

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0727-01
Bill No.: SB 268
Subject: Newspapers and Publications; Secretary of State
Type: Original
Date: February 25, 2019

Bill Summary: This proposal changes the process by which public notice is required to be published.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	Unknown or Could exceed \$520,244 - \$1,128,574	Unknown or Could exceed \$563,731 - \$1,293,731	Unknown or Could exceed \$562,980 - \$1,292,980
Total Estimated Net Effect on General Revenue	Unknown or Could exceed \$520,244 - \$1,128,574	Unknown or Could exceed \$563,731 - \$1,293,731	Unknown or Could exceed \$562,980 - \$1,292,980

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Technology Trust Fund (0266)	(\$82,289)	\$0	\$0
Other State Funds	Unknown	Unknown	Unknown
Total Estimated Net Effect on Other State Funds	Less than (\$82,289)	Unknown	Unknown

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 14 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

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 2020	FY 2021	FY 2022
Local Government	Could exceed \$107,065	Could exceed \$107,065	Could exceed \$107,065

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume the proposal would require the SOS to develop a web page to allow the electronic submission and publication of legally required notices. The Information Technology Division estimates these costs at \$82,289.40 in FY20.

The table below includes the breakdown of the initial development:

	Hrs / week	Total weeks	Cost per hour	Total Hours	Total Cost
BA	30	20	\$34.32	780	\$20,592.00
App Dev	30	18	\$44.10	780	\$23,814.00
Database	30	18	\$43.21	780	\$23,333.40
PM	15	20	\$48.50	390	\$14,550.00
Development Total					\$82,289.40

The Publications Division will require 2 additional FTEs to process deposits, customer inquiries/requests and the queue of electronic signatures at an initial salary of \$30,000 for a Graphics Arts Specialist II and \$27,000 for a Administrative Aide I. Costs for supplies necessary to process customer requests are unknown at this time. This will be a total cost which could exceed \$82,993 in FY 2020, \$100,336 in FY 2021, and \$101,087 in FY 2022.

Paid legal notice postings are estimated to average between 100 and 300 per day, at \$10 per posting, 365 days per year. This will result in SOS collecting revenue of \$304,170 - \$912,500 in FY 2020, \$365,000 - \$1,095,000 in FY 2021, and \$365,000 - \$1,095,000 in FY 2022.

Oversight notes that SOS was unable to provide source data for the estimate of number of legal notices averaging between 100 to 300 per day. Oversight is unable to verify the estimates provided by SOS in regards to the amount of legal notices posted. Therefore, Oversight will reflect range provided by SOS or Unknown.

Also, **SOS** assumes 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 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 \$5,000. 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

ASSUMPTION (continued)

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 require additional resources.

Officials from the **Office of Administration-Facilities, Management Design and Construction (FMDC)** assume if this legislation is enacted in conjunction with the dissolution of FMDC's current non-statutory agreement to obtain newspaper advertising through the Missouri Press clearing house, then FMDC's current website could be used to fulfill the advertising requirement. As a result, FMDC would experience average annual cost avoidance of \$59,765 (yearly average over the last ten years). Also there be will efficiency increases and time savings in processing and awarding contracts and a reduction in paperwork.

Officials from the **Office of Administration-Purchasing** assume this legislation proposes that OA-Purchasing would no longer be required to advertise its formal procurements in two daily newspapers. In FY18 OA-Purchasing spent \$7,504 on newspaper advertising, the FY19 to date (1/30/2019) amount is \$3,824. We have submitted a negative fiscal impact worksheet to show this.

8.250.3 states "on the front page of the officer or agency's website...". The OA-Division of Purchasing currently posts all bids on our public bid board at <https://missouribuys.mo.gov/>. Additional resources would be needed to post all bids on the front page of the Office of Administration's website, unless the public bid board on <https://missouribuys.mo.gov/> would be sufficient. We estimate that it would take approximately 3 hours per week for our Executive I position to post bids on the front page of OA's website each week. An Executive I position is funded at \$32,150/annually. Three hours a week would cost approximately \$2,600.00

Oversight notes that section 23.160, RSMo, defines agency as "...each department and office within the executive branch of government and each identifiable unit thereof...". Oversight assumes the Division of Purchasing is an identifiable unit of the Office of Administration. Therefore continuing to post at [https:// missouribuys.mo.gov/](https://missouribuys.mo.gov/) will meet the requirements of SB 268.

ASSUMPTION (continued)

Officials from the **Office of Administration-Budget and Planning (OA-BAP)** assume the proposal would increase Total State Revenue and the calculation pursuant to Article X, Sec. 18(e) by authorizing SOS to charge a ten dollar fee to publish a legal notice or other publication on the legal notice website that the legislation requires the SOS to create and maintain. OA-BAP defers to SOS for fiscal estimate. There is no direct fiscal impact to OA-BAP.

