

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5193H.08F
 Bill No.: HS for HCS for SB 1363
 Subject: Counties; County Government; County Officials; Boards, Commissions, Committees, and Councils; Taxation and Revenue - Property; Saint Louis City
 Type: Original
 Date: May 13, 2024

Bill Summary: This proposal modifies provisions relating to political subdivisions.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|--|---|---|
| FUND AFFECTED | FY 2025 | FY 2026 | FY 2027 |
| General Revenue* | (Unknown, could exceed \$3,074,654) | (Unknown, could exceed \$62,694) | (Unknown, could exceed \$63,654) |
| Total Estimated Net Effect on General Revenue | (Unknown, could exceed \$3,074,654) | (Unknown, could exceed \$62,694) | (Unknown, could exceed \$63,654) |

*Part of the fiscal impact to the state is the potential loss of the Department of Revenue’s 2% collection fee. Oversight has ranged the impact from \$0 (debt is already considered uncollectible and DOR would not have received the 2% fee even without this proposal) to \$3,013,881 (which represents if DOR would have collected 100% of the \$150 million of outstanding debt allowed to be reduced by this proposal). **Oversight** assumes the **actual** loss to the state for these provisions is on the very low end of this range.

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2025 | FY 2026 | FY 2027 |
| 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 2025 | FY 2026 | FY 2027 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|--------------|--------------|--------------|
| FUND AFFECTED | FY 2025 | FY 2026 | FY 2027 |
| General Revenue | 1 FTE | 1 FTE | 1 FTE |
| | | | |
| Total Estimated Net Effect on FTE | 1 FTE | 1 FTE | 1 FTE |

- 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* | (Unknown, could exceed \$83,402) | (Unknown, could exceed \$3,431,539) | (Unknown, could exceed \$3,431,539) |

*(§105.145) Part of the net fiscal impact to local political subdivisions in FY 2025 is the potential loss of the Department of Revenue’s 2% collection fee. Oversight has ranged the impact from \$0 (debt is already considered uncollectible and DOR would not have received the 2% fee even without this proposal) to \$3,013,881 (which represents if DOR would have collected 100% of the \$150 million of outstanding debt allowed to be reduced by this proposal). **Oversight** assumes the **actual** impact is on the very low end of this range.

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. 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.

§§50.327 & 58.095 – Compensation for County Coroners and Salary Schedules for 3rd Class Counties

Oversight assumes §§50.327 & 58.095 state the county commission is responsible for determining the salary for the county coroner in non-charter counties. Section 58.095 contains the base schedule of salaries as determined by the assessed valuation of the county. Section 50.327 adds an additional salary increase of up to \$14,000 on top of the base schedule if approved by the county commission. Oversight is unclear of how much each county coroner receives in salary. However, there are 109 non-charter counties that could be considered for the additional funds in section 58.095 (if approved by the appropriate county commission). Oversight assumes if all of these counties approved the \$14,000 increase, this could be up to \$1,526,000 in increased salaries for coroners. However, Oversight assumes no increase coroner's salaries would take place without the approval by the county commission. Therefore, Oversight will assume a cost of \$0 (no salary increases) or up to \$1,526,000 (salary increases approved in every non-charter county) for coroners for this proposal.

Oversight also notes in §50.327.4 relates to the following 3rd class counties and their assessed valuations as of the 2023 tax year that are greater than the three hundred million dollars:

| | County | 2023 |
|----------------|----------------|--------------------|
| | Classification | Assessed Valuation |
| Adair | 3 | 430,848,859 |
| Andrew | 3 | 339,770,981 |
| Audrain | 3 | 469,417,268 |
| Barry | 3 | 647,404,235 |
| Benton | 3 | 358,900,749 |
| Butler | 3 | 754,673,711 |
| Clinton | 3 | 393,171,330 |
| Cooper | 3 | 323,118,781 |
| Crawford | 3 | 389,033,489 |
| Dunklin | 3 | 338,242,680 |
| Henry | 3 | 503,243,895 |
| Howell | 3 | 596,934,551 |
| Laclede | 3 | 541,690,914 |
| Lawrence | 3 | 619,508,496 |
| Marion | 3 | 560,698,298 |
| McDonald | 3 | 330,042,191 |
| Miller | 3 | 540,605,203 |
| Morgan | 3 | 616,547,314 |
| New Madrid | 3 | 500,801,647 |
| Nodaway | 3 | 433,445,925 |
| Perry | 3 | 446,985,233 |
| Phelps | 3 | 739,087,980 |
| | | |
| Pike | 3 | 361,352,206 |
| Polk | 3 | 451,741,017 |
| Pulaski | 3 | 594,635,413 |
| Randolph | 3 | 569,115,893 |
| Ray | 3 | 446,169,890 |
| Scott | 3 | 592,176,131 |
| Ste. Genevieve | 3 | 979,919,236 |
| Stoddard | 3 | 610,422,073 |
| Stone | 3 | 846,550,738 |
| Texas | 3 | 312,859,406 |
| Vernon | 3 | 312,160,164 |
| Warren | 3 | 778,812,601 |
| Washington | 3 | 323,351,401 |
| Webster | 3 | 584,282,278 |

