

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1181-02
Bill No.: Perfected SB 202
Subject: Office of Administration; Counties; County Government; Mining and Oil and Gas Production
Type: Original
Date: March 12, 2019

Bill Summary: This proposal creates provisions relating to mining royalties on federal land.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| | | | |
| | | | |
| 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 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 |
| | | | |
| | | | |
| 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 2020 | FY 2021 | FY 2022 |
| Local Government* | \$0 | \$0 | \$0 |

Revenue and Loss net to zero.

FISCAL ANALYSIS

ASSUMPTION

Oversight assumes the proposed legislation requires moneys disbursed to the Office of Administration from the Office of Natural Resources Revenue from mining royalties on federal land, shall be distributed on a proportional basis to each county where such mining royalties accrued.

According to **Office of Administration (OA)**, the provisions of this legislation are the current procedures OA follows, therefore, there will not be a fiscal impact to state government as a result of this proposal.

Oversight also assumes the proposed legislation requires each county to allocate such money the following way:

- 50% to public schools of the county
- 25% to maintenance of roads and bridges in the county; and
- 25% to the county's public safety budget

Officials from **Iron County** state that mining royalties are divided between schools and road and bridge funds based on the amount of forest land within each school district. This is determined by utilizing the model for forest cropland distribution, as there is currently no system under statute specifically for mining royalties.

Officials from **Madison County** stated that mining specific royalties have not been received in their county for a long time; however, should they receive mining royalties, most of the money received would go to school districts.

Oversight assumes there are no standard procedures as to how counties currently allocate mining royalties. Oversight notes that counties have been disbursed mining royalties from Office of Administration, but the allocation within those specific counties to schools, roads and bridges, and public safety vary from county to county. The various entities (public schools, public works and public safety) within the county may or may not have a fiscal impact depending on how that specific county is currently distributing moneys. Therefore; Oversight will range the fiscal impact from (unknown) (local entity has been receiving a larger percent than the proposed legislation allocates) to unknown (local entity has been receiving a lesser percentage than the proposed legislation allocates); however, the estimated fiscal impact to the entities across county government(s) will net to \$0.

ASSUMPTION (continued)

Officials from the **Office of Administration**, the **Department of Natural Resources**, the **Department of Transportation**, the **Boone County Sheriff's Department**, the **Francis Howell School District** and the **Springfield Public Schools** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other school districts, counties, and sheriff departments were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

| <u>FISCAL IMPACT - State Government</u> | FY 2020 (10 Mo.) | FY 2021 | FY 2022 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

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

LOCAL POLITICAL SUBDIVISIONS

| | | | |
|---|---------|---------|---------|
| <u>Revenue</u> - Mining royalties re-allocated to public schools, maintenance, public safety - may be different than current practice | Unknown | Unknown | Unknown |
|---|---------|---------|---------|

| | | | |
|--|------------------|------------------|------------------|
| <u>Loss</u> - Mining royalties re-allocated to public schools, maintenance, public safety - may be different than current practice | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
|--|------------------|------------------|------------------|

| | | | |
|---|------------|------------|------------|
| ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS | <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

Starting in fiscal year 2020, moneys disbursed to the Missouri Office of Administration from the Office of Natural Resources Revenue within the U.S. Department of the Interior from mining royalties on federal land located within the state shall be distributed on a proportional basis by the Office of Administration to each county in this state where such mining royalties accrued. Each county that receives money shall allocate 50% for public schools, 25% for the maintenance of roads and bridges in the county, and 25% for the following areas in a county's public safety budget: the sheriff's department, jail and care of prisoners, the office of prosecuting attorney, juvenile officer, and coroner. The money to be used for a county's public safety budget shall be allocated at the discretion of the county commission.

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 Administration
Department of Natural Resources
Department of Transportation
Boone County Sheriff's Department
Francis Howell School District
Springfield Public Schools
Iron County
Madison County

Kyle Rieman
Director
March 12, 2019



Ross Strope
Assistant Director
March 12, 2019