Officials from the **Office of the State Treasurer (STO)** assume although SB 268 removes the legal requirement for the State Treasurer's Office to advertise abandoned and unclaimed property in newspapers, the STO will still need two ways to let citizens know they have unclaimed and abandoned property. Last year the STO spend \$944,474.03 on advertising in newspaper for unclaimed property through the abandoned fund. They are assuming that they will be able to cut that cost down by \$200,000. The STO estimates that \$744,474.03 will be sufficient amount of money to advertise unclaimed property.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** state:

Administrative Cost

This fiscal note requires us to publically post procurement bids online. After discussions with Department of Labor and Industrial Relations (DOLIR) procurement section, they estimated that there are approximately 10 times per year when they would obtain procurement bids. It would require two hours for a Procurement Officer II and .75 hours for a Public Info Coordinator to upload these bids to the internet. The table below reflects the amount of estimated fiscal impact this would have on DOLIR. The Department anticipates being able to absorb these costs. However, until the FY 20 budget is final, the Department cannot identify specific funding sources.

Section # _____						
Personal Services						
Job Class	Range	FTE	Salary	FY 2020	FY 2021	FY 2022
Procurement Officer II	8	0.00	\$58,384	\$507	\$614	\$620
Public Info Coordinator	6	0.00	\$45,700	\$397	\$481	\$486
Total PS		0.00		\$904	\$1,095	\$1,106
Fringe Benefits				\$275	\$334	\$337
Section Total Cost				\$1,179	\$1,429	\$1,443

ASSUMPTION (continued)

ITSD

ITSD will need to setup two accounts for DOLIR Administration to load their bids using the enterprise Box software. DOLIR Administration would require a site established that they could upload bid documents and vendors could upload their responses. Bids documents will be for services or commodities that DOLIR requires. Document size will be an average of 50 to 100 pages.

ITSD - DOLIR							
	SB 268	FN #	0727-01				
Bill Section(s)							
Application Name:					FY 2020	FY 2021	FY 2022
Other Costs:		Cost Per	Number	\$	\$	\$	
2 Box Accounts - Continuing year cost as long as they use the box accounts		-	-	509	-	-	
Section Total Other Costs:				509	-	-	
Section Total Expenditures:				509	-	-	
General Revenue							
Federal				509	-	-	
Other				-	-	-	
Section Funding:				509	-	-	

We will be deferring the ITSD costs associated with this fiscal note to OA-ITSD.

Oversight notes that DOLIR anticipates being able to absorb administrative costs. Oversight has no information to the contrary. Therefore , Oversight will reflect a zero cost for DOLIR.

Officials from the **Department of Elementary and Secondary Education** assume the proposal could result in savings each fiscal year approximating \$16,798. The chart below indicates for each fiscal year, expenses incurred by the department to publish notice of public meetings and hearings.

<u>Fiscal Year</u>	
2016	\$13,887
2017	\$16,103
2018	\$20,403
Total	\$50,393

ASSUMPTION (continued)

Officials from the **Missouri Department of Conservation (MDC)** assume the proposal will have an unknown fiscal impact but less than \$100,000 due to a reduction in advertising expenses for construction bids.

Officials from the **Department of Higher Education (DHE)** assume the proposal requires public body or organization to post legal notice on the front page of its website, if it has one. If it does not have a website, the notice shall be sent to the Secretary of State who shall publish the notice on the Legal Notices Website. This proposal could result in cost savings if MDHE is no longer required to print notices in newspapers related to purchasing, etc. The savings are unknown.

Officials from the **Department of Transportation (MoDOT)** assume the proposal will have a zero to unknown positive less than \$10,000 fiscal impact on their organization.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume the proposal will have no fiscal impact on their organization. However, should the cost be more than anticipated, the department would request an increase to our appropriations through the budget process.

Officials from the **Department of Natural Resources (DNR)** state a review of the Advertising object code (2466) showed that during FY18, the Department paid approximately \$30,000 for required public notices. Of these, the Hazardous Waste Program (HWP) and the Division of State Parks (DSP) were both slightly over \$10,000 each.

The majority, if not all, of the HWP notices would still be required by federal regulation, therefore minimal or no cost savings would be seen. DSP could see a savings on their public notice announcements because they may not carry that federal requirement; however they may continue to publish in local newspapers in order to reach constituents in the specific area around a park or site hosting an event. They estimate approximately a \$5,000 annual savings.

