

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1181-04
Bill No.: CSS for HCS for SB 202
Subject: Office of Administration; Counties; County Government; Mining and Oil and Gas Production
Type: Original
Date: May 16, 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 6 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

Due to time constraints of less than 27 hours, **Oversight** was unable to receive some of the agency and political subdivision responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

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 of which shall be divided proportionally between:
 - school districts that lie partly or wholly within federal land within each district's boundaries; and
 - all school districts in the county on an average daily attendance basis.
- 50% to be allocated at the discretion of the county commission:
 - to maintenance road sand bridges in the county; and
 - to the county's public safety budget.

In response to a previous version, officials from **Iron County** stated 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.

In response to a previous version, 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.

ASSUMPTION (continued)

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.

Officials from the **Department of Natural Resources**, the **Department of Transportation**, each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Boone County Sheriff's Department**, the **Francis Howell School District** and the **Springfield Public Schools** each assumed 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 the proceeds as specified in the proposal.

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
May 16, 2019

Ross Strobe
Assistant Director
May 16, 2019