Oversight notes the proposal does not specify how the base schedules should be amended for the computation of salaries for 3rd class county positions. Currently, the base salary for each of the positions in this section are as follows:

| | | Base Salary at \$300,000,000 |
|----------------|---------------------------------|---------------------------------|
| <u>Section</u> | | <u>Assessed Valuation</u> |
| 49.082 | County Commissioners | \$ 29,700 |
| 50.334 | Recorder of Deeds | \$ 45,000 |
| 51.281 | County Clerks | \$ 45,000 |
| 51.282 | County Clerk (Clay) | \$ 34,500 |
| 52.269 | County Collectors | \$ 45,000 |
| 53.082 | Assessors | \$ 45,000 |
| 53.083 | Assessor (Clay) | N/A |
| 54.261 | Treasurers | \$ 45,000 |
| 54.320 | Collector/Treasurer (Townships) | \$ 45,000 |
| 55.091 | Auditor | \$ 45,000 |
| 56.265 | Prosecuting Attorneys | \$ 55,000 |
| 58.095 | Coroners | \$ 16,000 |
| 473.742 | Public Administrators | \$ 45,000 |

Therefore, **Oversight** will also assume a \$0 (no adjustment to salaries) or unknown additional costs to 3rd class county salaries for this section of the proposal.

In response to a previous version, officials from the **Department of Commerce and Insurance**, the **Office of the State Auditor**, the **Department of Economic Development**, the **Department of Health and Senior Services**, the **Department of Social Services**, the **Missouri Department of Transportation**, the **Office of the Secretary of State**, **Clay County Auditor’s Office** and the **State Tax Commission** 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.

In response to a previous version, officials from the **Christian County Auditor’s Office**, the **Phelps County Sheriff’s Office**, the **County Employees Retirement Fund** and the **Office of the State Courts Administrator** 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.

§§50.815 & 50.820 – County Financial Statements

In response to similar legislation from this year, Perfected HB 2571, officials from the **Office of Administration - Budget and Planning (B&P)** state these provisions modify the requirements associated with the publishing of political subdivision financial statements. B&P defers to the county governments for the fiscal impact of these provisions.

In response to similar legislation from this year, Perfected HB 2571, officials from the **Department of Revenue (DOR)** assume these sections 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.

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.

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, Perfected HB 2571, officials from the **Department of Corrections, the Missouri Highway Patrol, the Missouri Department of Transportation, Kansas City, the City of O'Fallon, Jackson County Board of Elections, the Platte County Board of Elections, the St. Louis City Board of Elections, the St. Louis County Board of Elections, the Christian County Auditor's Office, the Clay County Auditor's Office, the Phelps County Sheriff's Office, the Office of the State Auditor and the Joint Committee on Administrative Rules** 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.

In response to similar legislation from this year, Perfected HB 2571, 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.

§57.317 – Sheriff Salaries – Boone County

Oversight notes county commissions were asked to respond to Oversight’s request for fiscal impact, but did not provide any information. Oversight notes this proposal pertains to the Boone County Sheriff’s salary. Oversight assumes this does not place a limitation on the salary of the Boone County Sheriff and, therefore, there could be a potential increase from the salary that would be higher than what current statute dictates. Because Oversight is unclear on how much of an increase could be received by the Boone County Sheriff, Oversight will assume a \$0 or unknown cost to the Boone County Sheriff’s Office.

In response to a previous version, officials from the **Department of Commerce and Insurance**, the **Office of the State Auditor**, the **Department of Economic Development**, the **Department of Health and Senior Services**, the **Department of Social Services**, the **Missouri Department of Transportation**, the **Office of the Secretary of State**, **Clay County Auditor’s Office** and the **State Tax Commission** 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.

In response to a previous version, officials from the **Christian County Auditor’s Office**, the **Phelps County Sheriff’s Office**, the **County Employees Retirement Fund** and the **Office of the State Courts Administrator** 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.

§§67.457, 67.461, 67.1421, 67.1431, 67.1471, 99.825, 99.830, 99.865, 238.212 & 238.222 – Special Taxing Districts

In response to similar legislation from 2022, TAFP CCS for SS for SCS for HCS for HB 1606, officials from the **Office of Administration - Budget and Planning (B&P)** stated these provisions set information submission and website posting requirements for cities or counties establishing a neighborhood or community improvement, and transportation development districts to the State Auditor and DOR. It also prohibits any real property assessment within a planned neighborhood improvement district until the information submission is complete. B&P defers to the local government and DOR for the fiscal impact.

In response to similar legislation from 2022, TAFP CCS for SS for SCS for HCS for HB 1606, Officials from the **Department of Revenue (DOR)** assumed this proposal requires that neighborhood improvement districts, community improvement districts, redevelopment districts and transportation authority districts send certain specified documents to the DOR. The required information includes:

Updated boundary information

Description of the boundaries and the average assessment

Copies of the establishment of the district paperwork

Copies of dissolution paperwork should a district be dissolved

Copies of all meeting notices, hearing and ordinances.

