

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5562-02
Bill No.: HB 2242
Subject: State Treasurer; Cities, Towns, and Villages; Public Records, Public Meetings
Type: Original
Date: February 6, 2018

Bill Summary: This proposal establishes the Missouri Municipal Government Expenditure Database.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	Less than (\$2,919,556)	Less than (\$783,743)	Less than (\$799,416)
Total Estimated Net Effect on General Revenue	Less than (\$2,919,556)	Less than (\$783,743)	Less than (\$799,416)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 12 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	3 FTE	3 FTE	3 FTE
Total Estimated Net Effect on FTE	3 FTE	3 FTE	3 FTE

☒ 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 2019	FY 2020	FY 2021
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration-Information Technology Services Division (OA-ITSD)** assume the proposal requires the creation of a "Missouri Municipal Government Expenditure Database" to be maintained by the State Treasurer in conjunction with the Office of Administration. The database would be available on the state treasurer's website and would include information about expenditures made in each fiscal year beginning on or after June 1, 2019. The database shall be accessible by members of the public without charge. It is assumed that ITSD would assist in the development and maintenance of the database.

ITSD assumes that the best solution would be to contract for cloud-based services. The State currently posts state expenditures on cloud based services and it appears that 5 Missouri municipalities are using the service. The State of Ohio is using the same type of services to allow municipalities to report expenditure data as well as state government information. It was reported that Ohio planned to spend \$2.7 million to implement the system. ITSD estimated \$2.7 million to implement the system and 20% on-going maintenance. It is also assumed that municipalities would pay for licenses if required.

Cost estimates include the following consolidated agencies:

Department of Elementary and Secondary Education
Department of Higher Education
Department of Revenue
Office of Administration
Department of Agriculture
Department of Natural Resources
Department of Economic Development
Department of Insurance, Financial Institutions and Professional Registration
Department of Labor and Industrial Relations
Department of Public Safety
Department of Corrections
Department of Mental Health
Department of Health and Senior Services
Department of Social Services

ASSUMPTION (continued)

Officials from the **Office of the State Treasurer (STO)** assume the proposal would require:

30.491 - The website will be housed on STO's website.

30.493 - While the municipalities are required to submit expenditure data, the lack of the specified form will require FTEs to ensure a conversion. STO will need 3 FTE: 2 Information Technologist I (\$50,112 annually) and 1 Information Support Coordinator (\$39,708 annually), to manage and administer the website, as well as coordinate with the municipalities and refer delinquent municipalities to DOR.

In summary, STO assumes a cost of approximately \$230,000 per year for the three additional FTE and related expenses.

Oversight notes that according to ballotpedia.org, there are 955 total municipalities in Missouri.

Officials from the **Department of Revenue (DOR)** assume any potential cost arising from this proposal can be absorbed with existing resources.

Officials from the **Office of the Secretary of State (SOS)** assume 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 Secretary of State's Office 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, 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, 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.

Officials from the **Joint Committee on Administrative Rules** assume the proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

ASSUMPTION (continued)

Officials from the **Office of State Courts Administrator** assume there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Officials from the **Missouri Department of Conservation** assume the proposal could potentially have a negative fiscal impact of less than \$100,000 annually due to the possibility of extra work required to meet requirements of the legislation and the unknown nature of penalties.

Officials from the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources. Attorney General's Office may seek additional appropriations if there is a significant increase in litigation.

Officials from the **City of O'Fallon** assume the proposal is an unfunded mandate that will require municipalities to create or purchase a system and maintain it in order to upload information to the state. This will also require staff time to manage such a system.

Officials from the **City of Kansas City** assume the proposal would have a negative fiscal impact. The City already publishes expenditures on its website. It would require some reprogramming to pull the data requested in the proposed legislation. That would come at some unknown cost, both in personnel and software.

Officials from the **Shell Knob School District #78** assume the proposal would be a huge cost to the district. It would be a necessity to hire additional staff to meet requirements of legislation.

Officials from the **Summersville R2 School District** assume the proposal will have an unknown fiscal impact.

Oversight notes that there would be cost to local political subdivisions to create or reprogram systems in order to meet requirements to upload expenditure information to the state and manage the system, therefore, Oversight will reflect an unknown cost to local political subdivisions.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration, Department of Mental Health, Department of Corrections, Department of Social Services, and Department of Natural Resources** each defer to the Office of Administration to estimate the fiscal impact of the proposed legislation on their respective organization.

