

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4159S.01I
 Bill No.: SB 734
 Subject: Agriculture; Department of Conservation; Fishing and Hunting; Governor and Lt. Governor; Health Care; Health, Public; Licenses - Motor Vehicle; Medical Procedures and Personnel; Mental Health; Department of Mental Health; Military Affairs; National Guard; Property, Real and Personal; Suicide; Veterans; Taxation and Revenue - Income
 Type: Original
 Date: January 9, 2024

Bill Summary: This proposal modifies provisions relating to military affairs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue	(Unknown)	(Unknown)	(Unknown)

*Oversight assumes the unknown tax deductions from §§143.174 & 143.175 will be less than \$250,000 annually.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Veterans Commission Capital Improvements Trust	Less than (\$73,000)	Less than (\$73,000)	Less than (\$73,000)
Conservation Commission	(\$2,760,800)	(\$3,312,960)	(\$3,312,960)
Total Estimated Net Effect on <u>Other</u> State Funds	Less than (\$2,833,800)	(Less than \$3,385,960)	(Less than \$3,385,960)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Federal	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (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 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§42.022 – Missouri Veterans Commission

Officials from the **Department of Public Safety - Missouri Veterans Commission (MVC)** state for the suicide awareness program, the MVC is already appropriated an increase of \$80K per year for salary and \$40K per year for operations of a Veteran Suicide Awareness and prevention coordinator. That is what MVC determined to be the fiscal impact previously, but given that this is already appropriated and currently not being spent, the MVC sees no further fiscal impact. At the present time, the MVC has not filled this position because of cash flow concerns of the funding source (VCCITF Fund 0304). The Commission is concerned that distributions from the fund may be more than appropriations.

Oversight notes per the MVC, in the FY 2024 budget, MVC requested and received an appropriation of \$120,000 (\$80,000 PS; \$40,000 E&E) for a prevention coordinator and the operation of a Veteran Suicide Awareness program. This was a new program within MVC, designed to oversee the statewide policy development, implementation, and operation of Veteran Suicide prevention, awareness, and education. The program includes coordinating with the Department of Veterans Affairs (VA), state agencies and community programs to ensure the stakeholders have access to timely, quality services. The FTE will administer national grants and represent the MVC as a subject matter expert on a national platform to inform program policy. The program will utilize data analysis to develop strategies to decrease Veteran suicide in this state.

Per discussion with MVC officials, it is assumed the funding for the program authorized last year will cover any fiscal impact the provisions of this proposal may have on the MVC. Therefore, Oversight will not reflect an additional fiscal impact from this proposal.

§42.312 – Operation Enduring Freedom, Operation Freedom’s Sentinel and Operation Allies Refuge Program

Officials from the **Missouri National Guard (MONG)** estimates there are 73,000 veterans eligible to receive this award. HB 1496 will have an approximate \$1,000 - \$1,095,000 fiscal impact to the Veterans Recognition program, which is funded by the Veterans Commission Capital Improvement Trust Fund (0304). The wide range of estimated fiscal impact is due to the uncertainty of how many veterans will apply and be approved for the award. The estimated cost per award (medal, medallion, and certificate), including postage, is \$15. The total estimated cost would be an accumulated cost, spanning future fiscal years over the life of the program.

There are several other programs currently in place to recognize veterans of previous conflicts. A summary of program activity is contained in the table below:

Conflict	Year Program Began	Number of Awards Issued to Date
WWII	2000	47,115
Korea	2003	18,635
Vietnam	2006	32,275
Operation Desert Storm/Shield & Operation Iraqi Freedom/New Dawn	2019	1,779

Oversight contacted the MNG to inquire how many personnel deployed to Operation Enduring Freedom, Operation Freedom’s Sentinel, and Operation Allies Refuge Program. However, Oversight did not received that information. Therefore, using MNG’s estimate of 73,000 current Missouri veterans, Oversight will assume approximately 40 percent of those served during this timeframe (10/7/2001 – 8/30/2021). Oversight also assumes approximately half or 14,600 ($73,000 * 0.40 * 50\%$) service members and registered veterans will apply for the medal. $14,600 * \$15 = \$219,000$