Information received by the DOR is to be posted on the website. DOR notes collecting this information is outside the scope of DOR's work. DOR notes this would require the creation of a webpage that citizens could use to view these documents. DOR staff would create and maintain the webpage. DOR would establish an email address for the acceptance of the documents. The creation of the webpage and setting up of the email will be done with existing DOR resources.

From working with numerous special districts around the state DOR knows that many of these required notices will be sent via paper instead of email. Based on the number of documents filed, DOR will need 1 FTE Public Relations Specialist FTE to handle these duties. Should additional paperwork be sent justifying additional FTE, DOR will seek those FTE through the appropriation process.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimated FTE costs as provided by the DOR.

For informational purposes, **Oversight** notes the following number of taxing authorities for the last 5 years from the State Auditor Property Tax Rate Report.

| | <u>FY21</u> | <u>FY20</u> | <u>FY19</u> | <u>FY18</u> | <u>FY17</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Ambulance Districts | 106 | 106 | 106 | 106 | 105 |
| Hospitals | 11 | 11 | 12 | 12 | 13 |
| Nursing Home Districts | 30 | 30 | 30 | 30 | 30 |
| Public Water Supply Districts | 1 | 1 | 1 | 1 | 1 |
| Soil & Water Conservation Subdistricts | 27 | 27 | 27 | 27 | 27 |
| Drainage and Levee Districts | 2 | 2 | 2 | 2 | 2 |
| Special Road Districts | 206 | 207 | 208 | 206 | 208 |
| Municipalities | 757 | 756 | 757 | 754 | 753 |
| Tax Supported Public Libraries | 79 | 79 | 79 | 79 | 79 |
| Townships | 283 | 283 | 283 | 283 | 283 |
| Fire Protection Districts | 391 | 388 | 384 | 380 | 376 |
| Sewer Districts | 7 | 7 | 7 | 7 | 7 |
| Special Business Districts | 17 | 17 | 18 | 18 | 20 |
| Regional Recreational Districts | 1 | 1 | 1 | 1 | 1 |
| Community Improvement Districts | 11 | 11 | 12 | 12 | 8 |
| Health Centers | 90 | 90 | 90 | 90 | 90 |
| Special Road District Subdistrict | 1 | 1 | 1 | 1 | 1 |
| Extension Districts | 2 | 1 | 1 | 1 | 1 |
| Transportation Development District | 1 | 1 | 1 | 1 | 1 |
| Developmental Disabilities | 0 | 0 | 0 | 0 | 4 |
| Junior Colleges | 12 | 12 | 12 | 12 | 12 |
| Museum District | 1 | 1 | 1 | 1 | 1 |
| School Districts | 495 | 495 | 495 | 495 | 495 |
| Special School Districts | 2 | 2 | 2 | 2 | 2 |
| Counties | <u>114</u> | <u>114</u> | <u>114</u> | <u>114</u> | <u>114</u> |
| Total Types of Taxing Authorities | 2647 | 2643 | 2644 | 2635 | 2634 |
| | | | | | |
| | | | | | |
| Source: State Auditor Property Tax Rate Report | | | | | |

In response to similar legislation from 2022, TAFP CCS for SS for SCS for HCS for HB 1606, officials from the **City of Springfield**, the **City of Hughesville** and the **City of O’Fallon** 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.

In response to similar legislation from 2022, TAFP CCS for SS for SCS for HCS for HB 1606, officials from the **Attorney General’s Office (AGO)** assumed that any additional litigation costs arising from this proposal can be absorbed with existing personnel and resources. The AGO may seek additional appropriations if there is a significant increase in litigation.

In response to similar legislation from 2022, TAFP CCS for SS for SCS for HCS for HB 1606, officials from the **Department of Corrections**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Department of Natural Resources**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety (Fire Safety, Office of the Director, Missouri Highway Patrol, State Emergency Management Agency, Missouri Veterans Commission)**, the **Missouri National Guard**, the **Department of Social Services**, the **Missouri Ethics Commission**, the **Missouri Department of Transportation**, the **Office of the State Public Defender**, the **University of Missouri Systems**, the **City of Claycomo**, the **St. Louis County Board of Elections**, the **Kansas City Health Department**, the **Newton County Health Department**, the **St. Louis County Health Department**, the **Phelps County Sheriff's Office**, the **St. Joseph Police Department**, the **St. Louis County Police Department**, the **Crawford County 911 Board**, the **Metropolitan St. Louis Sewer District**, the **South River Drainage District**, the **Wayne County PWSD #2**, the **University of Central Missouri**, the **Office of the Governor**, the **Department of Commerce and Insurance**, the **Missouri Department of Conservation**, the **Office of the State Courts Administrator**, the **Office of the State Auditor**, the **State Tax Commission**, the **Joint Committee on Administrative Rules**, **Department of Health and Senior Services** and the **Missouri Office of Prosecution Services** each assumed the proposal will have no fiscal impact on their organizations.

