

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1285-07
Bill No.: HCS for HB 889
Subject: Cities, Towns, and Villages; Taxation and Revenue - Sales and Use; Property, Real and Personal; Utilities
Type: Original
Date: April 18, 2011

Bill Summary: This proposal modifies provisions relating to political subdivisions, with a penalty provision.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|--|--|--|
| FUND AFFECTED | FY 2012 | FY 2013 | FY 2014 |
| General Revenue | Unknown to (Unknown greater than \$395,767) | Unknown to (Unknown greater than \$599,616) | Unknown to (Unknown greater than \$605,272) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | Unknown to (Unknown greater than \$395,767) | Unknown to (Unknown greater than \$599,616) | Unknown to (Unknown greater than \$605,272) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|-------------------------|-------------------------|-------------------------|
| FUND AFFECTED | FY 2012 | FY 2013 | FY 2014 |
| Various State Funds | \$0 to (Unknown) | \$0 to (Unknown) | \$0 to (Unknown) |
| Blind Pension Fund | (Unknown) | (Unknown) | (Unknown) |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 to (Unknown) | \$0 to (Unknown) | \$0 to (Unknown) |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 24 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2012 | FY 2013 | FY 2014 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2012 | FY 2013 | FY 2014 |
| General Revenue | 9 | 9 | 9 |
| | | | |
| Total Estimated Net Effect on FTE | 9 | 9 | 9 |

☐ 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 2012 | FY 2013 | FY 2014 |
| Local Government | Unknown greater than \$15,000 to (Unknown greater than \$100,000) | Unknown greater than \$18,000 to (Unknown greater than \$100,000) | Unknown greater than \$18,000 to (Unknown greater than \$100,000) |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Treasurer, Office of Prosecution Services, Department of Public Safety - Division of Fire Safety, Missouri Highway Patrol, Department of Health and Senior Services, Department of Natural Resources, Springfield Police Department, Little Blue Valley Sewer District, Missouri Veterans Commission, Department of Social Services, Family Support Division - Income Maintenance Unit, Child Support Enforcement, Department of Corrections, Department of Insurance, Financial Institutions and Professional Registration** and the **Department of Conservation** assume that there is no fiscal impact from this proposal.

Officials from the **Missouri Senate** state this proposal will have no fiscal impact or minimal costs which can be absorbed by present appropriations.

Officials from the **Office of Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Parkway Public Schools** state the impact from this proposal is unknown, but not likely to be substantial.

Officials from the **Office of the Secretary of State (SOS)** state 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 \$2,500. 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 the 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

ASSUMPTION (continued)

Section 11.025

Officials from the **Department of Agriculture** state that the nonprofit organization “shall charge a fee for a copy of the official manual” but the amount of the fee is not specified.

Oversight assumes that if the nonprofit agency charges a state agency, the agency can absorb the cost.

Section 55.030

In response to an identical proposal from this session (HB 142, 720-01), officials from the **County of St. Charles** estimated a savings of \$18,000 annually by eliminating fixed asset tracking of small dollar items.

Sections 56.807 & 488.026

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** has reviewed this proposal and has determined an actuarial study is not needed under the provisions of section 105.660, subdivision (10).

Officials from the **Office of State Courts Administrator (CTS)** assume this proposal would allow a \$4 surcharge for the Missouri Prosecuting Attorneys and Circuit Attorneys’ Retirement System Fund to be assessed and against persons who pled and paid a fine through a fine collection center.

Based on data for FY 10, CTS assumes there are approximately 144,138 fine collection center cases on which this \$4.00 surcharge could be applied. CTS anticipates the revenue from a \$4.00 surcharge would be approximately \$576,552 in any given year.

Officials from the **Prosecuting Attorneys and Circuit Attorneys Retirement System (PACARS)** assume the proposed bill would amend a portion of the statute by adding language placing a sur-charge on matters processed through the Fine Collection Center (FCC). This would appear to marginally increase the funding stream of the system, but, in reality, much of the “increase” would actually be replacing part of the revenue stream previously in place to fund PACARS. As more counties have shifted to participate in the FCC, a stream of income from the surcharge imposed on cases handled by Prosecuting Attorneys has withered away. Therefore, it is difficult to quantify the amount of the net increase in the funding stream. Based on figures from the 2009 year, there were approximately 200,000 matters handled through the FCC.

ASSUMPTION (continued)

Section 58.095

Oversight assumes that the counties could incur additional costs if coroners, deputy coroners, and assistants be required to complete the annual training; therefore, Oversight will reflect a \$0 to unknown cost to local governments.

