

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4593-03
Bill No.: SB 858
Subject: Appropriations; Governor and Lieutenant Governor; Emergencies
Type: Original
Date: March 9, 2020

Bill Summary: This proposal establishes the Cash Operating Expense Fund.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue*	\$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
Cash Operating Expense Fund*	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on <u>Other</u> State Funds*	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

*Oversight assumes this proposal sets up the operational framework for the new Cash Operating Expense Fund and its interaction with the General Revenue fund and the appropriations process. Oversight will simply reflect \$0 or Unknown amounts in the fiscal note for the potential movement of monies.

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 6 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

Officials from the Office of Administration - Budget and Planning (B&P) state the bill creates the “Cash Operating Expense Fund” (COEF).

Deposits into the fund will come from:

- Funds appropriated to the Governor’s Office for emergency duties unexpended at the end of the fiscal year; and
- Funds appropriated by the General Assembly

In any fiscal year where actual revenues are less than the revenue estimates used in the budgeting process or when there is a budget need due to a natural disaster, the Governor may transfer from the COEF to the General Revenue Fund.

If, at the end of any fiscal year, the balance in the funds exceed two and one-half percent of the net general revenue for the previous fiscal year, the excess amount shall be allocated as follows:

- Fifty percent shall be transferred to the state road fund to cover transportation cost-share programs; and
- Fifty percent shall be transferred to debt retirement

Officials from the **Office of the State Treasurer**, the **Department of Public Safety - Missouri National Guard**, **Department of Public Safety - Missouri State Emergency Management Agency**, **Office of the Governor** and the **Office of Administration** each assume the proposal would not fiscally impact their respective agencies.

Officials from **Department of Transportation (MoDOT)** notes that Article IV, Section 30(b) and (d) of the Missouri Constitution would require the moneys deposited into the State Road Fund to be spent on projects on the state highway system.

Oversight notes §33.575.4 states if the balance in the fund at the close of any fiscal year exceeds 2.5% of net General Revenue collections for the previous year, such excess shall be divided evenly between the State Road Fund and debt retirement related to bonds issued by or on behalf of the state. Oversight notes the FY 2019 net General Revenue collections were \$9.567 billion. Two and one-half percent would equal roughly \$239 million. Oversight assumes the fund would not reach this balance in the three year scope of the fiscal note.

Oversight assumes this proposal sets up the operational framework for the new Cash Operating Expense Fund and its interaction with the General Revenue fund and the appropriations process.

ASSUMPTION (continued)

Oversight will simply reflect \$0 or Unknown amounts in the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE			
<u>Transfer In</u> - from the Cash Operating Expense Fund §33.575.3	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer Out</u> - to the Cash Operating Expense Fund §33.575.2(1)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Transfer Out</u> - to the Cash Operating Expense Fund §33.575.2(2)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
CASH OPERATING EXPENSE			
<u>Transfer In</u> - from General Revenue §33.575.2(1)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer In</u> - from General Revenue §33.575.2(2)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - expenses incident to emergency duties performed by the National Guard or for expenses for a declared emergency §33.575.2(1)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Transfer Out</u> - to General Revenue §33.575.3	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO THE CASH OPERATING EXPENSE	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

<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

This act establishes the "Cash Operating Expense Fund", which shall consist of any funds appropriated to the Office of the Governor for expenses incident to emergency duties performed by the National Guard, matching funds for federal grants and emergency assistance, and expenses of any state agency responding during a declared emergency, as described in the act, that are unexpended at the end of a fiscal year, and moneys appropriated by the General Assembly.

The Governor may transfer moneys from the fund into the General Revenue Fund in any fiscal year in which actual revenues are less than the revenue estimates upon which appropriations were based or in which there is a budget need due to a natural disaster, as proclaimed by the Governor to be an emergency.

If the balance in the fund at the close of any fiscal year exceeds 2.5% of net General Revenue collections for the previous year, such excess shall be divided evenly between the State Road Fund and debt retirement related to bonds issued by or on behalf of the state, as described in the 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 State Treasurer
Office of the Governor
Office of Administration - Budget and Planning
Department of Public Safety
 Missouri National Guard
 Missouri State Emergency Management Agency
Department of Transportation
Office of Administration



Julie Morff
Director
March 10, 2020



Ross Strobe
Assistant Director
March 10, 2020