§105.145 – Financial Statements of Political Subdivisions

In response to similar legislation from this year, Perfected HB 2571, officials from the **Office of Administration - Budget and Planning (B&P)** stated this proposal excludes the fine for failure to submit annual financial statements for political subdivisions with gross revenues of less than \$5,000, or for political subdivisions that have not levied or collected sales or use taxes in the fiscal year. This may result in a revenue loss for both the state and schools.

It also provides grace from fines if the failure to timely submit the annual financial statement is the result of fraud or other illegal conduct and allows a refund by DOR of any fines already paid under these circumstances. The 90% downward adjustment DOR is allowed to make on outstanding fine or penalty balances after January 1, 2023 results in the amount of collections being reduced for both the state and DOR collection fees. A similar downward adjustment may be made by DOR if the outstanding fines are deemed uncollectable. These downward adjustments will likewise result in a revenue loss for both the state and schools.

Based on information from DOR, the department started imposing this fine in August 2017. B&P defers to DOR for more specific estimates of fines and actual collection costs.

B&P also states §§50.800 and 50.810 of the proposal associated with the publishing of political subdivision financial statements are repealed.

In response to similar legislation from this year, Perfected HB 2571, officials from the **Department of Revenue (DOR)** stated currently local political subdivisions are required to file

annual financial statements with the State Auditor’s Office. Failure to file those statements results in the political subdivision being assessed a fine of \$500 per day per statutes, which is deposited into local school district funds. DOR notes that the DOR started imposing this fine in August 2017. DOR receives notice from the State Auditor’s Office if a political subdivision does not file their annual financial statement. At that time, the DOR sends a notice to the political subdivision and thirty days later the fee starts to accumulate.

The DOR collects the fine by offsetting any sales or use tax distributions due to the political subdivision. In essence the DOR only gets to collect the fee if the political subdivision has a sales or use tax. Most of these political subdivisions do not have a sales or use tax for the DOR to collect, so the DOR assumes much of what is owed is uncollectable. This is not state money but local political subdivision funds.

Currently, a transportation development district that has gross revenues of less than \$5,000 in a fiscal year is not subject to this fine. This provision will be expanded to any political subdivisions that does not levy or collect tax will be exempt from the penalty.

The DOR notes that per statute DOR is allowed to retain 2% of the amount collected for administration. Since the program began, DOR has collected \$107,173 which has been deposited into General Revenue. All DOR collection fees are deposited into General Revenue and are not retained by the DOR.

In regard to the \$500 per day fine, this proposal would not allow for the assessment of the fine if a district does not have gross revenue over \$5,000 or has not levied or collected taxes.

Current records of the DOR show total fines of \$172,796,500 and that \$5,358,662 has been collected. The DOR is showing the assessment of the fines by the political subdivision type and by the county in which the district that owes the fine is located.

| County | Sum of Total Fine Imposed | Sum of Total Fine Collected |
|---------------|----------------------------------|------------------------------------|
| Adair | \$1,446,000 | \$1,500 |
| Andrew | \$430,500 | \$0 |
| Atchison | \$1,220,000 | \$0 |
| Audrain | \$1,105,500 | \$0 |
| Barry | \$3,019,500 | \$18,975 |
| Barton | \$0 | \$0 |
| Bates | \$1,457,500 | \$33,253 |
| Benton | \$710,500 | \$0 |
| Bollinger | \$2,854,500 | \$0 |
| Boone | \$259,000 | \$33,728 |

| | | |
|----------------|-------------|-----------|
| Buchanan | \$2,481,000 | \$92,823 |
| Butler | \$2,759,500 | \$46,825 |
| Caldwell | \$168,000 | \$24,533 |
| Callaway | \$862,500 | \$3,887 |
| Camden | \$2,663,000 | \$52,071 |
| Cape Girardeau | \$803,500 | \$0 |
| Carroll | \$5,123,500 | \$0 |
| Carter | \$3,475,000 | \$270,500 |
| Cass | \$6,929,500 | \$9,053 |
| Cedar | \$419,500 | \$49,500 |
| Chariton | \$1,024,500 | \$41,500 |
| Christian | \$3,370,500 | \$0 |
| Clark | \$1,017,000 | \$37,500 |
| Clay | \$1,851,000 | \$30,500 |
| Clinton | \$1,456,000 | \$16,500 |
| Cole | \$998,500 | \$7,696 |
| Cooper | \$1,894,500 | \$53,644 |
| Crawford | \$2,039,000 | \$19,000 |
| Dade | \$227,000 | \$0 |
| Dallas | \$1,648,500 | \$0 |
| Daviess | \$1,074,000 | \$0 |
| Dekalb | \$1,030,500 | \$0 |
| Dent | \$214,000 | \$0 |
| Douglas | \$0 | \$0 |
| Dunklin | \$2,509,000 | \$30,674 |
| Franklin | \$2,048,000 | \$40,746 |
| Gasconade | \$65,500 | \$6,404 |
| Gentry | \$1,737,000 | \$0 |
| Greene | \$1,073,000 | \$2,503 |
| Grundy | \$1,206,500 | \$0 |
| Harrison | \$953,000 | \$0 |
| Henry | \$1,516,000 | \$77,746 |
| Hickory | \$979,500 | \$0 |
| Holt | \$2,799,000 | \$11,202 |
| Howard | \$1,277,000 | \$147,500 |
| Howell | \$977,500 | \$11,000 |
| Iron | \$29,500 | \$12,000 |
| Jackson | \$3,034,000 | \$446,326 |