ASSUMPTION (continued)

Officials from the **Office of Administration-Budget (OA-B&P)** and Planning assume the proposal could result in an unknown increase to TSR resulting from the new fine revenues it would authorize. OA-B&P defers to the Office of the State Treasurer and Office of Administration-Information Technology Services Division for estimates of fiscal impact on their budgets and operations.

Officials from the **Office of Administration-Administrative Hearing Commission, Office of Administration-Accounting, State Tax Commission, Department of Agriculture, Office of the State Public Defender, Missouri Consolidated Health Care Plan, Missouri Lieutenant Governor, Office of Prosecution Services, Missouri Lottery Commission, Missouri Senate, Missouri Ethics Commission, Department of Elementary and Secondary Education, Office of the Governor, Missouri House of Representatives, Department of Health and Senior Services, Department of Labor and Industrial Relations, Department of Transportation, State Auditor's Office, Department of Economic Development, Department of Public Safety-State Emergency Management Agency, Department of Public Safety-Missouri Gaming Commission, Department of Public Safety-Office of the Director, Department of Public Safety-Veterans, Department of Public Safety-Capitol Police, Department of Public Safety-Division of Alcohol and Tobacco, Department of Public Safety-Division of Fire Safety, Department of Public Safety-Office of the Adjutant General, Department of Public Safety-Missouri State Highway Patrol, Department of Higher Education, and Missouri State Employees' Retirement System** assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Platte County Board of Elections, St. Louis County Board of Election Commissioners, and Boone County** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Missouri Western State University** assume the proposal will have no fiscal impact on their organization.

Officials from the **Kirksville R-III School District** assume the proposal will have no fiscal impact on their organization.

Section 30.494 allows for the Department of Revenue to collect a late fee of \$100 per day for any municipality that is late providing the information to the STO. This money is offset against sales tax collections due the municipalities and then distributed to school districts. **Oversight** will reflect an unknown amount of fine revenue into the General Revenue Fund from this provision.

ASSUMPTION (continued)

Officials from the following **cities**: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark City, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles City Administrator, St. Louis City Budget Division, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

Officials from the following **counties**: Andrew, Atchison, Audrain, Barry, Benton, Bollinger, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Clinton, Cole, Cooper, Davies, Dekalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne, and Worth did not respond to **Oversight's** request for fiscal impact.

Officials from the following **colleges and universities**: Crowder, East Central, Harris-Stowe, Jefferson College, Kansas City Metropolitan Community College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Missouri State University, Northwest Missouri State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, State Technical College of Missouri, St. Louis Community College, Three Rivers Community College, Truman State University, the University of Central Missouri and the University of Missouri did not respond to **Oversight's** request for a statement of fiscal impact.

Officials from the following **school districts**: Alton R-IV, Arcadia Valley R-2, Ash Grove R-IV, Ava R-1, Avilla R-13, Bakersfield R-4, Belton School District #124, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Bradleyville R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Couch R-1, Crawford County R-1, Crawford County R-2, Crocker R-II, Delta C-7, East Carter R-2, East Lynne 40, East Newton R-6, Eldon R-I, Fair Play, Fayette R-3, Forsyth R-3, Fox C-6, Fredericktown R-I, Fulton, Gasconade County R-1, Glenwood R-8, Grain Valley, Green City R-1, Green Ridge R-8, Hallsville R-IV, Hancock Place, Hannibal School District #60, Harrisonburg R-8, Harrisonville, Hartville R-11, Hazelwood, Henry County R-1, Hillsboro R-3, Holcomb R-III, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jasper R-5, Jefferson City, Kansas City, Kennett #39, King City R-1, Kirbyville R-VI, Lathrop R-2, Lee Summit, Leeton R-

ASSUMPTION (continued)