Based on the implementation of other similar programs, Oversight will reflect this cost spread over the three years ($\$219,000 / 3 = \$73,000$) of the fiscal note to the Veterans Commission Capital Improvement Trust Fund. Oversight notes the ending balance in the Veterans Commission Capital Improvement Trust Fund (0304) as of December 31, 2023, is \$68,640,873.

Officials from the **Missouri Veterans Commission (MVC)** defer to the MONG regarding the fiscal impact of the provisions of §42.312.

§§143.174 & 143.175 – Income Tax Deduction for Members of the Armed Forces

Officials from the **Department of Revenue (DOR)** note members of the military can deduct 100% of the income they receive as salary or compensation if that income is taxable at the federal level from the calculation of their Missouri adjusted gross income. This is the military income deduction. Additionally, they can receive the deduction for income received from certain training programs. This proposal is adding to this Missouri military income deduction income they receive from signing bonuses.

The Department found that the military does issue signing bonuses to soldiers based on their branch of service, length of enlistment and specific job specialties. The more specialized the job, the more likely to be issued a signing bonus. The DOR also found that signing bonuses are often paid out over a number of years rather than a single lump sum.

The federal government designates certain military pay and benefits as taxable. Information found by the Department indicates that all income received by members of the military serving

in a combat zone is tax free at the federal level, which includes their signing bonuses. Additionally, depending on their rank a portion of non-combat pay may be tax exempt.

The Department notes that while Missouri is home to Whiteman Air Force Base, Fort Leonard Wood, and Fort Crowder, DOR is unable to determine how many of the soldiers stationed there are eligible for signing bonuses. DOR is also not able to determine how many of them actually file returns as a Missouri resident.

The Department is unable to locate any single source that can show how much is paid to soldiers filing Missouri individual income tax returns and the amount of signing bonuses they receive that would be taxable. DOR assumes that should a soldier filing a Missouri return receive a taxable signing bonus, they would qualify for this deduction and that income would be excluded from tax per this proposal. DOR notes this proposal could result in an unknown loss to general revenue but assumes it would be minimal.

Officials from the **Office of Administration (OA) - Budget and Planning (B&P)** state §§173.174 and 173.175 clarifies that military signing/reenlistment bonuses are to be included within the definition of "compensation" for both active duty, reserve, and National Guard income tax exemptions. Based on information from the Department of Revenue, such bonuses should already be included under the existing income tax deductions.

If this proposal extends the deductions to additional bonuses not already excluded, this proposal could result in an unknown, likely minimal loss to TSR and GR.

Oversight has no information to the contrary. For fiscal note purposes, Oversight will present an unknown loss to General Revenue for potential additional military signing bonus income tax deductions. Based on B&P and DOR responses, Oversight assumes the fiscal impact will be less than \$250,000 annually.

§252.250 – Veterans and active MONG members issued hunting and fishing permits free of charge

Officials from the **Missouri Department of Conservation (MDC)** assume the following estimated fiscal impact from this proposal:

• 47,600 fishing permits at \$12 =	\$571,200
• 35,700 hunting permits at \$10 =	\$357,000
• 71,400 deer hunting permit at \$19 =	\$1,356,600
• 28,560 turkey hunting permit at \$17 =	\$485,520
• 28,560 archery hunting permit at \$19 =	<u>\$542,640</u>
TOTAL	\$3,312,960

Total negative impact to the Department in permit revenue - \$3,312,960, plus loss of federal reimbursements estimated at \$2 million for a conservative negative fiscal impact of

approximately \$5.3 million. MDC receives reimbursement from the federal government for permit sales made in the state. The free permits would not be counted; therefore, decreasing the number of permits sold.

