

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3824S.04P
Bill No.: Perfected SS for SB 678
Subject: Kansas City; Law Enforcement Officers and Agencies
Type: Original
Date: March 2, 2022

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on General Revenue*	\$0	\$0	\$0

*Oversight notes the changes in this proposal are contingent upon legislative passage and voter approval of a related joint resolution changing the Missouri Constitution, Article X, Section 21. Oversight assumes the changes in this bill will not have a fiscal impact without this constitutional change.

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

Numbers within parentheses: () indicate costs or losses.

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

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*	\$0	\$0	\$0

*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

Due to time constraints, **Oversight** was unable to receive some agency 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 to publish a new fiscal note.

Officials from the **City of Kansas City** state this proposal could have a significant negative fiscal impact on the City by increasing substantially the amount the City would be required to budget for the KCPD.

In response to a previous version, officials from **the Kansas City Police Department (KCPD)** stated 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.

Officials from the **Department of Revenue** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Senate Amendment 1

Oversight notes SA1 changes the percentage for additional forces from 26% to one-fourth or 25%. SA1 also specifies the general revenue fund and not any and all revenue collected by the city.

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 ($\$320,966,594 - \$256,773,275$). **Oversight notes this bill is not contingent upon passage of SJR 38. If the SJR is not approved by voters, then this proposal could be subject to the Hancock Amendment and could impact state revenues (dependent upon legal actions and court decisions).** Therefore, upon SJR 38 being passed and approved by the voters, Oversight will reflect a potential increase in funding costs of \$0 or greater than \$64.1 million for this proposal.

<u>FISCAL IMPACT – State Government</u>	FY 2023	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

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.

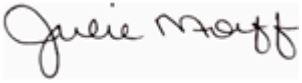
This act contains an emergency clause.

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

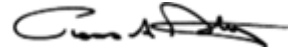
SOURCES OF INFORMATION

City of Kansas City
 Kansas City Police Department
 Department of Revenue

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