Section 67.2012

Officials from **Department of Elementary and Secondary Education** state the municipal court structure may reduce the amount of fine revenue which districts in Cass County have been accustomed to receiving. A reduction in fine revenue will be lost revenue for the districts.

Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.

Section 67.314

In response to a similar proposal from this session (HB 566, 1526-01), officials from the **City of Kansas City** stated this proposal may have a negative fiscal impact on the City of Kansas City, Missouri, in an indeterminate amount because this legislation would result in higher administrative costs and unknown financial consequences of delaying the opening of bids and subsequent commencement of a project.

Officials from the **University of Missouri (UM)** state this proposal should have no significant fiscal impact (\$100,000) to the UM. UM officials do not believe the bill is intended to apply to the UM. If this proposal does apply to the UM, it will cost the University more than \$200,000 annually.

Oversight assumes that due to the number of local political subdivisions affected by this proposal that the impact to the locals would be Unknown costs but over \$100,000 per year.

Sections 137.010, 137.080 & 137.115

In response to similar legislation filed this session (HB 737, 1797-02), officials from the **Office of Administration, Division of Budget and Planning (BAP)** assumed this proposal would not result in additional costs or savings to their organization.

ASSUMPTION (continued)

BAP officials stated that this proposal would classify certain turbines as tangible personal property, and lower the assessed valuation on such properties to 1% of their true value. If municipal governments are unable to adjust their levies, this may lower property tax receipts, including for schools. This proposal would also reduce Blind Pension Fund receipts. BAP officials also stated that they do not have data to estimate any losses.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the equipment is currently assessed as industrial and commercial. This being the case, there would be a reduction from 33.3% to 1% in the amount of property taxes paid. This will result in a significant loss of revenue for certain schools and local taxing authorities. For many districts that contain these types of power plants, the company that owns the plant is one of the largest taxpayers in the district. The proposal would have no impact on the state, unless the reduction in assessed valuation falls below the 2004-05 amount. In which case, additional state aid would be required to make up for the reduction in local effort.

In response to similar legislation filed this session (HB 737, 1797-02), officials from the **City of Kansas City** assumed this proposal would have a negative impact on their organization but that impact is impossible to quantify.

Oversight was not able to determine if any turbine generators are currently installed which would qualify for the proposed classification and valuation process. To the extent that such equipment is currently installed or would be installed in the future, this proposal would reduce the assessed valuation of such property from the percentage specified in current provisions to one percent of value. That reduction in assessed valuation would in turn reduce the property tax that would otherwise be due on such property.

Oversight assumes that this property would be owned by electric companies and would be assessed by the State Tax Commission as distributable property; accordingly the tax reduction would impact local governments and the state Blind Pension Fund. For fiscal note purposes, Oversight will indicate an unknown amount of revenue reduction for local governments and for the state Blind Pension Fund.

ASSUMPTION (continued)

Section 137.082

In response to similar legislation filed this session (HB 222, 0936-01), officials from the **Office of Administration, Division of Budget and Planning (BAP)** assumed this proposal would not result in additional costs or savings to their organization.

BAP officials assumed this proposal would change the year of assessment for a newly constructed but never occupied property from the second year after completion to the fourth year after completion. The proposal, if enacted, could slow the growth in assessed valuations of improved properties but BAP does not have the data to estimate these impacts. The proposal would not impact general revenues but could reduce funding for schools and could slow growth in state Blind Pension Fund receipts.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this proposal would not impact state revenues but would have a negative impact on the revenue stream of local governments. DESE has no means to calculate such impact, however.

In response to a similar proposal from this session (HB 222, 0936-01), officials from the **State Tax Commission (TAX)** assumed this proposal would not have a fiscal impact on their organization. The proposal would extend the time period for newly constructed property to be assessed regardless of whether the property is located in a county that has enacted an occupancy provision. TAX officials stated that implementation of the proposal would result in a loss of revenue to local governments, but they did not have the information that would allow them to calculate the potential revenue loss.

In response to similar legislation filed this session (HB 222, 0936-01), officials from the **City of Kansas City** assumed this proposal would extend the time when newly constructed but unoccupied improvements can be assessed and placed on the property tax roll for taxation purposes. The proposed legislation would require taxing jurisdictions to wait until the fourth year following construction to add the taxable assessed valuation for the improvements. The impact of extending the requirement to assess and levy taxes for improvements from two years to four years would in effect eliminate two years of tax revenue which jurisdictions currently receive for newly constructed residential property. This would have a negative impact on taxing jurisdictions.