| | | |
|-------------|-------------|-----------|
| Jasper | \$2,350,500 | \$77,182 |
| Jefferson | \$1,788,500 | \$23,535 |
| Johnson | \$937,500 | \$12,000 |
| Knox | \$1,898,500 | \$0 |
| Laclede | \$255,500 | \$12,000 |
| Lafayette | \$613,500 | \$38,442 |
| Lawrence | \$3,947,000 | \$0 |
| Lewis | \$2,613,500 | \$0 |
| Lincoln | \$1,847,000 | \$42,500 |
| Linn | \$1,670,000 | \$15,000 |
| Livingston | \$2,618,000 | \$0 |
| Macon | \$504,000 | \$0 |
| Madison | \$2,296,500 | \$206,476 |
| Maries | \$525,500 | \$1,000 |
| Marion | \$347,500 | \$0 |
| McDonald | \$200,000 | \$1,050 |
| Mercer | \$469,500 | \$0 |
| Miller | \$1,094,500 | \$8,946 |
| Mississippi | \$1,430,500 | \$6,619 |
| Moniteau | \$0 | \$0 |
| Monroe | \$42,000 | \$10,000 |
| Montgomery | \$698,000 | \$3,600 |
| Morgan | \$0 | \$0 |
| New Madrid | \$2,436,000 | \$147,377 |
| Newton | \$852,500 | \$29,282 |
| Nodaway | \$4,094,000 | \$19,500 |
| Oregon | \$1,000 | \$0 |
| Osage | \$1,108,000 | \$16,981 |
| Ozark | \$43,000 | \$43,000 |
| Pemiscot | \$3,166,500 | \$6,500 |
| Perry | \$2,404,000 | \$0 |
| Pettis | \$988,000 | \$15,500 |
| Phelps | \$606,500 | \$60,034 |
| Pike | \$19,500 | \$0 |
| Platte | \$1,684,000 | \$281,000 |
| Polk | \$787,500 | \$19,500 |
| Pulaski | \$2,442,500 | \$17,167 |
| Putnam | \$3,000 | \$0 |

| | | |
|--------------------|----------------------|--------------------|
| Ralls | \$255,500 | \$52,232 |
| Randolph | \$2,149,500 | \$10,889 |
| Ray | \$4,284,000 | \$0 |
| Reynolds | \$960,500 | \$1,911 |
| Ripley | \$224,500 | \$0 |
| Saline | \$1,549,500 | \$0 |
| Schuyler | \$453,500 | \$18,500 |
| Scotland | \$1,300,000 | \$0 |
| Scott | \$2,657,500 | \$17,000 |
| Shannon | \$287,000 | \$160,282 |
| Shelby | \$15,500 | \$15,500 |
| St. Charles | \$2,419,500 | \$132,787 |
| St. Clair | \$3,108,000 | \$341 |
| St. Francois | \$449,000 | \$35,326 |
| St. Louis | \$5,110,500 | \$1,540,330 |
| St. Louis City | \$8,186,500 | \$239,429 |
| Ste. Genevieve | \$0 | \$0 |
| Stoddard | \$2,016,500 | \$141,355 |
| Stone | \$1,318,000 | \$88,500 |
| Sullivan | \$1,030,500 | \$0 |
| Taney | \$2,814,500 | \$36,500 |
| Texas | \$1,497,500 | \$42,500 |
| Vernon | \$2,399,000 | \$12,000 |
| Warren | \$10,500 | \$10,500 |
| Washington | \$856,500 | \$12,000 |
| Wayne | \$1,235,500 | \$1,438 |
| Webster | \$566,000 | \$0 |
| Worth | \$96,000 | \$0 |
| Wright | \$0 | \$0 |
| (blank) | \$524,500 | \$46,066 |
| Grand Total | \$172,796,500 | \$5,358,662 |

This proposal would result in fewer future fines being assessed. As stated previously, many of these current political subdivisions do not have any sales or use tax collected, so they may be able to avoid the current large penalties.

This proposal also allows for a one-time reduction of a political subdivision's current outstanding balance. Should a political subdivision file its reports by August 28, 2024, they will be entitled to a one-time downward adjustment of their existing fine by 90%.

The current outstanding balance is \$167,437,838 (\$172,796,500 owed - \$5,358,662 collected). This is money the DOR notes is owed, but most likely uncollectable. Should it be collected, it would be forwarded to the local school district funds. If all the fine money is eligible for the one-time reduction this would result in \$150,694,052 ($\$167,437,838 * .90$) no longer being owed.

