

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4241-02
Bill No.: HCS for HBs 1571 & 1645
Subject: General Assembly
Type: Original
Date: February 19, 2010

Bill Summary: Freezes the per diem amount for members of the House of Representatives and Senate for two years.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	\$226,624	\$26,080 to \$70,144	\$0
Total Estimated Net Effect on General Revenue Fund	\$226,624	\$26,080 to \$70,144	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

In response to the previous version of this proposal, officials from the **Office of State Treasurer** assumed the proposal will have no fiscal impact on their organization.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** state the proposal should result in no additional costs to the BAP. The General Assembly should provide the estimate of possible cost savings to the state as a result of this proposal.

In response to the previous version of this proposal, officials from the **Missouri House of Representatives (MHR)** stated the House Member per diem rate on September 30, 2009 was \$87.20 and the current rate is \$103.20, a difference of \$16 per day. Assuming a 70 day legislative day session, ignoring technical session days as very few members attend them, and assuming no special sessions, the FY 11 impact would be a cost avoidance/savings of \$182,560 (70 days X \$16 per day X 163 members).

The proposal expires two years from passage. The MHR assumes passage of the current proposal and signing by the Governor on January 20, 2010. Therefore, ten (10) days into the second regular session of the 96th General Assembly (FY 2012), the prevailing per diem rate, in accordance with section 21.145, RSMo, would apply and be at least \$16 a day more than allowed by the bill. Cost avoidance for FY 12 would be \$26,080 (10days X \$16 per day X 163 members).

Oversight notes if this bill goes into effect prior to May 14, 2010, savings will be realized in FY 10, which is outside this fiscal note period. **Oversight** also assumes the bill will expire during the FY 12 legislative session. Due to the passage of time since MHR's response was submitted, the number of days of potential savings has decreased for FY 10, but increased for FY 12. The number of days of potential savings for FY 11 would remain approximately 70. Therefore, **Oversight** is presenting MHR's savings as \$182,560 (70 days X \$16 per day X 163 members) for FY 11 and more than \$26,080 for FY 12.

Officials from the **Missouri Senate (SEN)** state prior to September 30, 2009, the legislative per diem rate was \$87.20 per day; as of October 1, 2009, the legislative per diem rate is \$103.20 per day. Therefore, there is a potential savings (cost avoidance) of \$16 per day, per legislator, or \$544 per legislative day (\$16 per day X 34 Senators).

Since 1993, the average number of legislative days per year for the SEN as ranged from 70 to 81 days. Accordingly, the estimated annual savings would range from \$0 to \$44,064 per year for part of each of the next three fiscal years.

ASSUMPTION (continued)

Oversight notes if this bill goes into effect prior to May 14, 2010, savings will be realized in FY 10, which is outside this fiscal note period. **Oversight** also assumes the bill will expire during the FY 12 legislative session. Due to the passage of time since SEN's response was submitted, the number of days of potential savings has decreased for FY 10, but increased for FY 12. The number of days of potential savings for FY 11 would remain approximately 70. **Oversight** is presenting SEN's savings as less than \$44,064 (70 days X \$16 per day X 34 members) for FY 12.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE FUND			
<u>Savings - MHR</u>			
Freezing of per diem	\$182,560	More than \$26,080	\$0
<u>Savings - SEN</u>			
Freezing of per diem	<u>\$44,064</u>	<u>Less than</u> <u>\$44,064</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$226,624</u>	<u>\$26,080 to</u> <u>\$70,144</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<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

HWC:LR:OD

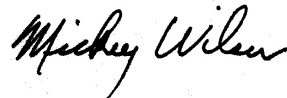
This proposal provides that the daily allowance reimbursement rate for senators and representatives shall be frozen at the rate in effect on September 30, 2009 for a period of two years beginning on the effective date of this proposal.

This proposal 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

Office of Administration -
 Division of Budget and Planning
Missouri House of Representatives
Missouri Senate
Office of State Treasurer



Mickey Wilson, CPA
Director
February 19, 2010