

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0525-01
Bill No.: SJR 3
Subject: Cities, Towns, and Villages; Counties; County Government; St. Louis; St. Louis County; Constitutional Amendments
Type: Original
Date: February 18, 2015

Bill Summary: This proposal makes St. Louis City a part of St. Louis County.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$0 or (More than \$7,100,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0 or (More than \$7,100,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government*	\$0	\$0	\$0

*Distribution increase (decrease) net to zero.

FISCAL ANALYSIS

ASSUMPTION

Officials at the **City of St. Louis** assume this legislation has a potentially significant positive impact. Whereas the City of St. Louis currently operates as a city not within a county, the proposed legislation would make the City a municipality of St. Louis County. Under its current city not within a county status, the City of St. Louis maintains a variety of offices and functions that are typically reserved for county governments. These include circuit clerk and court functions, sheriff's office, correctional facilities, assessor, recorder of deeds, board of elections, medical examiner, collector of revenue, license collector and treasurer's office. The total operating costs of these typical "county" functions totaled nearly \$125.5 million in the past fiscal year (FY14).

Meanwhile, revenues either generated by these offices or allocated to offset their operating costs for the same period totaled over \$34 million. This left a net annual operating cost of county functions at \$91.3 million. While a large portion of these costs are certain to continue regardless of the City's "county" status, the entry into St. Louis County would provide an opportunity to identify potential redundancies and realize economies of scale between the City of St. Louis and St. Louis County operations with the potential for a significant amount of cost savings.

Officials at **St. Louis County** assume if St. Louis City becomes a part of St. Louis County, there would be revenues of \$58 million. The cost from this proposal would be \$88.7 million resulting in a loss each year to the County of \$30.7 million.

Oversight assumes there is a potential in the future for some savings due to the economies of scale between the City of St. Louis and St. Louis County regarding positions of staff and departments being consolidated under one umbrella, but will not reflect that savings at this time.

Officials at the **Office of the State Courts Administrator (OSCA)** assume the proposed legislation makes St. Louis City a part of St. Louis County. The combining of two circuit courts into one court has never been estimated since the creation of JIS (Justice Information System). There are many unknown and potential unforeseen circumstances. There are issues related to data conversion, system configuration, application limitations, application interfaces and procedure modification that would need to be considered. This will result in a cost range of at least a minimum of \$917,750 to unknown.

ASSUMPTION (continued)

These costs will be incurred for the conversion of program based reporting, complete set up of the database, consolidation planning, analysis and combination of court forms, reconciliation of accounts, analysis of court specific developed interfaces, conversion of JIS and many other unforeseen items. There will be other potential unknown costs however these will not be known until we begin the conversion process.

Oversight assumes the potential for unknown cost in the future is permissive in nature and would have no fiscal impact to locals or to the state without the approval by the majority of voters. If the majority of voters approve this legislation to make St. Louis City a part of St. Louis County, then there could be an impact to both state and local government funding.

Officials at the **Office of the Secretary of State (SOS)** assume each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Joint Resolutions proposing a constitutional amendment are submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the Governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a Joint Resolution to a vote of the people, §115.063.2, RSMo, requires the state to pay the costs. The cost of the special election has been estimated to be \$7.1 million based on the cost of the 2012 Presidential Preference Primary. This figure was determined through analyzing and totaling expense reports from the 2012 Presidential Preference Primary received from local election authorities.

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2013, at the August and November elections, there were 5 statewide Constitutional Amendments or ballot propositions that cost \$2.17 million to publish (an average of \$434,000 per issue). In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation and the SOS was

ASSUMPTION (continued)

appropriated \$1.19 million to publish the full text of the measures. Due to this reduced funding, the SOS reduced the scope of the publication of these measures. In FY 2015, at the August and November elections, there were 9 statewide Constitutional Amendments or ballot propositions that cost \$1.1 million to publish (an average of \$122,000 per issue). Despite the FY 2015 reduction, the SOS will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

SOS also assumes SJR 3 would require the city of St. Louis to become part of St. Louis County and thereafter exist as a city within the county in the same manner as any other city in the County of St. Louis. For the purposes of this fiscal note, the SOS assumes that the St. Louis County Board of Elections would oversee the administration of elections throughout the county, including St. Louis City. To meet these new requirements, substantial changes to MCVR will be required. Modifications to MCVR are estimated to cost \$27,500.

