

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5554-03  
Bill No.: HB 2496  
Subject: Boards, Commissions, Committees, Councils; Economic Development  
Department; Housing  
Type: Original  
Date: April 7, 2008

---

Bill Summary: This proposal requires the MHDC to have its offices and employees in Cole County, and requires the executive director or the chief executive director to reside within 40 miles of Jefferson City.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
General Revenue	\$0 to (\$2,386,017)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 to (\$2,386,017)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<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.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<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>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

---

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Economic Development - Missouri Housing Development Commission (MHDC)** assume that funds for a legislatively mandated move would be paid by the state through the appropriations process. The costs for such a move fall into three categories: breaking the current leases in Kansas City and St. Louis, hiring movers to move the contents of the offices to Jefferson City, and employee relocation expenses.

According to our landlord, in order to get out of the contract, MHDC would have to pay the remainder owed, but we could potentially negotiate a discount up to 8%. As of 7/1/2009, the Kansas City lease (ends 1/31/2012) would have \$1,266,062 remaining and the St. Louis lease (ends 7/31/2011) would have \$467,787 remaining for a total of \$1,733,849. An 8% discount would reduce the amount to \$1,595,141.

Using a ballpark estimate received from a Kansas City moving company, the moving costs are estimated at \$107,900.

MHDC has an employee relocation policy that allows for a relocation payment of 10% of an employee's salary, if the employee is required to move by MHDC. In order to cause as little disruption as possible to the programs administered by MHDC and the Missourians who depend upon them for affordable housing, it is assumed that MHDC will ask all employees to relocate and provide the relocation payment as an incentive to do so. If all employees were to utilize the relocation expense, it would cost \$544,268.

The total expense associated with breaking the leases, moving office contents, and relocation payments would be \$2,247,309 to \$2,386,017 depending on the discount negotiated on the lease payment.

- \$1,595,141 to \$1,733,849 for broken leases in Kansas City and St. Louis;
- \$107,900 for movers; and
- \$544,268 for employee relocation expenses.

Officials from the **Office of Administration - Facilities Management, Design and Construction** did not respond to our request for fiscal impact.

**Oversight** is unsure if the State of Missouri will pay the anticipated cost arising as a result of this proposal, or if the MHDC will have to bear the expense through its non-state fund. Therefore, Oversight will range the fiscal impact to the state from \$0 (MHDC will pay all expenses through

ASSUMPTION (continued)

it's Missouri Housing Trust Fund) to the high estimate provided by the MHDC (if expenses will be borne by the state).

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>GENERAL REVENUE FUND</b>			
<u>Expense</u> - Missouri Housing Development Commission Move offices from Kansas City and St. Louis to Jefferson City	\$0 to <u>(\$2,386,017)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b>\$0 to <u>(\$2,386,017)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<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

Beginning July 1, 2009, this bill requires the Missouri Housing Development Commission to have its offices and employees in Cole County and its executive director or chief executive officer to reside within 40 miles of Jefferson City.

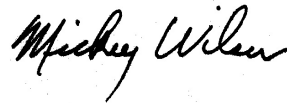
FISCAL DESCRIPTION (continued)

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 Economic Development  
Missouri Housing and Development Commission

**NOT RESPONDING:**  
**Office of Administration**  
**Facilities Management, Design and Construction**

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
April 7, 2008