, Ash Grove R-IV, Ava R-1, Avilla R-13, Bakersfield R-4, Belton School District #124, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Bradleyville R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Couch R-1, Crawford County R-1, Crawford County R-2, Crocker R-II, Delta C-7, East Carter R-2, East Lynne 40, East Newton R-6, Eldon R-I, Fair Play, Fayette R-3, Forsyth R-3, Fox C-6, Fredericktown R-I, Fulton, Gasconade County R-1, Glenwood R-8, Grain Valley, Green City R-1, Green Ridge R-8, Hallsville R-IV, Hancock Place, Hannibal School District #60, Harrisonburg R-8, Harrisonville, Hartville R-11, Hazelwood, Henry County R-1, Hillsboro R-3, Holcomb R-III, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jasper R-5, Jefferson City, Kansas City, Kennett #39, King City R-1, Kirbyville R-VI, Lathrop R-2, Lee Summit, Leeton R-10, Lewis County C-1, Liberty, Lincoln R-2, Lindbergh, Lonedell R-14, Macon County R-1, Macon County R-IV, Madison C-3, Malta Bend, Maplewood Richmond Heights, Marshfield R-1, Maryville R-II, Maysville R-1, Meadville R-IV, Mehville School District R-9, Meramec Valley R-3, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Miller R-11, Moberly, Montgomery County R-11, Morgan County R-2, Mountain Grove R-III, Mt. Vernon R-V, New Bloomfield R-III, New Haven, Niangua R-5, Nixa, North Harrison R-3, North Kansas City, North St. Francois Co. R-1, Northeast Nodaway R-5, Northwest R-1, Oak Ridge R-6, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osage County, Osage R-2, Osborn R-O, Parkway,

ASSUMPTION (continued)

Pattonville, Pettis County R-12, Pierce City R-6, Plato R-5, Polo R-VII, Prairie Home R-5, Princeton R-5, Purdy R-II, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Republic R-III, Rich Hill R-IV, Richards R-5, Richland R-1, Richmond R-XVI, Riverview Gardens, Rockwood School District, Salisbury R-4, Sarcoxie R-2, Scotland County R-I, Scott City R-1, Sedalia, Seymour R-2, Shell Knob #78, Sherwood Cass R-5, Sikeston, Silex, Smithville R-2, South Harrison R-11, Southland C-9, Sparta R-III, Special School District of St. Louis County, Spickard R-II, Spokane R-VII, Springfield, St Joseph, St Louis, St. Charles, St.

Elizabeth R-4, Stanberry R-III, Stewartsville C-2, Sullivan, Sweet Springs, Trenton R-1x, Valley Park, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Warsaw R-IX, Waynesville, Webster Groves, Wellsville Middletown R-1, Wentzville R-IV, West Plains R-VII, Westran R-1, Westview C-6, Willard R-2 and the Wright City R-2 School District did not respond to **Oversight's** request for fiscal impact.

| <u>FISCAL IMPACT - State Government</u>  | FY 2019<br>(10 Mo.) | FY 2020                                 | FY 2021                                 |
|--|---------------------|---|---|
| <b>GENERAL REVENUE FUND</b>  |                     |   |   |
| <u>Revenue</u> - DOR - 1% collection charge on sales tax in Centralia (\$94,900) | \$0                 | \$0 or Up to<br>\$1,625                 | \$0 or Up to<br>\$2,034                 |
| <u>Revenue</u> - DOR - 1% collection charge on sales tax in Lebanon (\$94,900)   | <u>\$0</u>          | \$0 or Up to<br><u>\$12,750</u>         | \$0 or Up to<br><u>\$17,000</u>         |
| <b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>                          | <u>\$0</u>          | <b>\$0 or Up to<br/><u>\$14,375</u></b> | <b>\$0 or Up to<br/><u>\$19,034</u></b> |

| <u>FISCAL IMPACT - Local Government</u>  | FY 2019<br>(10 Mo.)          | FY 2020   | FY 2021   |
|--|------------------------------|---|---|
| <b>LOCAL POLITICAL SUBDIVISIONS</b>  |                              |   |   |
| <u>Savings</u> - 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>Revenue</u> - City of Centralia - additional half cent sales tax for public safety (§94.900)                        | \$0                          | \$0 or Up to<br>\$167,831                           | \$0 or Up to<br>\$201,397                           |
| <u>Revenue</u> - City of Lebanon - additional half cent sales tax for public safety (§94.900)                          | \$0                          | \$0 or Up to<br>\$1,275,000                         | \$0 or Up to<br>\$1,700,000                         |
| Loss - Collection Fee kept by DOR (§94.900) Centralia  | \$0                          | \$0 or (Up to<br>\$1,625)                           | \$0 or (Up to<br>\$2,034)                           |
| Loss - Collection Fee kept by DOR (§94.900) Lebanon  | <u>\$0</u>                   | \$0 or (Up to<br><u>\$12,750</u> )                  | \$0 or (Up to<br><u>\$17,000</u> )                  |
| <u>Costs</u> - election costs regarding plan of attachment of the school district and the community college district   | \$0 or<br>(Unknown)          | \$0 or<br>(Unknown)                                 | \$0 or<br>(Unknown)                                 |
| <u>Income</u> - tax levied on school district for community college district   | \$0 or Unknown               | \$0 or Unknown                                      | \$0 or Unknown                                      |
| <u>Expense</u> - additional funds spent by community college   | \$0 to<br><u>(Unknown)</u>   | \$0 to<br><u>(Unknown)</u>                          | \$0 to<br><u>(Unknown)</u>                          |
| <b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>  | <b><u>\$0 or Unknown</u></b> | <b><u>\$0 or Unknown, less than \$1,428,456</u></b> | <b><u>\$0 or Unknown, less than \$1,882,363</u></b> |

### FISCAL IMPACT - Small Business

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

### FISCAL DESCRIPTION

#### §§65.610, 65.620

This proposal 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.

#### §94.900

This proposal adds the City of Centralia and the City of Lebanon 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 0.5%.

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

#### §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.

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 Prosecution Services  
Office of the Governor  
Missouri Ethics Commission  
Missouri Tax Commission  
Office of the State Treasurer  
Department of Revenue  
Platte County Board of Election Commissioners  
Kansas City Election Board  
Jackson County Board of Election Commissioners  
St. Louis County Board of Election Commissioners  
St. Louis County  
Buchanan County  
Boone County  
City of Kansas City  
City of Springfield  
Missouri State University  
Missouri Western State University  
State Technical College of Missouri  
Summersville R-2 School District  
Kirksville R-III School District

Ross Strope



Acting Director  
May 8, 2018