Kansas City officials did not provide an estimate of the fiscal impact to their organization.

ASSUMPTION (continued)

In response to similar legislation filed this session (HB 222, 0936-01), officials from **Boone County** assumed this proposal would increase the cost to taxing entities in Boone County by \$142,000 per year. Boone County officials also assume this proposal would require their county to adopt assessment on occupancy, and that change would increase assessment fund withholding from property taxes collected from 0.5% of collections to 0.6% of collections. That 20% increase in withholdings would result in a revenue increase from \$710,000 to \$852,000 per year to the assessment fund.

In response to similar legislation filed this session (HB 222, 0936-01), officials from the **City of St. Louis** assumed this proposal would apply to unsold homes in a builder's inventory. City officials stated that the cost would vary from year to year, but the current cost would be about \$36,000 per year for all taxing entities in the City, and about 21% or \$7,665 would be the cost to their organization.

In response to similar legislation filed this session (HB 222, 0936-01), officials from the **City of Richmond** provided a response to this proposal but not an estimate of the potential fiscal impact to their organization.

Oversight notes that current provisions for newly constructed residential real estate allow counties and the City of St. Louis to assess that property when it is occupied or on the second January 1 following the year in which construction was completed. Oversight does not have information as to how many jurisdictions assess properties on occupancy, and how many assess properties on the second January 1 following completion.

Oversight also notes that properties are assessed as of January 1; therefore, a property which was completed and occupied in the same year would be assessed on the following January 1. Property taxes would first be due on December 31 following the January 1 on which the property was first assessed. A property which was completed but not occupied would be assessed on the second following January 1; a delay of an additional year.

A property completed in 2009 but not occupied would currently be assessed for the first time on January 1, 2011 and taxes would be due December 31, 2011 (FY 2012.). Taxes would also be collected on that property in FY 2013 and FY 2014.

ASSUMPTION (continued)

Oversight notes that this proposal would only have an impact for jurisdictions which assess on the second following January 1; the proposal would delay the initial assessment of the completed but not occupied property until the fourth following January 1. The proposal would result in two additional years in which the improved property would be taxed at the value of the unimproved lot. The proposal would be effective in August of 2011; a property completed in 2009 but not occupied would have been assessed for the first time on January 1, 2011. Taxes on the property would be due on December 31, 2011 (FY 2012). Therefore, Oversight will indicate no fiscal impact for this proposal for FY 2012.

A property completed in 2010 but not occupied would be assessed for the first time January 1, 2012 under current provisions, and taxes would be due on that property December 31, 2012 (FY 2013). This proposal would delay that initial assessment until January 1, 2014, and taxes would first be due on that property December 31, 2014 (FY 2015).

Local governments and the state Blind Pension Fund would have revenue losses beginning in FY 2013 for property taxes on completed but unoccupied residential property. Oversight does not have information on the number, value, or location of completed but unoccupied residential properties. Accordingly, Oversight will indicate unknown losses for those years.

Sections 143.789 & 143.790

Officials from the **Department of Revenue** (DOR) assume this proposal would grant DOR the authority to offset an income tax refund in specific situations and would provide the order of priority in which the offsets would be paid. The proposal also provides specific notification and appeals processes.

Administrative impact

DOR officials assume that Personal Tax would require two FTE additional Revenue Processing Technician I (Range 10, Step L) to process correspondence and do appointments.

DOR officials also assume that Collections and Tax Assistance would require one additional FTE Tax Collection Technician I (Range 10, Step L) per 15,000 additional contacts annually on the delinquent tax line, one additional FTE Tax Collection Technician I (Range 10, Step L) per 24,000 additional contacts annually on the non-delinquent tax line, and one additional FTE Revenue Processing Technician I (Range 10, Step L) per 4,800 additional contacts annually in the Tax Assistance Offices.

ASSUMPTION (continued)

The DOR estimate of cost to implement this proposal including five additional FTE and the related fringe benefits, equipment, and expense totaled \$200,337 for FY 2012, \$201,448 for FY 2013, and \$203,555 for FY 2014.

Oversight has, for fiscal note purposes only, changed the starting salary for the additional positions to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight has also adjusted the DOR estimate of expense and equipment cost in accordance with OA budget guidelines. Finally, Oversight assumes that a limited number of additional employees could be accommodated in existing office space. If unanticipated costs are incurred as a result the implementation of this proposal or if multiple proposals are implemented which increase DOR costs or workload, resources could be requested through the budget process.