Missouri Geological Survey's Land Reclamation Program had \$3,000 for ads that OA FMDC posted announcing bids. It is unknown if OA FMDC will continue to use newspapers as a way to publicize bid opportunities. No cost savings is included for MGS in the fiscal note.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

ASSUMPTION (continued)

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

Officials from the **Attorney General's Office (AGO)** assume the proposal would have no fiscal impact on the AGO because the AGO has not had to post the notifications specified in section 347.145 in recent history. However, should the AGO ever need to post a notification specified in section 347.145, the provisions of this bill would make it less expensive to do so.

Officials from the **Department of Public Safety-Gaming Commission, Department of Agriculture, Office of the Governor, Department of Public Safety-Office of the Director, Department of Public Safety-Missouri State Highway Patrol, Department of Public Safety-Missouri National Guard, State Auditor's Office, Department of Economic Development, Missouri Consolidated Health Care Plan, Department of Public Safety-Division of Alcohol and Tobacco Control, Department of Social Services, Missouri State Employees' Retirement System, Department of Revenue, Office of Administration-Administrative Hearing Commission, Department of Corrections, Department of Health and Senior Services, Missouri Senate, Department of Public Safety-Capitol Police, Missouri Ethics Commission, Missouri Tax Commission, Department of Public Safety-Fire Safety, Department of Public Safety- State Emergency Management Agency, Office of the State Public Defender, Legislative Research, Missouri Lottery Commission**, assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Department of Mental Health and Department of Labor and Industrial Relations** (ITSD costs only) both defer to the Office of Administration to estimate the fiscal impact of the proposed legislation on their respective organization.

Officials from the **City of Osage Beach** assume the proposal with a change of notification from a newspaper to on-line would save the City an estimated \$1,600 per year.

Officials from the **City of Harrisonville** assume the proposal will be both a time and money saving opportunity to eliminate this requirement.

Officials from the **City of Parkville** estimates the fiscal impact of the proposal for fiscal years 2020, 2021 and 2022 to be as follows:

The City spent \$1,010.78 on legal notices during 2018. The bill would create this level of savings for the city in each of the three years.

ASSUMPTION (continued)

The cost savings would be minimal. Staff time would still be required to post the notice on the city's web site, as opposed to sending it to the newspaper. The only additional time would be the cost of paying the newspaper invoice which is estimated at approximately eight hours annually, or \$200.

Officials from the **City of Kansas City** assume the proposal could have a small positive fiscal impact, because it is cheaper to publish notice on its website than in the newspaper.

Officials from the **City of Cape Girardeau** assume the proposal will have expected savings per fiscal year that could be \$5,000 - \$10,000. The annual cost is dependent on the need to publish such notices.

Officials from the **Lincoln County Government** assume the proposal may lead to as much as \$34,000 annual savings to the County based upon FY 2018 expenditures for publication of public notices. There would be zero to minimal additional costs as the County currently posts the public notices on the website as well as print publication.

Officials from the **Greene County Clerk's Office** assume the proposal will have an estimated average savings of \$55,453.96 per year as seen in chart below:

Daily Events	\$27,460
Marketplace	\$7,358.48
Marshfield Mail	\$1,680.34
NewsLeader	\$178,181.37
Squibb Media	<u>\$7,135.66</u>
Total (4 Years)	\$221,815.85

Officials from the **Monroe County Assessor** and **St. Francois County Assessor** both assume the proposal will have no fiscal impact on their organization.

Officials from the **State Technical College of Missouri** assume the proposal could have a positive fiscal impact on their organization.

Officials from the **University of Central Missouri** and **Missouri State University** assume the proposal will have no fiscal impact on their organization.

Officials from the **Hannibal School District** assume the proposal will save money and utilize technology.

ASSUMPTION (continued)

Officials from the **Francis Howell School District** assume repealing the requirement to publish notices in the newspaper would save FHSD about \$5,000 per year.

Oversight notes that the proposal allows for a reduction in advertising expenses to the state and political subdivisions. State agencies that submitted actual cost savings are as follows:

OA-FMDC	\$59,765
OA	\$7,504
DNR	\$5,000
MoDOT	\$10,000
DESE	\$16,798
STO	<u>\$200,000</u>
Total	\$299,067

Political subdivisions that submitted actual cost savings are as follows:

Cit of Osage Beach	\$1,600
City of Parkville	\$1,011
City of Cape Girardeau	\$10,000
Lincoln County Government	\$34,000
Greene County Clerk	\$55,454
Francis Howell School	<u>\$5,000</u>
Total	\$107,065

