

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1160-01  
Bill No.: HB 430  
Subject: State Departments; Newspapers and Publications; Taxation and Revenue - General  
Type: Original  
Date: February 23, 2015

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Bill Summary: This proposal enacts the Taxpayer Transparency Act of 2015, which requires state departments to indicate in certain educational and advertising materials that such materials are produced and disseminated at taxpayer expense.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Tourism Supplemental Revenue Fund	(\$1,381,425)	\$0	\$0
State Park Earnings Fund	(\$1,050,000)	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$2,431,425)</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<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 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Local Government</b>	<b>(\$286,000)</b>	<b>\$0</b>	<b>\$0</b>

## **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 of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials from the **Office of Administration - Budget and Planning**, the **Office of the Governor**, the **Administrative Hearing Commission**, the **Missouri Ethics Commission**, the **Office of the State Auditor**, the **Office of the State Public Defender**, the **Department of Public Safety - Division of Fire Safety**, the **Office of the State Courts Administrator**, the **Office of Administration**, and the **Missouri Gaming Commission** each assume the current proposal would not fiscally impact their respective agencies.

Officials from the **Department of Higher Education** do not see a fiscal impact except for increased ink consumption and potentially additional pages. However, these costs would be minimal and could be absorbed by the department.

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

Officials from the **Missouri Lieutenant Governor** state they may have minimal costs that would appear to be handled by current budgeted amounts.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume existing printed material referenced in this proposal will continue to be used until on-hand quantities are consumed. When applicable materials are reprinted, language will be added to those documents in compliance with this proposal. In addition, information will be added to the department's internet site to specify materials which are provided at taxpayer expense. If existing quantities of documents must be discarded and reprinted with the specified language, additional costs would be incurred by most agencies within DOLIR.

Officials from the **Department of Economic Development - Division of Tourism (MDT)** assume that this proposal enacts the Taxpayer Transparency Act of 2015, which requires state departments to indicate in certain educational and advertising materials that such materials are

ASSUMPTION (continued)

produced and disseminated at taxpayer expense.

The MDT prints and distributes an annual Missouri Official Travel Guide. The Travel Guides are printed in one run of approximately 375,000 guides. The guides are distributed by our fulfillment center, MDT Official Welcome Centers, and Chambers of Commerce and Convention and Visitors Bureaus throughout the state.

The required statement that such materials are printed and published at taxpayer expense would be adhered to the existing travel guides using stickers or labels. The fulfillment center would add the required statement to the mailing labels at no additional cost. The guides that are distributed at MDT Official Welcome Centers would require labels that MDT Welcome Center staff would adhere to the guides prior to dissemination. MDT would be required to purchase labels for an estimated 30,000 guides. The guides that are distributed by Chambers of Commerce and Convention and Visitors Bureaus would be shipped to MDT for MDT staff to adhere the labels, and then shipped back to the Chambers of Commerce and Convention and Visitors Bureaus. The estimated cost is a shipping cost is \$5,400.00 (900 cases x \$6 shipping/case) plus labels for approximately 22,500 guides (\$1,025).

MDT would also incur a cost to add labels containing the required statement to all existing printed materials (brochures, sweepstakes mailers) and the envelopes used to mail promotional materials. We estimate September 2015 inventory levels will be 67,000 pieces (67,000 labels needed).

The required statement that the video communication is produced and disseminated at taxpayer expense would be required to be conveyed in a clearly spoken manner by a voice-over or screen view of the person making the statement and appear at the end of the communication for a period of not less than four seconds. This would apply to all existing MDT television advertising. It would also apply to all existing television advertising of Chambers of Commerce and Convention and Visitors Bureaus that is funded through the Promote Missouri Fund/Cooperative Marketing (PMF) program, where MDT reimburses up to 50% of the cost of running such advertising.

The cost for MDT to edit television advertising would be approximately \$1,250,000. This includes the production costs and talent costs for edited television ads for our Spring, Summer, and Fall advertising campaigns.

The cost for PMF partners (local government cost) to change existing television advertising is estimated to be \$250,000.