Oversight also assumes the DOR estimate of expense and equipment cost for additional FTE could be overstated. If DOR is able to use existing equipment such as desks, file cabinets, chairs, etc., the estimate for equipment for fiscal year 2012 could be reduced by roughly \$5,000 per employee.

IT impact

DOR's response to proposals similar to, or identical to, this one in previous session indicated DOR planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff, and the limitations within the DOR tax systems, changes cannot be made without significant impact to DOR resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$26,712. The value of the level of effort is calculated on 1,008 FTE hours.

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

Oversight assumes that the proposed DOR collection assistance fee would generate additional revenue but cannot determine whether the revenue generated would offset the expected DOR costs to operate the notification, appeal, hearing, and transaction costs which implementing this proposal would involve. Oversight will use the DOR estimate of cost to their organization and will indicate an unknown amount for collection assistance fee revenue.

ASSUMPTION (continued)

Although **Oversight** is not able to estimate the number or amount of unpaid ambulance service accounts which might be collected, Oversight assumes that the numbers and amount of uncollected accounts would be significant. Oversight also notes that a significant number of ambulance service providers are local government agencies. For fiscal note purposes, Oversight will indicate unknown additional revenue to local governments for this proposal.

Officials from the **Missouri Lottery (Lottery)** assume that this proposal could negatively impact player behavior by allowing offset of lottery prize payouts for public and private ambulance services. Lottery officials stated that staff resources would be necessary to process the offsets, and the proposal would also require IT programming costs and ongoing accounting resources.

Lottery officials provided an estimate of \$100,000 for IT programming to the Lottery check writing system to accommodate for the new offset category, and an unknown cost for administering the offset process.

Oversight assumes that any impact to the Missouri Lottery from this proposal will be minimal; therefore, Oversight will not reflect a direct fiscal impact as a result of this proposal.

Section 226.720

Officials from the **State Public Defender's Office (SPD)** state the SPD cannot assume that existing staff will provide competent, effective representation for any indigent clients faced with the enhanced penalties for operating a junk yard outside of the provision of the law. The Missouri State Public Defender System is currently operating in a crisis mode with caseloads far in excess of any recognized standard.

Oversight assumes the SPD could absorb any costs within existing resources. If the SPD experiences an increase that would require additional funding, the SPD could request the funding through the appropriations process.

Section 262.675

Officials from the **Department of Agriculture** assume an unknown fiscal impact to the Department. The amount of support staff time required by the council cannot be determined.

In response to a similar proposal from this session (HB 742, 1880-06), officials from the **Missouri State University** assumed there will be minimal costs from this legislation due to travel expenses for the Missouri State University representative to the "Missouri Sustainable Local Food Policy Council."

ASSUMPTION (continued)

Oversight assumes the Department of Agriculture and the Missouri State University will be able to absorb the cost associated with this proposal.

Sections 304.120 & 537.293

In response to similar legislation filed this session (HB 735, 1559-01), officials from the **City of Kansas City** stated this proposal may have a negative fiscal impact on the City of Kansas City, Missouri. This bill would require the City to provide commercial vehicles at least one, two-way street, that they can use to access any road in the state highway system. If the City lacks such access, then this proposal could have costs.

Oversight is unable to determine how many municipalities this proposal would effect; therefore, Oversight will show a \$0 to Unknown cost.

Section 447.708

Officials from the **Department of Economic Development - Division of Business and Community Services** assumes an unknown negative impact in excess of \$100,000 as a result of the proposed legislation. This proposal revises the Brownfield Remediation Tax Credit program by expanding the items considered to be eligible costs for the tax credit to include “environmental insurance premiums” and “backfill of areas where contaminated soil excavation occurs.” This expansion will increase the amount of tax credits issued under the program.

Officials from **Department of Elementary and Secondary Education** state tax subsidies reduce the state’s tax revenues and decrease the amount of money available for public school students.

Oversight assumes this proposal is an expansion of what qualifies for the tax credit and has the potential to increase the number of taxpayers eligible for the tax credit. Oversight is showing the impact to the General Revenue Fund as \$0 to (Unknown).

Sections 478.170, 478.187, 178.575, 478.577

Officials from the **State Public Defender’s Office (SPD)** state breaking the 38th circuit into two separate circuits could cause the SPD to have additional courts to appear in front of. The SPD is currently operating in a crisis mode with caseloads far in excess of any recognized standard.