Due to the number of responses received and to simplify the fiscal note, Oversight will reflect all state agency savings to general revenue Unknown or exceeding \$399,067, reflect Unknown savings to other various state fund and to reflect savings to local political subdivisions exceeding \$107,065.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE			
<u>Savings</u> - various state agencies	Could exceed	Could exceed	Could exceed
Reduction in advertising expenses	\$299,067	\$299,067	\$2399,067-
 <u>Revenue</u> - SOS	 Unknown or	 Unknown or	 Unknown or
Fees for publishing public notices p. 3	\$304,170 - \$912,500	\$365,000 - \$1,095,000	\$365,000 - \$1,095,000
 <u>Cost</u> - SOS			
Salaries	(\$47,500)	(\$57,570)	(\$58,146)
Fringe Benefits	(\$35,493)	(\$42,766)	(\$42,941)
Equipment and Expense	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>Total Cost</u> - SOS	Could exceed	Could exceed	Could exceed
	<u>(\$82,993)</u>	<u>(\$100,336)</u>	<u>(\$101,087)</u>
FTE Change - SOS	2 FTE	2 FTE	2 FTE
 ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	 Unknown or Could exceed \$520,244 - <u>\$1,128,574</u>	 Unknown or Could exceed \$563,731 - <u>\$1,293,731</u>	 Unknown or Could exceed \$562,980 - <u>\$1,292,980</u>
 Estimated Net FTE Change on General Revenue Fund	 2 FTE	 2 FTE	 2 FTE
 OTHER VARIOUS STATE FUNDS			
<u>Savings</u> - State Agencies			
Reduction in advertising expenses	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
 NET EFFECT ON OTHER VARIOUS STATE FUNDS	 <u>Unknown</u>	 <u>Unknown</u>	 <u>Unknown</u>

<u>FISCAL IMPACT - State Government</u>	FY 2020	FY 2021	FY 2022
(continued)	(10 Mo.)		

TECHNOLOGY TRUST FUND (0266)

<u>Cost - SOS - ITSD</u>	<u>(\$82,289)</u>	<u>\$0</u>	<u>\$0</u>
Website Development p. 3			

ESTIMATED NET EFFECT ON TECHNOLOGY TRUST FUND	<u>(\$82,289)</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2020	FY 2021	FY 2022
	(10 Mo.)		

LOCAL POLITICAL SUBDIVISIONS

<u>Savings - Reduction in advertising expenses</u>	Could exceed <u>\$107,065</u>	Could exceed <u>\$107,065</u>	Could exceed <u>\$107,065</u>
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NET EFFECT ON POLITICAL SUBDIVISIONS	Could exceed <u>\$107,065</u>	Could exceed <u>\$107,065</u>	Could exceed <u>\$107,065</u>
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FISCAL IMPACT - Small Business

Potential impact to small businesses who publish notices could be expected as a result of this proposal.

FISCAL DESCRIPTION

Under current law, many legal notices are required to be published by a public body or an organization regulated by the state in a newspaper of general circulation within a particular area. This act repeals those requirements and instead requires the public body or organization to post the legal notice on the front page of its website, if it has one. If the public body or organization does not have a website, the notice shall be sent to the Secretary of State who shall publish the notice on the Legal Notices Website, required to be established and maintained by the Secretary pursuant to this act.

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
Missouri Department of Conservation
Department of Elementary and Secondary Education
Department of Labor and Industrial Relations
Department of Higher Education
Department of Transportation
Office of the State Treasurer
Office of Administration-Purchasing
Department of Insurance, Financial Institutions and Professional Registration
Office of Administration-Budget and Planning
Department of Natural Resources
Joint Committee on Administrative Rules
Attorney General's Office
Department of Public Safety-Gaming Commission
Department of Agriculture
Office of the Governor
Department of Public Safety-Office of the Director
Department of Public Safety-Missouri State Highway Patrol
Department of Public Safety-Missouri National Guard
State Auditor's Office
Department of Economic Development
Missouri Consolidated Health Care Plan
Department of Public Safety-Division of Alcohol and Tobacco Control
Department of Social Services
Missouri State Employees' Retirement System
Department of Revenue
Office of Administration-Administrative Hearing Commission
Department of Corrections
Department of Health and Senior Services
Missouri Senate
Department of Public Safety-Capitol Police
Missouri Ethics Commission
Missouri Tax Commission
Department of Public Safety-Fire Safety
Department of Public Safety-State Emergency Management Agency
Office of the State Public Defender
Legislative Research
Missouri Lottery Commission

SOURCES OF INFORMATION (continued)

Department of Mental Health
MoDOT and Patrol Employees Retirement System
City of Osage Beach
City of Harrisonville
City of Parkville
City of Kansas City
City of Cape Girardeau
Lincoln County Government
Greene County Clerk
Monroe County Assessor
St. Francois County Assessor
State Technical College of Missouri
University of Central Missouri
Missouri State University
Hannibal School District #60
Francis Howell School District



Kyle Rieman
Director
February 25, 2019

Ross Strobe
Assistant Director
February 25, 2019