Oversight contacted the Missouri National Guard (MONG) and the Missouri Veterans Commission (MVC) to obtain statistics regarding the number of veterans and active MONG members in the state of Missouri.

According to the MONG, there are currently 10,638 active members and, according to the MVC, there are 416,035 veterans in the state (most recent VA data, 09-30-2020). Therefore, the approximate maximum number veterans and active MONG members that could receive free hunting and fishing permits is 426,673.

As **Oversight** has no information contrary to that provided by the MDC, Oversight will reflect the estimates as provided by MDC. Oversight will range the fiscal impact of the potential loss of federal funds from \$0 (does not affect federal funding) to an “Unknown” loss (does affect federal funding).

§§301.3061 – Missouri Disabled American Veterans License Plates

Officials from the **Department of Revenue (DOR)** assume the following regarding this proposal:

Administrative Impact

It is assumed that by removing the layout restrictions that the Disabled Veterans organization will redesign the plate.

The release of the new plate will start with the sale of the new plate to new customers and allow current Disabled Vets the ability to surrender old configuration for the new one.

To implement the proposed changes, the DOR will be required to:

- Update procedures, correspondence letters, forms, and the Department website;
- Update the Missouri Titling manual;
- Send communications to stakeholders as applicable; and
- Train Staff.

FY 2025 – Motor Vehicle Bureau

Lead Administrative Support Assistant 10 hrs. @ 18.54 per hr. = \$185

Research/Data Assistant 60 hrs. @ \$27.00 per hr. = \$1,620

Administrative Manager 20 hrs. @ \$29.31 per hr. = \$586

FY 2025 – Strategy and Communications Office

Associate Research/Data Analyst 30 hrs. @ \$21.64 per hr. = \$649

Total Costs = **\$3,040**

The DOR anticipates that it will be able to absorb these costs. If multiple bills are passed that require Department resources, FTE may be requested through the appropriations process.

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

§442.560 – §442.571 – Foreign ownership of real estate

Officials from the **Missouri Department of Agriculture (MDA)** state this proposal would require 1 FTE for the first year with geographic information system (GIS) experience to map the state and create a database to determine proximity to military installations. It is assumed salary, fringe benefits and equipment and expenses would cost \$106,528 for FY 2025. Once the state is mapped, this FTE would no longer be necessary but there would be on-going expenses of approximately \$5,300 annually to update information.

Oversight assumes the MDA would not hire an FTE for one year but would have existing staff map the state. Oversight further assumes minimal on-going expenses could be absorbed within funding levels appropriated by the General Assembly. Therefore, for fiscal note purposes, Oversight assumes the provisions of this section will have no fiscal impact.

Bill as a whole

Officials from the **Department of Mental Health**, the **Department of Public Safety (DPS) - Director's Office** and the **Missouri Highway Patrol**, the **Office of the Governor**, the **Missouri Department of Transportation**, the **Missouri House of Representatives** and the **Missouri Senate** each assume 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.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 its 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.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE			
<u>Revenue Reduction</u> (§§143.174 & 143.175) - Military Signing Bonus Income Tax Deduction p. 4-5	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
VETERANS COMMISSION CAPITAL IMPROVEMENTS TRUST FUND (0304)			
<u>Cost – MONG - New medallion program</u> (§43.212) p. 3-4	Less than (\$73,000)	Less than (\$73,000)	Less than (\$73,000)
ESTIMATED NET EFFECT ON THE VETERANS COMMISSION CAPITAL IMPROVEMENTS TRUST FUND	<u>Less than (\$73,000)</u>	<u>Less than (\$73,000)</u>	<u>Less than (\$73,000)</u>