ASSUMPTION (continued)

Oversight assumes the SPD could absorb any costs within existing resources. If the SPD experiences an increase that would require additional funding, the SPD could request the funding through the appropriations process.

Officials from the **Office of State Courts Administrator (CTS)** state beginning January 1, 2012, the proposed legislation would split the 38th judicial circuit consisting of Christian and Taney counties into two judicial circuits. Christian County would remain in the 38th judicial circuit and Taney County would be in a new 46th judicial circuit. The legislation would add one circuit judge to the 46th judicial circuit.

For a presiding circuit judge, the cost is as follows:

| | |
|----------------------|----------------------------------|
| Circuit Court Judge: | \$120,484 per year, plus fringes |
| Court Reporter: | \$55,012 per year, plus fringes |
| Secretary: | \$38,700 per year, plus fringes |

In addition, the legislation would create a new single county circuit which would require a state paid juvenile officer. It is assumed juvenile staff will be divided between Christian and Taney counties.

| | |
|-------------------|---------------------------------|
| Juvenile Officer: | \$46,204 per year, plus fringes |
|-------------------|---------------------------------|

The total annual cost for this legislation would be \$260,400 plus fringes, and 4 FTE.

Oversight assumes the new employees would start January 1, 2012; therefore, Oversight will show six months of FTE expenses in FY 12.

Section 488.426

Officials from the **Office of State Courts Administrator (CTS)** state this proposal would allow the circuit court in Greene County to increase the law library fee charged on civil cases to an amount not to exceed \$20.00 (the limit is now \$15.00).

There were 19,860 civil cases filed in Greene County in FY 10. If an additional \$5 was assessed on every case, and collections were 100%, the income would be approximately \$99,300 in a given year.

Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.

ASSUMPTION (continued)

Section 527.188

In response to a similar proposal from this session (HB 706, 1803-01), officials from the **Department of Transportation** stated that state agencies and political subdivisions who own land which is burdened by a petroleum or natural gas pipeline easement would have an impact.

Oversight notes that this proposal would require the property owner to pay the owner of the easement the amount which was originally paid for the easement, and the easement owner would be required to remove all improvements to the easement and restore the property to its condition before the creation of the easement. Oversight is not able to determine the number, if any, of properties owned by state agencies or local governments which are subject to pipeline easements. Accordingly, Oversight will indicate an impact from \$0 (no pipelines abandoned) to (Unknown) for multiple pipelines abandoned, for the General Revenue Fund, various state funds, and for local governments.

Section 1

Officials from the **Office of Administration - Division of Facilities Management** state the property located in Cape Girardeau is owned by Southeast Missouri State University; therefore, there would be no fiscal impact to the state.

Section 2

Officials from the **Office of Administration - Division of Facilities Management** state the property to be conveyed to St. Francois County Tract 1 and 2 - 10.27 acres has been appraised at \$128,375. The bill limits the authority to convey this property to just one buyer. If this property is not offered for public sale, the amount offered might be less than what would be expected from a competitive bidding process. If the State does not receive an acceptable offer, the property will not be sold, and any potential positive fiscal impact will be reduced to zero.

Oversight assumes this conveyance will be handled just like all state conveyances and will not have an effect on the state.

Section 3

Officials from the **Office of Administration - Division of Facilities Management** state the property to be conveyed to Habitat for Humanity Tract 1 and Tract 2 - 7.02 acres has been appraised for \$91,500. The bill limits the authority to convey this property to just one buyer. If this property is not offered for public sale, the amount offered might be less than what would be

ASSUMPTION (continued)

expected from a competitive bidding process. If the State does not receive an acceptable offer, the property will not be sold, and any potential positive fiscal impact will be reduced to zero.

Oversight assumes this conveyance will be handled just like all state conveyances and will not have an effect on the state.

Section 4

Officials from the **Office of Administration - Division of Facilities Management** state the property to be conveyed to the City of Farmington, Farmington County - 23.01 acres has been appraised for \$460,008. The bill limits the authority to convey this property to just one buyer. If this property is not offered for public sale, the amount offered might be less than what would be expected from a competitive bidding process. If the State does not receive an acceptable offer, the property will not be sold, and any potential positive fiscal impact will be reduced to zero.

Oversight assumes this conveyance will be handled just like all state conveyances and will not have an effect on the state.

