

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3113-02
Bill No.: SB 596
Subject: Office of Administration; Easements and Conveyances; Real Property; Roads and Highways
Type: Original
Date: February 4, 2020

Bill Summary: This proposal modifies provisions relating to the lease or sale of state property to third parties.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue Fund	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
State Road Fund (0320)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on Other State Funds	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 8.297 - Lease or Sale of State Property

Officials from the **Office of Administration (OA)** state that this bill would authorize OA to sell, lease, or transfer "unused or underutilized" real property that the state owns to a for-profit or not-for-profit entity, with the exception of property owned by the State Highways and Transportation Commission, Conservation Commission, Department of Natural Resources and the University of Missouri. It appears this would eliminate the need for legislative authorization and review by the Attorney General for conveyances of property deemed to be "unused or underutilized."

OA assumes their department would be responsible for determining what state property is unused or underutilized, and provides that OA may contract with a real estate broker to facilitate sales and leases of such property. It states "such contracts shall only authorize the real estate broker to collect a fee of up to twenty-five percent of the value of such sale or lease." OA Facilities Management Design and Construction (FMDC) already utilizes a broker for many property sales; the current brokerage fee is 6% of the contract value. FMDC interprets this bill as allowing it to limit brokerages fees for conveyances to the current amount by contract. Based on that assumption, there would be no impact because of this proposal.

OA also assumes the department will be required to provide an annual report on its website of all leases and property sales. Currently, OA has 50 plus leases with non-state entities on record, which would need to be reported. OA assumes this would require additional staff of 0.25 FTE and approximately 4 hours per month to track the data, compile a report, and post to the website, totaling approximately \$5,000/year. The Director of Leasing would provide the information and an Executive I would post it on the website.

Oversight assumes OA is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA could absorb the administrative costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA could require additional resources.

Oversight assumes this proposal authorizes the Office of Administration to sell, lease or otherwise transfer certain unused or underutilized property to a for-profit or not-for-profit entity. Oversight also assumes the revenue collected from these sales and leases will be deposited into the State Road Fund (0320).

ASSUMPTION (continued)

For fiscal note purposes, Oversight will reflect a potential loss of the value of land sold or transferred as \$0 (no land is sold or transferred) to an unknown loss to the General Revenue Fund. Oversight will also reflect a potential revenue as \$0 (no land is sold or leased) to an unknown revenue to the State Road Fund (0320) of the proceeds of the land sale.

Officials from the **Attorney General’s Office**, the **Department of Transportation**, the **Missouri Department of Conservation**, the **Department of Natural Resources** and the **University of Missouri** 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.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<u>Loss - OA</u>	\$0 or	\$0 or	\$0 or
Value of land sold by OA	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

STATE ROAD FUND (0320)

<u>Income - OA</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
Potential sales proceeds			
ESTIMATED NET EFFECT TO THE STATE ROAD FUND (0320)	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<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

Current law provides that the Governor may not convey or otherwise transfer title to real property owned or acquired by the state, unless such conveyance or transfer is first authorized by an act of the General Assembly.

This act creates an exception to this requirement which would authorize the Office of Administration to sell, lease or otherwise transfer certain unused or underutilized property to a for-profit or not-for-profit entity. The Office of Administration may use a licensed real estate broker to facilitate the conveyance, provided that the broker may collect a fee up to twenty-five percent of the value of the sale or lease. The Office of Administration will be responsible for determining what state property is unused or underutilized.

The revenue from these sales and leases will be deposited into the State Road Fund.

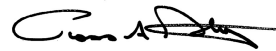
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Department of Transportation
Missouri Department of Conservation
Department of Natural Resources
University of Missouri



Julie Morff
Director
February 4, 2020



Ross Strope
Assistant Director
February 4, 2020