

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3726S.04P
Bill No.: Perfected SS for SCS for SB 741
Subject: Boards, Commissions, Committees, and Councils; Political Subdivisions; State
Departments
Type: Original
Date: April 25, 2022

Bill Summary: This proposal modifies sections relating to involvement of public agencies in the disclosure of information.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue Fund*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*Oversight notes this proposal could create exposure for the state government and/or local political subdivisions. Oversight assumes the cost to the state would not reach the \$250,000 threshold. However, regarding SA 3, Department of Revenue officials' state if charitable organizations are no longer required to report and file tax returns on unrelated business taxable income as a result of this proposal, the state may see a reduction in tax revenue of an unknown amount, possibly reaching the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Other State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Legal Expense Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*LEF will net to zero.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Various Federal Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	0	0	0

- ☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	Could exceed \$100,000 or (Unknown)	Could exceed \$100,000 or (Unknown)	Could exceed \$100,000 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 105.1500 – Personal Privacy Protection Act

The **Office of the Secretary of State (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 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 **Attorney General's Office, Department of Economic Development, Department of Higher Education and Workforce Development, Department of Health and Senior Services, Department of Mental Health, Department of Revenue, Department of Public Safety-Alcohol and Tobacco Control, Department of Public Safety-Fire Safety, Department of Public Safety-Director's Office, Missouri Highway Patrol, Department of Public Safety-Veterans Commission, Department of Public Safety-State Emergency Management Agency, Department of Social Services, Missouri Department of Agriculture, Missouri Department of Transportation, Office of the Governor, Office of the State Auditor, Office of the State Treasurer, Joint Committee on Administrative Rules, Joint Committee on Education, Legislative Research, Oversight Division, Missouri Lottery Commission, Missouri Higher Education Loan Authority, Missouri Office of Prosecution Services, Missouri State Employee's Retirement System, State Tax Commission, Missouri Consolidated Health Care Plan, Department of Corrections, Department of Natural Resources, Department of Elementary and Secondary Education, MoDOT & Patrol Employees' Retirement System, and Department of Commerce and Insurance** each assume the proposal will have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies for this section.

Officials from the **City of Claycomo, City of Kansas City, City of Springfield**, each assume the proposal will have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these cities for this section.

In response to a previous version, Officials from the **Missouri Ethics Commission** and **Office of the State Public Defender** each assumed the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Office of the State Courts Administrator (OSCA)** assumed there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Oversight assumes the OSCA will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the OSCA for fiscal note purposes.

In response to the previous version, the **Office of Administration** assumed the proposal will have no fiscal impact on that organization.

Oversight assumes subsection 105.1500.5 of this proposal would allow causes of action against various public agencies throughout the state. If the state is found liable, there may be additional payouts from the State Legal Expense Fund. Oversight assumes an annual fiscal impact from \$0 (no such civil actions brought against the state) to an unknown amount - not likely to exceed \$250,000 – of civil damages payouts.

Therefore, **Oversight** will assume the net fiscal impact to the Legal Expense Fund will be \$0 due to transfers in from General Revenue, Federal Funds, and Other State Funds from various state agencies to offset judgements against the state.

Senate Amendment 1

§610.010 – Sunshine Law

In response to a similar proposal from this year (SB 930), officials from the **Attorney General's Office**, the **Department of Commerce and Insurance**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Department of Health and Senior Services**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety (Office of the Director, Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, Missouri National Guard, State Emergency Management Agency and Veterans Commission)**, the **Department of Social Services**, the **Office of the Governor**, the **Joint Committee on Administrative Rules**, the **Joint Committee on Public Employee Retirement**, the **Missouri Lottery Commission**, the **Missouri Consolidated Health Care Plan**, the **Department of Agriculture**, the **Missouri Department of Conservation**, the **Missouri Ethics Commission**, the **Missouri House of Representatives**, the **Department of Transportation**, the **Office of Prosecution Services**, the **Office of Administration (Administrative Hearing Commission and Budget and Planning)**, the **Office of the State Courts Administrator**, the **Office of the State Auditor**, the **Missouri Senate**, the **Office of the Secretary of State**, the **Office of the State Public Defender**, the **Office of the State Treasurer** and the **State Tax Commission** each assumed the proposal will have no fiscal impact on their respective organizations for this proposal.