Oversight notes if all political subdivisions file their report and receive the reduction, it would be a loss of \$147,680,171 to the local school districts from not receiving the fine money, a loss to the state of **\$3,013,881** in collection fees and a gain to the local political subdivisions of \$150,694,052 ($\$167,437,838 * 90\%$).

Reducing the future fines would help save the local political subdivisions money, however; due to the un-collectability of most of this money the DOR assumes no additional impact to the state.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a potential loss of fine revenue stated by DOR to the General Revenue Fund for this proposal. Also, Oversight notes that because of the new language for certain local political subdivisions who have gross revenues of less than \$5,000 or who have not levied or collected a sales and use tax in the fiscal year or if the failure to file a financial statement is the result of fraud or illegal conduct by an employee or officer of the political subdivision and the political subdivision complies with filing the financial statement within thirty days of the discovery of the fraud or illegal conduct, then the fine shall not be assessed and could result in a savings to local political subdivisions on fine fees. Therefore, Oversight will also reflect a savings to local political subdivisions of \$0 to unknown for this proposal.

Oversight also notes this proposal is allowing a political subdivision that files its financial statement before August 28, 2024 to receive a one-time 90% reduction of their outstanding balance of their fines owed.

Oversight also notes that the loss in fine revenue collected by DOR would result in a savings to the local political subdivisions who would no longer need to pay the fine revenue. It would also result in a loss of revenue to School Districts from these fines no longer being collected. Therefore, Oversight will reflect a savings to local political subdivisions on the fines no longer being collected and a loss of 98% of the fine revenue no longer going to the school districts for this proposal. Oversight notes that the DOR is allowed to retain two percent of the fine revenue collected (per §105.145.11). Oversight assumes a large majority of the \$167,437,838 of outstanding fines to be uncollectible. Therefore, Oversight will range the fiscal impact from this proposal from \$0 to DOR's estimates.

In response to similar legislation from this year, Perfected HB 2571, officials from the **Department of Corrections, the Missouri Highway Patrol, the Missouri Department of Transportation, Kansas City, the City of O'Fallon, Jackson County Board of Elections, the Platte County Board of Elections, the St. Louis City Board of Elections, the St. Louis**

County Board of Elections, the Christian County Auditor's Office, the Clay County Auditor's Office, the Phelps County Sheriff's Office, the Office of the State Auditor and the Joint Committee on Administrative Rules 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.

In response to similar legislation from this year, Perfected HB 2571, officials from the **Office of the Secretary of State (SOS)** noted 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.

§304.022 - Siren Use for Emergency Vehicles

In response to similar legislation from this year, Perfected HB 1707, officials from the **Missouri Highway Patrol, the Department of Labor and Industrial Relations, the Department of Revenue, the Missouri Department of Transportation, the Office of the State Courts Administrator, the Phelps County Sheriff's Office, the Kansas City Police Department and the St. Louis County Police Department** 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.

In response to similar legislation from this year, Perfected HB 1707, officials from the **Branson Police Department** and the **St. Joseph Police Department** 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.

Oversight assumes this section removes the added language from Perfected HB 1707 and codifies it back to the current version of the section in statute. Therefore, Oversight assumes no direct fiscal impact from this section of the proposal.

§473.742 – Salaries of Public Administrators

Oversight notes each county has a public administrator, including the City of St. Louis. Oversight also notes that, currently, an incoming public administrator may elect to receive a salary or receive fees as may be allowed by law. Under terms of this proposal every public administrator beginning a first term on or after January 1, 2024, shall be deemed to have elected

to receive a salary as provided in this section. Oversight assumes this proposal would potentially increase the salaries in 2nd, 3rd and 4th class counties based on assessed valuation. Oversight took the highest salary cap at 39 letters opened of \$25,000 and calculated the difference in salary that would be increased based on the assessed valuation in the chart below. Using the Total Assessed Valuation by County from the 2023 tax year from the State Tax Commission, Oversight also organized the 2nd, 3rd, and 4th class counties into salary classifications based on the assessed valuation. From this chart, Oversight assumes there could be salary increases collectively exceeding \$1,790,500. Adding additional payroll taxes and workers' compensation would yield a potential cost that could exceed \$2,005,539 and Oversight will reflect this amount in the fiscal note for this proposal.