Oversight has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2016. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled primary election is in August 2016 (FY 2017) or the next scheduled general election is in November 2016 (FY 2017). It is assumed the subject within this proposal could be on either of those ballots; however, it could also be on a special election called for by the Governor. Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2016. Oversight assumes the cost to meet the new requirements for the changes to the MCVR can be absorbed within the SOS's current appropriation level.

Officials at the **Department of Revenue (DOR)** assume administrative impacts from this proposal. This resolution requires the City of St. Louis to become part of St. Louis County. Section 30(a) 1(1) of Article IV of the Missouri Constitution provides for distribution of motor fuel to counties of the state. A portion of the revenue distributed to counties is also distributed to cities not in any county of the state (currently St. Louis City). The Department assumes that upon passage of this amendment, St. Louis City would no longer receive this distribution. This would require programming changes to the Motor Fuel Distribution program.

ASSUMPTION (continued)

Notifications will need to be sent to approximately 110 cigarette wholesalers so that they sell the properly stamped cigarettes to retailers located in St. Louis City. The Department requires minor programming to update the distribution program to include the City of St. Louis. These notifications will be mailed to the cigarette wholesalers and have a one time cost in FY 2017 of \$61.

Any applicable procedures for the Motor Vehicle Bureau will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$840. The Department's website will also need to be updated. This will require 10 hours of overtime for an Administrative Analyst III at a cost of \$230. Motor Vehicle Bureau testing for identified system modifications will also be required resulting in 80 hours by a Management Analyst Specialist I for each system modified at a cost of \$15,120.

No additional FTE will be needed for sales tax in the local tax unit, however, up to 40 hours of overtime may be needed for staff to ensure all cities are converted correctly.

In summary, the Department is estimating IT consultant hours costing \$40,500, mailings to 110 cigarette wholesalers of \$61, salaries and fringe benefits of 3 existing FTEs at an overtime rate totaling \$25,006 for a grand total cost to the Department of \$65,567. **Oversight** assumes the cost from the overtime hours and mailings to the cigarette wholesalers can be absorbed within the Department of Revenue's current appropriation level.

Oversight assumes there are large parts of the RSMo that would need to be changed should this proposal pass. At this time, Oversight will reflect only the cost of the special election in this fiscal note. The fiscal impacts on the City of St. Louis, St. Louis County, the OSCA, the SOS, the DOR, the MoDOT, the Department of Natural Resources, the Department of Conservation and other state agencies will be addressed in the fiscal notes for those proposals.

Officials at the **Department of Health and Senior Services** and the **Missouri Department of Transportation (MoDOT)** each assume no fiscal impact to their respective agencies from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Transfer Out</u> - SOS - reimbursement of local election authority election costs if a special election is called by the Governor	\$0 or (More than \$7,100,000)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (More than \$7,100,000)	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer In</u> - Local Election Authorities - reimbursement of election costs by the State for a special election	\$0 or More than \$7,100,000	\$0	\$0
<u>Costs</u> - Local Election Authorities - cost of a special election	\$0 or (More than \$7,100,000)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

This proposal could have a direct fiscal impact to small businesses. Officials at the DOR assume businesses within St. Louis City that collect sales tax will collect an additional 2.888 percent in county sales tax.

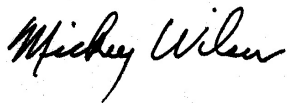
FISCAL DESCRIPTION

This proposed constitutional amendment, if approved by voters, would make the city of St. Louis a part of St. Louis County and provide that the city shall exist in the same manner as any other cities in the county. Article VI, sections 30 to 33 of the Missouri Constitution, which govern the amendment and revision of the St. Louis charter and intergovernmental relations between the county and the city are repealed.

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 the Secretary of State
Office of the State Courts Administrator
Missouri Department of Transportation
Department of Revenue
Department of Health and Senior Services
St. Louis City
St. Louis County



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