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

Senate Amendment 2

§161.841 – Parents’ Access to Public Records Act

In response to similar legislation, HB 1858 from 2022, officials from the **Department of Elementary and Secondary Education** assumed no fiscal impact.

In response to similar legislation, HB 1858 from 2022, officials from the **Office of the State Courts Administrator (OSCA)** assumed the proposal will have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for OSCA for this section.

Oversight did not receive any responses from school districts related to the fiscal impact of this proposal. Oversight assumes there could be costs for staff time to meet requests for information on curriculum, instructional material, contracts and funding. Additionally, Oversight assumes there could be training costs, administrative costs related to notifications and printing, costs to hold additional public hearings as well as legal costs.

Oversight is uncertain if these costs could be absorbed by school districts. Therefore, Oversight will show a range of cost of \$0 (no additional cost or can be absorbed) to an unknown cost.

Oversight has presented this fiscal note on the best current information available. If school districts respond with additional information, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

Senate Amendment 3

§407.475 – Charitable Organizations

In response to similar legislation, SS No. 2 for SCS for SB 968 from 2022, officials from the **Office of Administration - Budget and Planning, Department of Labor and Industrial Relations, Department of Elementary and Secondary Education, Missouri Department of Conservation, Department of Transportation, and the Office of the State Courts Administrator** each assumed the provision would not fiscally impact their respective agencies.

In response to similar legislation (SB 968), officials from the **Department of Labor and Industrial Relations** assumed the provision would not fiscally impact their agency.

Oversight notes that the above mentioned agencies have stated the provision 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 for these agencies for this section.

In response to a previous version of SS No. 2 for SCS for SB 968 from 2022, officials from the **Office of Administration - Budget and Planning (B&P)** noted this section would prohibit a

state agency from requiring a charitable organization to provide annual filing or reporting beyond those required under section 407.462 and federal law.

B&P notes that some charitable organizations may be required to file annual state tax returns, which are not one of the allowable filing or reporting requirements under section 407.462 or federal law. B&P defers to DOR for more information.

Therefore, this section may reduce GR and TSR by an unknown amount. This section may impact the calculation under Article X, Section 18(e).

In response to similar legislation, SS No. 2 for SCS for SB 968 from 2022, officials from the **Department of Revenue** noted this provision would prohibit a state agency or official from imposing an annual filing/reporting requirement on an organization regulated or specifically exempted from regulation under sections 407.450 to 407.478, if those annual filing/reporting requirements are more stringent, restrictive, or expansive than the requirements of section 407.462. This does exempt filing/reporting requirements specifically required or authorized by federal law.

Depending on whether this proposal applies to state tax filing and tax reporting requirements, this proposal may impact DOR as it pertains to tax administration. If DOR could no longer require tax returns of certain organizations this could result in a significant but unknown loss to general revenue and total state revenue.

Oversight will reflect the possible scenario described by B&P and DOR that charitable organizations are no longer required to report and file tax returns on unrelated business taxable income as a result of this provision. Therefore, the state may see a reduction in tax revenue of an unknown amount. Oversight will show the impact as a \$0 or (Unknown) potential loss of general revenue funds.

Senate Amendment 4

§§50.815 & 50.820 - Publishing of County Financial Statements

In response to similar legislation from 2020, HB 1814, officials at Henry County assumed a savings of \$1,800 annually in publication costs from this proposal.

Oversight inquired with Henry County regarding this proposal. The County currently submits a 14 page document to the newspaper which lists out every dollar by vendor. Since this proposal requires a summary of data to be published in the newspaper, Henry County's publishing costs would be reduced as the number of pages would be reduced that would be submitted to the newspaper.

In response to similar legislation from 2020, HB 1814, officials at **Lincoln County** assumed a savings of \$2,000 annually in publication costs from this proposal.