Section 5

Officials from the **Department of Transportation (MoDOT)** state the legislation would authorize the conveyance of State of Missouri real property located in the City of Farmington to Missouri Highway and Transportation Commission (MHTC). The language would authorize the Office of Administration to obtain consideration (i.e. monetary payment) from MHTC for such conveyance

Officials from the **Office of Administration - Division of Facilities Management** state this proposal includes the Missouri Hwy Department parcel of .95 acres - which MoDOT has agreed to pay fair market value of \$18,992.

Oversight assumes this conveyance will be handled just like all state conveyances and will not have an effect on the state.

Section 6

Officials from the **Office of Administration - Division of Facilities Management** state this proposal includes the conveyance to the St. Francois County Jail which is a clean-up of a previous land conveyance, which would not have any fiscal impact.

FISCAL IMPACT - State Government

FY 2012
 (10 Mo.)

FY 2013

FY 2014

GENERAL REVENUE FUND

Revenue - Department of Revenue

Collection assistance fees
 (\$143.789, 143.790)

Unknown

Unknown

Unknown

Cost - Department of Revenue

(\$143.789, 143.790)

Salaries (5 FTE)

(\$94,500)

(\$114,534)

(\$115,679)

Benefits

(\$49,461)

(\$59,947)

(\$60,547)

Expense and equipment

(\$36,662)

(\$3,617)

(\$3,708)

Total Costs - DOR

(\$180,623)

(\$178,098)

(\$179,934)

Cost - Office of State Courts

Administrator (\$478.170, 478.187,
 478.575, 478.577)

Salaries (4 FTE - 6 months for FY 12)

(\$130,200)

(\$263,004)

(\$265,634)

Benefits

(\$78,670)

(\$158,514)

(\$159,704)

Expense and equipment

(\$6,274)

\$0

\$0

Total Costs - CTS

(\$215,144)

(\$421,518)

(\$425,338)

Cost - repayment of easement purchase
 (\$527.188)

\$0 to
 (Unknown)

\$0 to
 (Unknown)

\$0 to
 (Unknown)

Loss - Department of Economic
Development (\$447.708)

Tax credit expansion

\$0 to
 (Unknown)

\$0 to
 (Unknown)

\$0 to
 (Unknown)

**ESTIMATED NET EFFECT ON
 GENERAL REVENUE FUND**

Unknown to
(Unknown
greater than
\$395,767)

Unknown to
(Unknown
greater than
\$599,616)

Unknown to
(Unknown
greater than
\$605,272)

FISCAL IMPACT - State Government
 (continued)

FY 2012
 (10 Mo.)

FY 2013

FY 2014

VARIOUS STATE FUNDS

Cost - repayment of easement purchase
 (§527.188)

\$0 to
(Unknown)

\$0 to
(Unknown)

\$0 to
(Unknown)

**ESTIMATED NET EFFECT TO
 VARIOUS STATE FUNDS**

\$0 to
(Unknown)

\$0 to
(Unknown)

\$0 to
(Unknown)

BLIND PENSION FUND

Revenue reduction - valuation reduction
 for turbine generators (§137.010,
 137.080, 137.115)

(Unknown)

(Unknown)

(Unknown)

Revenue reduction -delayed assessment
 of new unoccupied residential property
 (§137.082)

\$0

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT ON
 BLIND PENSION FUND**

(Unknown)

(Unknown)

(Unknown)

FISCAL IMPACT - Local Government

FY 2012
(10 Mo.)

FY 2013

FY 2014

LOCAL POLITICAL SUBDIVISIONS

Savings - St. Charles County

Eliminate fixed asset tracking of
small dollar items (§55.030)

\$15,000

\$18,000

\$18,000

Revenue - Increase in surcharge
contribution to Prosecution Attorneys
and Circuit Attorneys Retirement System
(§56.807, 488.026)

\$480,460

\$576,552

\$576,552

Revenue - collection of unpaid
ambulance service bills
(§143.789, 143.790)

Unknown

Unknown

Unknown

Expense - Surcharge contribution to
Prosecution Attorneys and Circuit
Attorneys Retirement System
(§56.807 & 488.026)

(\$480,460)

(\$576,552)

(\$576,552)

Cost - County Government

Annual training expense for coroners,
deputy coroners and assistants
(§58.095)

\$0 to
(Unknown)

\$0 to
(Unknown)

\$0 to
(Unknown)

Cost- Local Political Subdivisions

Bid procedures (§67.314)

(Unknown over
\$100,000)

(Unknown over
\$100,000)

(Unknown over
\$100,000)

Cost - municipalities to provide
commercial vehicles access to any roads
in the state highway system (§304.120,
537.293)

