

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6367-01
Bill No.: SB 993
Subject: St. Louis City; Economic Development
Type: Original
Date: March 9, 2018

Bill Summary: This proposal authorizes the St. Louis City Treasurer to create an “Office of Financial Empowerment.”

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

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 5 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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **City of St. Louis** assume a negative fiscal impact from this proposal. The Office of Financial Empowerment in the St. Louis Treasurer's Office was established by City ordinance No. 69809 (2014) as amended by City Ordinance No. 70057 (2015). These ordinances provided the Treasurer's office the local authorization for establishing the office as well as funding it from an increase in the net funded position of Parking Division funds. Ordinance No. 70057 further stipulates that said funding of the office is not to limit any portion of the funds to be allocated to the City's General Fund as designated in 82.485,RSMo. (Which stipulates the payment of up to 40% of the net change in parking meter fund balance.)

The proposed legislation seeks to codify the office of Financial Empowerment into state law. By doing so, however, the statute would remove the discretionary authority of the local legislative body to establish said office and to determine the use of what are essentially local funds. In addition, the proposed legislation makes no allowance or provision that the funding of the office is not to impair payments to City general revenue and further states that the amount of the budget for the office "shall be in the discretion of the treasurer."

This further removes appropriation authority from the local legislative body and would essentially allow for unchecked spending of parking division funds at the expense of City general revenue. Based on FY17 parking division results, the 40% of net change in fund balance will equate to \$1.7M in payments to City general revenue in the current fiscal year, all or portions of which could be jeopardized under the proposed legislation.

In response to similar legislation from this year, HB 2383, officials at the **City of St. Louis Treasurer's Office** assumed this proposal is meant to codify the Office of Financial Empowerment in state statute. The office is already created and has been in operation since 2015. Thus, it is the Office's position there is no fiscal impact to the City.

Oversight assumes this proposal is codifying the Office of Financial Empowerment into state statute. Oversight also assumes the total amount of parking revenue will not change and there may be differing effects on city departments (or city funds), but the net effect to the City of St. Louis will net to zero. Therefore, Oversight will not reflect a fiscal impact to the City of St. Louis.

ASSUMPTION (continued)

Officials at the **Department of Economic Development**, the **Office of Administration** and the **Department of Insurance, Financial Institutions and Professional Registration** each assume no fiscal impact to their respective agencies from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

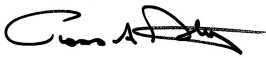
The proposed legislation appears to have no direct fiscal impact.

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

City of St. Louis
City of St. Louis Treasurer's Office
Department of Economic Development
Office of Administration
Department of Insurance, Financial Institutions and Professional Registration

Ross Strobe

A handwritten signature in black ink, appearing to read "Ross Strobe", with a stylized, cursive script.

Acting Director
March 9, 2018