

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3824S.03I  
 Bill No.: SB 678  
 Subject: Kansas City; Law Enforcement Officers and Agencies  
 Type: Original  
 Date: January 10, 2022

Bill Summary: This proposal modifies provisions relating to funding for the Kansas City Police Department.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue*	\$0 or (Could exceed than \$64,100,000)	\$0 or (Could exceed \$64,100,000)	\$0 or (Could exceed \$64,100,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (Could exceed than \$64,100,000)</b>	<b>\$0 or (Could exceed \$64,100,000)</b>	<b>\$0 or (Could exceed \$64,100,000)</b>

\*Oversight notes this bill is not contingent upon passage of SJR38. Therefore, Oversight will reflect a potential impact to General Revenue if the state is required to pay for this additional local funding requirement

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Offsetting increase in costs (additional appropriation) to the City of Kansas City and an increase in funding to the Kansas City Police Department

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **City of Kansas City** has not responded to **Oversight's** request for fiscal impact.

Officials from **the Kansas City Police Department (KCPD)** state in §84.730 it shall be the duty of the board, on the fifteenth day of January of each year, to prepare, in writing, a budget estimating the sum of money which will be necessary for the next fiscal year, to enable the board to discharge the duties hereby imposed upon it, and to meet the expenses of the police department, which it shall forthwith certify to the governing body of such city, and the budget shall itemize purposes of expenditure by organization units, activities, functions, and character classes in not less detail than "personal services", "contractual services", "commodities", and "capital outlays", and shall in any event be prepared in form and detail similar to the form and detail in which budgets for the various departments of such city government are prepared. The governing body of the city is hereby required to appropriate the total amount so certified, payable out of the revenue of the city after first having deducted the amount necessary to pay the interest on the indebtedness of the city, the amount necessary for lighting the city, and any sum required by law to be placed to the credit of the sinking fund of the city, and if the board shall be required to call out extra police force and the expense thereof shall not have been contemplated in their estimate for the fiscal year during which the extra police force is called out, it shall immediately certify the expense of such additional force, and the additional amount so required shall be appropriated for that purpose, except that in no event shall the governing body of the city be required to appropriate for the use of the police board in any fiscal year an amount in excess of one-fifth of the general revenue fund of such year.

Based on information provided to Kansas City, Missouri Police Department by the Kansas City, Missouri Finance Department, FY 2021-22 revenues, all sources, are \$1,763,471,697. The City excludes over \$1 Billion of total revenues when applying the current one-fifth statutory limitation in 84.730, making it appear that the City is funding the KCPD at a higher percentage.

The change proposed in this legislation would require the percentage limitation to be applied to all City revenue sources, not just the revenue sources the City identifies as GR. This statutory change is consistent with *Spink V Kemp*, 365 Mo. 368, 283 S.W. 2d 502 which determined that all City revenue sources had to be used in applying the percentage limitation.

According to KCPD's Appropriated Budget for 2021-22, \$256,773,275 is appropriated for FY 2022. **Oversight** assumes this appropriated budget reflects the current 20% statutory limitation when additional forces are needed by the KCPD. This proposal suggests a 25% limitation which when applied would yield \$320,966,594 ( $(\$256,773,275 / .20) \times .25$ ). This would be an increase in funding to the KCPD of \$64,193,319 ( $\$320,966,594 - \$256,773,275$ ). However, the proposal

includes all revenue collected by the City and not just what is labeled as GR. Therefore, the funding could be greater than \$64.1 million available to the KCPD should additional forces be needed.

**Oversight** has requested information from the City of Kansas City as well as additional information from the KCPD regarding their response. Upon the receipt of this information, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note if needed. Therefore, Oversight will reflect a potential increase in funding costs of \$0 or greater than \$64.1 million for this proposal.

**Oversight** notes this bill is not contingent upon passage of SJR 38. Therefore, if SJR is not approved by voters, the state may be required to pay for this local funding requirement change.

<u>FISCAL IMPACT – State Government</u>	FY 2023	FY 2024	FY 2025
<b>GENERAL REVENUE</b>			
<u>Cost</u> – Cost to the state if SJR 38 is not approved by voters and the state must pay for increase in funding to KCPD	\$0 or (Could exceed <u>\$64,100,000</u> )	\$0 or (Could exceed <u>\$64,100,000</u> )	\$0 or (Could exceed <u>\$64,100,000</u> )
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b>\$0 or (Could exceed <u>\$64,100,000</u>)</b>	<b>\$0 or (Could exceed <u>\$64,100,000</u>)</b>	<b>\$0 or (Could exceed <u>\$64,100,000</u>)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2023	FY 2024	FY 2025
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Cost</u> - City of Kansas City – potential increase in appropriation funding	\$0 or (Could exceed <u>\$64,100,000</u> )	\$0 or (Could exceed <u>\$64,100,000</u> )	\$0 or (Could exceed <u>\$64,100,000</u> )
<u>Revenue</u> – Kansas City Police Department - potential increase in appropriation funding	\$0 or Could exceed <u>\$64,100,000</u>	\$0 or Could exceed <u>\$64,100,000</u>	\$0 or Could exceed <u>\$64,100,000</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

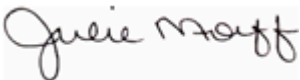
Under current law, the city of Kansas City is required to provide one-fifth of its general revenue per fiscal year to fund the Kansas City Board of Police. This act increases such funding to one-fourth of the city's general revenue and provides that the general revenue fund shall include all revenue collected by the city regardless of whether the revenue is from a tax, fee, or other source of funding and regardless of whether the revenue is deposited into another fund other than general revenue.

This act contains an emergency clause.

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

Kansas City Police Department



Julie Morff  
Director  
January 10, 2022



Ross Strope  
Assistant Director  
January 10, 2022