\$0 to
(Unknown)

\$0 to
(Unknown)

\$0 to
(Unknown)

Cost - repayment of easement purchase
(§527.188)

\$0 to
(Unknown)

\$0 to
(Unknown)

\$0 to
(Unknown)

LOCAL POLITICAL SUBDIVISIONS
 (continued)

Revenue reduction - Local Governments

| | | | |
|---|-----------|-----------|-----------|
| Valuation reduction for turbine generators (§137.010, 137.080, 137.115) | (Unknown) | (Unknown) | (Unknown) |
|---|-----------|-----------|-----------|

Revenue reduction - delayed assessment
of new unoccupied residential property
(§137.082)

| | | |
|-----|-----------|-----------|
| \$0 | (Unknown) | (Unknown) |
|-----|-----------|-----------|

**ESTIMATED NET EFFECT ON
LOCAL POLITICAL SUBDIVISIONS**

| | | |
|--|--|--|
| <u>Unknown</u> <u>greater than</u> <u>\$15,000 to</u> <u>(Unknown</u> <u>greater than</u> <u>\$100,000)</u> | <u>Unknown</u> <u>greater than</u> <u>\$18,000 to</u> <u>(Unknown</u> <u>greater than</u> <u>\$100,000)</u> | <u>Unknown</u> <u>greater than</u> <u>\$18,000 to</u> <u>(Unknown</u> <u>greater than</u> <u>\$100,000)</u> |
|--|--|--|

FISCAL IMPACT - Small Business

Sections 137.010, 137.080 & 137.115

This proposal would have a direct fiscal impact to any small business which owned or operated qualifying turbine generator equipment.

Section 137.082

This proposal would have a direct fiscal impact on small businesses which own new residential properties.

Sections 143.789 & 143.790

This proposal would have a direct fiscal impact to small businesses which provide ambulance services.

FISCAL IMPACT - Small Business (continued)

Section 527.188

This proposal would have a direct fiscal impact to small businesses involved in pipeline ownership or operation.

FISCAL DESCRIPTION

Section 55.030

This bill increases from \$250 to \$1,000 the minimum original value of county property that must be inventoried annually by the auditor in a charter county.

Sections 56.807 & 488.026

The proposed legislation allows a \$4 surcharge for the Missouri Prosecuting Attorneys and Circuit Attorneys Retirement System Fund to be assessed and collected against persons who pled and paid a fine through a fine collection center.

Section 58.095

This bill requires every elected or appointed county coroner, deputy coroner, and assistant to the coroner to complete the annual required educational training within six months of his or her election or appointment. Currently, only certain county coroners and deputy coroners are required to complete the training on an annual basis.

Section 67.314

This bill establishes the Political Subdivision Construction Bidding Standards Act which creates standards for advertising, soliciting, accepting, and rejecting competitive bids and awarding construction contracts of \$10,000 or more for political subdivisions that are not covered by a specific federal or state law or an established local construction procurement policy.

Solicitation of bids for construction contracts must be advertised once a week for two consecutive weeks in a newspaper of general circulation located in a county where the political subdivision is located. The final advertisement cannot be less than 10 days before the deadline for the submission of bids and not less than 15 days for contracts greater than \$250,000.

FISCAL DESCRIPTION (continued)

Unless specific federal or state law or an established local construction procurement policy otherwise applies, the contract must be awarded to the lowest qualified responsible bidder except when the bidder is ineligible for the contract award as a result of his or her failure to provide a required performance or payment bond, the bidder's nonperformance on previous contracts with the subdivision, or for other specified reasons as to the bidder's inability to adequately perform the contract.

An established local construction procurement policy complies with the provisions of the bill if it provides for advertising of construction contracts in a manner reasonably likely to inform potential bidders of the project on a timely basis. The advertisement must include the date, time, and place for the submission and opening of bids and any requirements for the prequalification of bidders. A political subdivision is prohibited from acting in an arbitrary or capricious manner and must act in good faith.

Regardless of any state law or regulation, federal or state funding requirement to the contrary, or an established local construction procurement policy, no contract for construction can be awarded in violation of the following requirements:

- (1) No bid can be opened or contract awarded before the advertised deadline for the submission of bids;
- (2) No bid can be accepted unless it is sealed and is in writing;
- (3) No bid can be accepted after the advertised deadline;
- (4) All bids must be held securely and confidentially until the bids are opened in a public meeting on the date and at the time and place advertised;
- (5) No contract can be awarded in substantial violation of state law or an established local construction procurement policy; and
- (6) No contract can be awarded in violation of Section 107.170, RSMo, which requires performance and payment bonds.