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
CONSERVATION COMMISSION FUND (0609)			
<u>Loss – MDC – providing veterans and MONG members free permits (§252.250) p.5-6</u>	(\$2,760,800)	(\$3,312,960)	(\$3,312,960)
ESTIMATED NET EFFECT ON THE CONSERVATION COMMISSION FUND	<u>(\$2,760,800)</u>	<u>(\$3,312,960)</u>	<u>(\$3,312,960)</u>
FEDERAL FUNDS			
<u>Loss – MDC – potential loss of federal reimbursements (§252.250)</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<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

MISSOURI VETERANS' COMMISSION'S EFFORTS ON VETERAN SUICIDE (§42.022)

This act requires the Missouri Veterans' Commission to review the provisions of the Commander John Scott Hannon Veterans Mental Health Care Improvement Act of 2019 and any regulations related to such act. After review, the Commission, in collaboration with the Department of Mental Health, shall provide recommendations and make efforts to adopt procedures, programs, treatment options, aid, and other assistance necessary to assist in the efforts to prevent veteran suicide. Additionally, this act provides that the Commission shall file a report with the Department of Public Safety and the General Assembly on the recommendations, implementation, and effectiveness of the Commission's efforts to prevent veteran suicide before June 30, 2025, and by every subsequent June 30th.

OPERATION ENDURING FREEDOM, OPERATION FREEDOM'S SENTINEL, & OPERATION ALLIES REFUGE MEDALLION PROGRAM (§42.312)

This act establishes a new medallion program, "Operation Enduring Freedom, Operation Freedom's Sentinel, and Operation Allies Refuge Program". Under the act, any veteran who served on active duty during certain dates, is a legal resident of this state or was a legal resident at the time of discharge from military service, or was a Missouri National Guard member regardless of residency, is eligible for a medal of appreciation for service.

ARMED FORCES INCOME TAX DEDUCTION (§§143.174 & 143.175)

Current law authorizes an income tax deduction for active and reserve members of the Armed Forces for a percentage of such taxpayer's income received as salary or compensation as a member of the Armed Forces. This act provides that the term "salary or compensation" shall include any signing bonus.

HUNTING AND FISHING PERMITS FOR CERTAIN MEMBERS OF THE MILITARY (§252.250)

This act provides that any veteran, who was discharged or released from service under conditions other than dishonorable, and any active duty member of the Missouri National Guard shall be eligible to receive hunting and fishing permits free of charge for life upon request to the Conservation Commission.

DISABLED AMERICAN VETERANS SPECIAL LICENSE PLATES (§301.3061)

This act specifies that the Disabled American Veterans special license plate "shall bear the emblem of the Disabled American Veterans organization", and "shall have an authorized Disabled American Veterans' slogan near the bottom of the plate", rather than specifically describing the emblem and slogan.

FOREIGN OWNERSHIP OF REAL ESTATE NEAR MILITARY AREAS (§§ 442.560 & 442.571)

This act modifies provisions relating to foreign ownership of real estate, including agricultural land, near certain military areas.

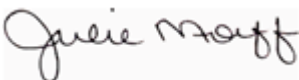
Currently, aliens and foreign businesses are capable of acquiring, by grant, purchase, devise, or descent, real estate in this state and no more than 1% of the total aggregate agricultural acreage in the state can be owned by an alien or foreign business. This act provides that beginning August 28, 2024, no alien or foreign business shall acquire real estate or agricultural land within 50 miles of certain military areas or business establishments engaged in certain military manufacturing as provided in the act.

Those persons that have acquired real estate in such areas prior to August 28, 2024, shall continue to own and hold the acquired real estate, but shall not grant, sell, or otherwise transfer on or after August 28, 2024, to any other alien or foreign business.

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 - Budget and Planning
Department of Mental Health
Department of Revenue
Department of Public Safety –
 Director's Office
 Missouri Highway Patrol
 Missouri Veterans Commission
Office of the Governor
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Department of Transportation
Missouri National Guard
Office of the Secretary of State
Missouri House of Representatives
Joint Committee on Administrative Rules
Missouri Senate



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