| Assessed Valuation | County Class | Number of Counties* | Highest Salary | Assessed Salary | Difference in Salary | Potential Adjusted Salary |
|------------------------------------|--------------|---------------------|----------------|-----------------|----------------------|---------------------------|
| \$8,000,000 to \$40,999,999 | 3 | 1 | \$ 25,000 | \$ 29,000 | \$ 4,000 | \$ 4,000 |
| \$41,000,000 to \$53,999,999 | 0 | 0 | \$ 25,000 | \$ 30,000 | \$ 5,000 | \$ - |
| \$54,000,000 to \$65,999,999 | 0 | 0 | \$ 25,000 | \$ 32,000 | \$ 7,000 | \$ - |
| \$66,000,000 to \$85,999,999 | 0 | 0 | \$ 25,000 | \$ 34,000 | \$ 9,000 | \$ - |
| \$86,000,000 to \$99,999,999 | 3 | 3 | \$ 25,000 | \$ 36,000 | \$ 11,000 | \$ 33,000 |
| \$100,000,000 to \$130,999,999 | 3 | 8 | \$ 25,000 | \$ 38,000 | \$ 13,000 | \$ 104,000 |
| \$131,000,000 to \$159,999,999 | 3 | 9 | \$ 25,000 | \$ 40,000 | \$ 15,000 | \$ 135,000 |
| \$160,000,000 to \$189,999,999 | 3 | 9 | \$ 25,000 | \$ 41,000 | \$ 16,000 | \$ 144,000 |
| \$190,000,000 to \$249,999,999 | 3 | 13 | \$ 25,000 | \$ 41,500 | \$ 16,500 | \$ 214,500 |
| \$250,000,000 to \$299,999,999 | 3 | 10 | \$ 25,000 | \$ 43,000 | \$ 18,000 | \$ 180,000 |
| \$300,000,000 to \$449,999,999 | 3 | 15 | \$ 25,000 | \$ 45,000 | \$ 20,000 | \$ 300,000 |
| \$450,000,000 to \$599,999,999 | 3, 4 | 14 | \$ 25,000 | \$ 47,000 | \$ 22,000 | \$ 308,000 |
| \$600,000,000 to \$749,999,999 | 3 | 5 | \$ 25,000 | \$ 49,000 | \$ 24,000 | \$ 120,000 |
| \$750,000,000 to \$899,999,999 | 3, 4 | 5 | \$ 25,000 | \$ 51,000 | \$ 26,000 | \$ 130,000 |
| \$900,000,000 to \$1,049,999,999 | 2 | 2 | \$ 25,000 | \$ 53,000 | \$ 28,000 | \$ 56,000 |
| \$1,050,000,000 to \$1,199,999,999 | 2 | 1 | \$ 25,000 | \$ 55,000 | \$ 30,000 | \$ 30,000 |
| \$1,200,000,000 to \$1,349,999,999 | 2 | 1 | \$ 25,000 | \$ 57,000 | \$ 32,000 | \$ 32,000 |
| \$1,350,000,000 and over | 0 | 0 | \$ 25,000 | \$ 59,000 | \$ 34,000 | \$ - |
| | | 96 | | | | \$ 1,790,500 |
| | | | | Payroll taxes | 7.65% | \$ 136,973 |
| | | | | Work Comp | 4.36% | \$ 78,066 |
| | | | | Grand Total | | \$ 2,005,539 |

In response to a previous version, officials from the **Department of Commerce and Insurance**, the **Office of the State Auditor**, the **Department of Economic Development**, the **Department of Health and Senior Services**, the **Department of Social Services**, the **Missouri Department of Transportation**, the **Office of the Secretary of State**, **Clay County Auditor's Office** and the **State Tax Commission** 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.

In response to a previous version, officials from the **Christian County Auditor's Office**, the **Phelps County Sheriff's Office**, the **County Employees Retirement Fund** and the **Office of**

the State Courts Administrator 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.

Responses regarding the proposed legislation as a whole

Officials from the **Missouri Highway Patrol** and the **Oversight Division** 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.

Oversight does not have any information to the contrary in §58.200. Should the sheriff’s position become vacant and the county coroner becomes acting sheriff until the position is filled, the salary of the coroner should be increased by the difference between the sheriff’s salary and the coroner’s salary. Oversight assumes this would occur on an infrequent basis and would have a minimal fiscal impact on counties. Therefore, Oversight will reflect a zero impact in the fiscal note for this section.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities, counties, local election authorities, health departments, county recorders, nursing homes, assessors, circuit clerks, auditors, collectors, treasurers, public administrators, local law enforcement, fire protection districts, ambulance districts, retirement agencies, school districts, utility districts, hospitals and colleges were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System database is available upon request.

| <u>FISCAL IMPACT – State Government</u> | FY 2025 (10 Mo.) | FY 2026 | FY 2027 |
|--|---------------------|------------|------------|
| | | | |
| GENERAL REVENUE | | | |
| | | | |
| <u>Costs – DOR (§§67.457, 67.461, 67.1431, 99.825, 99.830, 99.865, 238.212 & 238.222) p. 7-8</u> | | | |
| Personal Service | (\$29,008) | (\$35,505) | (\$36,215) |
| Fringe Benefits | (\$22,054) | (\$26,698) | (\$26,936) |
| Equipment and Expense | (\$9,711) | (\$491) | (\$503) |
| <u>Total Costs – DOR</u> | (\$60,773) | (\$62,694) | (\$63,654) |
| FTE Change - DOR | 1 FTE | 1 FTE | 1 FTE |
| | | | |