Any person submitting a bid for a contract or anyone who would have submitted a bid, except in cases where a bid was opened prior to the deadline, may file an action for any violation of the provisions of the bill to seek legal remedies including monetary damages and equitable relief. An action must be brought by the contractor within 15 business days after the award of the contract.

A political subdivision cannot be prohibited from awarding a contract without competitive bidding when it is deemed necessary to remove an immediate danger to the public health or safety, to prevent the loss of property which requires government action, or to prevent an interruption of or to restore an essential public service.

FISCAL DESCRIPTION (continued)

Section 137.010, 137.080 & 137.115

This bill increases the number of years before a newly constructed residential property which has never been occupied is assessed for property taxation from the second year following the year the construction on the home was completed to the fourth year regardless of whether the county where the property is located implements the provisions of Section 137.082, RSMo.

Section 137.082

This bill increases the number of years before a newly constructed residential property which has never been occupied is assessed for property taxation from the second year following the year the construction on the home was completed to the fourth year regardless of whether the county where the property is located implements the provisions of Section 137.082, RSMo.

Sections 143.789 & 143.790

Currently, the Department of Health and Senior Services processes claims submitted by hospitals and health care providers requesting an offset of income tax refunds to satisfy an outstanding debt owed by a taxpayer. This bill repeals the provisions regarding the process by which the department requests offsets and authorizes an entity designated as a claim clearinghouse to process and verify requests for an offset for ambulance service providers of taxpayer income tax refunds and lottery winnings to satisfy outstanding debts for ambulance services received. Prior to utilizing the clearinghouse, an ambulance service provider must give certain notices to patients and allow for various levels of review and appeals of their claims. A collection assistance fee allocated between the clearinghouse and the Department of Revenue is assessed to each offset for the costs of collecting the debt. Claims for debts owed to ambulance service providers requesting an offset will receive the least priority as specified in Section 143.789, RSMo.

Sections 304.120 & 537.293

This bill restricts municipalities from prohibiting commercial traffic on all streets and provides that it is not a nuisance to legally use a motor vehicle on a public street.

Section 447.708

This bill adds the costs of environmental insurance premiums and the backfill of areas where contaminated soil excavation occurs to the list of expenses that qualify for a remediation tax credit.

FISCAL DESCRIPTION (continued)

Sections 478.170, 478.187, 178.575, 478.577

Beginning January 1, 2012, this bill transfers Taney County from the 38th Judicial Circuit to the newly established 46th Judicial Circuit with one circuit judge to be elected in 2011 to serve the new circuit. The 38th Judicial Circuit will consist only of Christian County.

Section 527.188

This bill specifies that any owner or operator of pipelines transporting petroleum or natural gas who fails to maintain an easement for the purpose described in the original conveyance of the easement for a period of 10 years will be deemed to have abandoned the easement terminating it and surrendering the rights previously transferred to the property owner of record. The owner of record must pay monetary consideration equal to the original consideration obtained in exchange for the easement. Upon termination, the owner or operator of the pipeline must remove it and restore the property to its original condition.

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

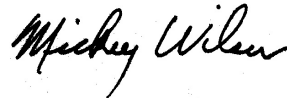
Office of Attorney General
State Tax Commission
State Treasurer's Office
State Public Defender's Office
Department of Corrections
Department of Transportation
Missouri Senate
Office of Secretary of State
Office of Prosecution Services
Office of State Courts Administrator
Department of Conservation
Department of Revenue
-Missouri Lottery
Office of Administration
-Division of Budget and Planning
-Division of Facilities Management
Department of Public Safety
-Division of Fire Safety
- Missouri Veterans Commission
-Missouri Highway Patrol

SOURCES OF INFORMATION (continued)

Department of Economic Development
-Division of Business and Community Services
Joint Committee on Public Employee Retirement
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Prosecuting Attorneys and Circuit Attorneys Retirement System
Department of Agriculture
Department of Natural Resources
Department of Social Services
-Family Support Division, Income Maintenance Unit
-Child Support Enforcement
Parkway Public Schools
University of Missouri
Missouri State University
City of Kansas City
County of St. Charles
County of Boone
City of St. Louis
City of Richmond
Springfield Police Department
Little Blue Valley Sewer District

NOT RESPONDING

Department of Labor
Missouri House of Representatives



Mickey Wilson, CPA
Director
April 18, 2011