ASSUMPTION (continued)

All audio communication (including radio advertising) would be required to include an audio statement in a clearly spoken manner. This would require all existing MDT and PMF radio advertising to be changed. The estimated cost for MDT to change existing radio advertising is approximately \$25,000.

The cost for PMF partners (local government cost) to change existing radio advertising is estimated to be \$24,000.

The legislation would also make it necessary to include the required statement on all MDT and PMF billboards. The estimated cost for MDT to change existing billboards is approximately \$100,000.

The cost for PMF partners (local government cost) to change existing billboards is estimated to be \$12,000.

MDT estimates the total cost to the Tourism Supplemental Revenue Fund (TSRF) in FY2016 to be \$1,381,425 ( $\$1,250,000 + \$25,000 + \$100,000 + \$1,025 + \$5,400$ ). There would be no cost in future fiscal years.

MDT estimates the local government cost to be \$286,000 ( $\$250,000 + \$24,000 + \$12,000$ ) in FY2016. There would be no cost in future fiscal years.

Officials from the **Department of Natural Resources** assume their department would have to print new brochures for all state park facilities. The reprinting of each brochure would be \$12,000 per brochure for each 87 parks/sites for a total cost of \$1,044,000. Additionally there would be a cost of \$6,000 for a billboard. The cost for the Missouri State Parks to reprint new materials following the normal replacement scheduled to include language that such materials are produced and disseminated at taxpayer expense would be absorbed in our normal budget.

**Oversight** assumes the state agencies could absorb any additional costs for changes to future communications; however, Oversight will reflect the agency estimates of making changes to existing materials.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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**TOURISM SUPPLEMENTAL  
REVENUE FUND**

<u>Expenses</u> - Modifying existing advertisement to show that it is created at taxpayer expense	<u>(\$1,381,425)</u>	<u>\$0</u>	<u>\$0</u>
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<b>ESTIMATED NET EFFECT ON TOURISM SUPPLEMENTAL REVENUE FUND</b>	<b><u>(\$1,381,425)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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**STATE PARK EARNINGS FUND**

<u>Expenses</u> - Modifying existing advertisement to show that it is created at taxpayer expense	<u>(\$1,050,000)</u>	<u>\$0</u>	<u>\$0</u>
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<b>ESTIMATED NET EFFECT ON STATE PARK EARNINGS FUND</b>	<b><u>(\$1,050,000)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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**LOCAL POLITICAL SUBDIVISIONS**

<u>Expenses</u> - Modifying existing advertisement to show that it is created at taxpayer expense	<u>(\$286,000)</u>	<u>\$0</u>	<u>\$0</u>
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<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(\$286,000)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### FISCAL DESCRIPTION

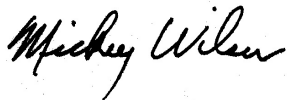
This proposal establishes the Taxpayer Transparency Act of 2015 that specifies requirements for certain state advertising and educational communications. Each of the communications funded by a state department for advertising must clearly state specified information. If the communication is printed, it must include a statement that it is printed and published at taxpayer expense in sufficient type size and reasonable color contrast to be clearly readable by the recipient and within a box set apart from the other contents of the communication. If the communication is transmitted through radio, television, Internet, or other means, the communication must include a statement which is conveyed in a clearly spoken manner that it is produced and disseminated at taxpayer expense. Any email communication must be of sufficient type size and reasonable color contrast to be clearly readable by the recipient and be set apart from the other contents of the communication.

Advertisements regarding information or a solicitation for a state contract, bid, grant, or state funding and an employment opportunity are exempt from these provisions.

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 Natural Resources  
Department of Economic Development - Division of Tourism  
Department of Labor and Industrial Relations  
Missouri Lieutenant Governor  
Attorney General's Office  
Department of Higher Education  
Missouri Gaming Commission  
Office of Administration  
Office of the State Courts Administrator  
Department of Public Safety - Division of Fire Safety  
Office of the Governor  
Office of Administration - Budget and Planning  
Administrative Hearing Commission  
Missouri Ethics Commission  
Office of the State Auditor  
Office of the State Public Defender



Mickey Wilson, CPA  
Director  
February 23, 2015

Ross Strobe  
Assistant Director  
February 23, 2015