| <u>FISCAL IMPACT – State Government</u> | FY 2025 (10 Mo.) | FY 2026 | FY 2027 |
|--|---|--|--|
| <u>Loss</u> – DOR – 2% of collection fee on future potential fines no longer assessed because LPS no longer required to file due to changes in the bill (§105.145) p.11 | \$0 to (Unknown) | \$0 to (Unknown) | \$0 to (Unknown) |
| <u>Loss</u> – DOR – 2% collection fee that may have been collected if not for the one-time decrease of 90% of the outstanding balance from the local political subdivision if they submit a timely financial statement by 1/01/23 (§105.145) p. 15 | \$0 or up to (\$3,013,881) | \$0 | \$0 |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>(Unknown, could exceed \$3,074,654)</u> | <u>(Unknown, could exceed \$62,694)</u> | <u>(Unknown, could exceed \$63,654)</u> |

| <u>FISCAL IMPACT – Local Government</u> | FY 2025 (10 Mo.) | FY 2026 | FY 2027 |
|---|-------------------------------|---------------------------|---------------------------|
| LOCAL POLITICAL SUBDIVISIONS | | | |
| <u>Savings</u> – in publication costs on financials posted in a newspaper of general circulation (§§50.815 & 50.820) p. 6 | Could exceed \$100,000 | Could exceed \$100,000 | Could exceed \$100,000 |
| <u>Savings</u> – on potential fines for certain LPS (§105.145) p. 15 | \$0 to Unknown | \$0 to Unknown | \$0 to Unknown |
| <u>Loss</u> – School districts receiving less fine revenue (from savings above) (§105.145) p. 15-16 | \$0 to (Unknown) | \$0 to (Unknown) | \$0 to (Unknown) |
| <u>Savings</u> – on fine revenue that is reduced with a one-time reduction of 90% on the outstanding balance due if they submit a timely financial statement by 8/28/24 (§105.145) p.15 | \$0 or up to \$150,694,052 | \$0 | \$0 |

| <u>FISCAL IMPACT – Local Government</u> | FY 2025 (10 Mo.) | FY 2026 | FY 2027 |
|--|--|---|---|
| <u>Loss – School Districts – reduction in fine revenue from one-time adjustment of fine revenue (§105.145) p. 15</u> | \$0 or up to (\$147,680,171) | \$0 | \$0 |
| <u>Cost – Counties - potential salary increases for county coroners (§§50.327 & 58.095) p. 3</u> | \$0 or up to (\$1,526,000) | \$0 or up to (\$1,526,000) | \$0 or up to (\$1,526,000) |
| <u>Cost – Counties - adjustment on base schedules for county officials (§50.327.4) p. 3</u> | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |
| <u>Cost – Boone County Sheriff – potential increase in salary. §57.317 p. 7</u> | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |
| <u>Cost – Counties - Potential salary increases for public administrators (§473.742) p. 18</u> | <u>\$0 to (Could exceed \$1,671,283)</u> | <u>\$0 to (Could exceed \$2,005,539)</u> | <u>\$0 to (Could exceed \$2,005,539)</u> |
| ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS | <u>(Unknown, could exceed \$83,402)</u> | <u>(Unknown, could exceed \$3,431,539)</u> | <u>(Unknown, could exceed \$3,431,539)</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 amends the sections of law which was declared unconstitutional in Byrd, et al. v. State of Missouri, et al.

This proposal modifies provisions relating to political subdivisions.

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

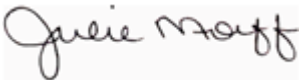
SOURCES OF INFORMATION

Department of Commerce and Insurance

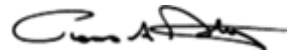
Office of the State Auditor
Department of Economic Development
Department of Health and Senior Services
Department of Social Services
Christian County Auditor's Office
Clay County Auditor's Office
Phelps County Sheriff's Office
County Employees Retirement Fund
Office of the State Courts Administrator
State Tax Commission
City of St. Louis
Office of the Secretary of State
Department of Public Safety
 Office of the Director
 Fire Safety
 Missouri Highway Patrol
 State Emergency Management Agency
 Missouri Veterans Commission
Missouri National Guard
Missouri Department of Transportation
Office of Administration - Budget and Planning
Department of Revenue
Henry County
Lincoln County
Livingston County
Department of Corrections
Kansas City
O'Fallon
Jackson County Board of Elections
Platte County Board of Elections
St. Louis City Board of Elections
St. Louis County Board of Elections
Joint Committee on Administrative Rules
Springfield
Hughesville
Attorney General's Office
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Natural Resources
Department of Labor and Industrial Relations
Missouri Ethics Commission
Office of the State Public Defender
University of Missouri System
Claycomo

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Kansas City Health Department
Newton County Health Department
St. Louis County Health Department
St. Joseph Police Department
St. Louis County Police Department
Crawford County 911 Board
Metropolitan St. Louis Sewer District
South River Drainage
Wayne County PWSD #2
University of Central Missouri
Office of the Governor
Missouri Department of Conservation
Missouri Office of Prosecution Services
Kansas City Police Department
Branson Police Department



Julie Morff
Director
May 13, 2024



Ross Strobe
Assistant Director
May 13, 2024