In response to similar legislation from 2020, HB 1814, officials at **Livingston County** assumed a savings of \$2,500 annually in publication costs from this proposal.

Officials from the **Clay County Auditor's Office** assume this proposal will increase expenses by \$161 to publish more information in the newspaper based on recent costs for publications.

Oversight assumes the Clay County Auditor's Office is provided with core funding to handle a certain amount of activity each year. Oversight assumes the Clay County Auditor's Office could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, the Auditor's Office could request funding through the Clay County appropriation process.

Oversight assumes using the counties above as an example, if the average savings of the three counties publication costs is \$2,100 and 96 counties (2nd, 3rd and 4th class counties) in Missouri published their financials in the newspaper, the potential savings could be up to \$201,600 ($\$2,100 * 96$) per year. Therefore, Oversight will reflect a potential savings in publication costs for counties to post their financials through a newspaper of general circulation in their county that could exceed \$100,000 annually from this proposal.

In response to similar legislation from this year, SB 845, officials from **Boone County** and **Greene County** each assumed the proposal will have no fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE			
<u>Loss</u> – DOR – if, with this bill, charitable organizations are no longer required to file certain tax returns §407.475 p. 6 S.A. 3	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost</u> - Potential increase in payments to Legal Expense Fund for increase in claims §105.1500.5 p. 4	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
OTHER STATE FUNDS			
<u>Cost</u> - Potential increase in payments to Legal Expense Fund for increase in claims §105.1500.5 p. 4	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO OTHER STATE FUNDS	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
LEGAL EXPENSE FUND (0692)			
<u>Transfer In</u> - from GR, Federal, and Other State Funds Potential increase in claims	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer Out</u> - payment of discrimination claims §105.1500.5 p. 4	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO THE LEGAL EXPENSE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FEDERAL FUNDS			

<u>Various Federal Funds - Potential increase in payments for increase in claims §105.1500.5 p. 4</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO FEDERAL FUNDS	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings – Counties - publication costs on financials posted in a newspaper of general circulation (§§50.815 & 50.820) p. 7</u>	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Cost</u> Potential increase in claims §105.1500.5 p. 4	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost – Schools – S.A. 2 - Curricula review, training, notification, printing, and legal costs §161.841 p. 5</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	Could exceed \$100,000 or (Unknown)	Could exceed \$100,000 or (Unknown)	Could exceed \$100,000 or (Unknown)

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act modifies various provisions relating to the involvement of public bodies in the disclosure of information.

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

Missouri Ethics Commission
Missouri Highway Patrol
Office of Administration
Office of the Secretary of State
Office of the State Public Defender
Missouri Office of Prosecution Services
Office of the State Courts Administrator
Attorney General's Office
Department of Economic Development
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Department of Mental Health
Department of Revenue
Department of Public Safety-Alcohol and Tobacco Control
Department of Public Safety-Fire Safety
Department of Public Safety-Director's Office
Department of Public Safety-Veterans Commission
Department of Public Safety-State Emergency Management Agency
Missouri Department of Agriculture
Missouri Department of Transportation
Office of the Governor
Office of the State Auditor
Office of the State Treasurer
Joint Committee on Administrative Rules
Department of Commerce and Insurance
Department of Corrections
Department of Natural Resources
Joint Committee on Education
Department of Elementary and Secondary Education
Legislative Research
Oversight Division
Missouri Lottery Commission
Missouri Higher Education Loan Authority
State Tax Commission
Department of Social Services
Department of Public Safety-Missouri Highway Patrol
Missouri Consolidated Health Care Plan
MoDOT & Patrol Employees' Retirement System
City of Claycomo

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City of Kansas City

City of Springfield

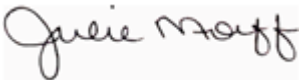
Boone County

Greene County

Henry County

Lincoln County

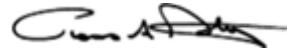
Livingston County

A handwritten signature in cursive script, appearing to read "Julie Morff".

Julie Morff

Director

April 25, 2022

A handwritten signature in cursive script, appearing to read "Ross Strobe".

Ross Strobe

Assistant Director

April 25, 2022