10, Lewis County C-1, Liberty, Lincoln R-2, Lindbergh, Lonedell R-14, Macon County R-1, Macon County R-IV, Madison C-3, Malta Bend, Maplewood Richmond Heights, Marshfield R-1, Maryville R-II, Maysville R-1, Meadville R-IV, Mehville School District R-9, Meramec Valley R-3, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Miller R-11, Moberly, Montgomery County R-11, Morgan County R-2, Mountain Grove R-III, Mt. Vernon R-V, New Bloomfield R-III, New Haven, Niangua R-5, Nixa, North Harrison R-3, North Kansas City, North St. Francois Co. R-1, Northeast Nodaway R-5, Northwest R-1, Oak Ridge R-6, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osage County, Osage R-2, Osborn R-O, Parkway, Pattonville, Pettis County R-12, Pierce City R-6, Plato R-5, Polo R-VII, Prairie Home R-5, Princeton R-5, Purdy R-II, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Republic R-III, Rich Hill R-IV, Richards R-5, Richland R-1, Richmond R-XVI, Riverview Gardens, Rockwood School District, Salisbury R-4, Sarcoxie R-2, Scotland County R-I, Scott City R-1, Sedalia, Seymour R-2, Sherwood Cass R-5, Sikeston, Silex, Smithville R-2, South Harrison R-11, Southland C-9, Sparta R-III, Special School District of St. Louis County, Spickard R-II, Spokane R-VII, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Stanberry R-III, Stewartsville C-2, Sullivan, Sweet Springs, Trenton R-1x, Valley Park, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Warsaw R-IX, Waynesville, Webster Groves, Wellsville Middletown R-1, Wentzville R-IV, West Plains R-VII, Westran R-1, Westview C-6, Willard R-2 and the Wright City R-2 School District did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Income</u> - DOR - \$30.494 - \$100 per day late fee	Unknown	Unknown	Unknown
<u>Cost</u> - STO			
Salaries	(\$116,610)	(\$141,331)	(\$142,745)
Fringe Benefits	(\$60,496)	(\$73,012)	(\$73,433)
Equipment and Expense	(\$42,450)	(\$15,900)	(\$15,900)
<u>Total Cost</u> - STO	(\$219,556)	(\$230,243)	(\$232,078)
FTE Change - STO	3 FTE	3 FTE	3 FTE
<u>Cost</u> - OA-ITSD	(\$2,700,000)	(\$553,500)	(\$567,338)
Cloud-based services			
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>Less than</u> <u>(\$2,919,556)</u>	<u>Less than</u> <u>(\$783,743)</u>	<u>Less than</u> <u>(\$799,416)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost</u> - create or reprogramming system for expenditures to upload to state and late fee retained by DOR	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

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 "Missouri Municipal Government Expenditure Database," to be maintained by the State Treasurer in conjunction with the Office of Administration. For each fiscal year beginning on or after June 1, 2019, the database must include extensive information about a given municipality's expenditures and the vendors to whom payments were made. The database must be accessible by the public without charge and have multiple ways to search and filter the information. Municipalities with websites must provide a link to the database.

A municipality must provide the information to the Treasurer on a quarterly basis or it will be fined \$100 per day after 14 days. The fine will be collected by offsetting sales and use tax distributions due to the municipality and will be distributed to the schools of the county in the same manner that penalties, forfeitures, and fines for breaches of penal laws are distributed.

Other duties and responsibilities of the Treasurer regarding the database are detailed in the proposal.

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 State Treasurer
Office of Administration-Information Technology Services Division
Office of the Secretary of State
Joint Committee on Administrative Rules
Office of State Courts Administrator
City of O'Fallon
City of Kansas City
Shell Knob School District #78
Summersville R2 School District
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Natural Resources
Office of Administration-Administrative Hearing Commission

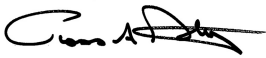
SOURCES OF INFORMATION (continued)

Office of Administration-Accounting
Missouri Tax Commission
Department of Agriculture
Office of the State Public Defender
Missouri Consolidated Health Care Plan
Missouri Lieutenant Governor
Office of Prosecution Services
Missouri Lottery Commission
Missouri Senate
Missouri Ethics Commission
Department of Elementary and Secondary Education
Office of the Governor
Missouri House of Representatives
Department of Health and Senior Services
Department of Labor and Industrial Relations
Department of Transportation
State Auditor's Office
Department of Social Services
Department of Economic Development
Department of Public Safety
 State Emergency Management Agency
 Missouri Gaming Commission
 Office of the Director
 Veteran
 Capitol Police
 Division of Alcohol and Tobacco Control
 Division of Fire Safety
 Office of Adjutant General
 Missouri State Highway Patrol
Missouri State Employees' Retirement System
Department of Corrections
Office of Administration-Budget and Planning
Missouri Department of Conservation
Department of Higher Education
Platte County Board of Elections
St. Louis County Board of Election Commissioners
Boone County
Missouri Western State University

SOURCES OF INFORMATION (continued)

Kirksville R-III School District
Macon County R-IV School District
MoDOT and Patrol Employees Retirement System
Attorney General's Office
Department of Revenue

Ross Strobe

A handwritten signature in black ink, appearing to read "Ross Strobe", with a stylized, cursive script.

Acting Director
February 6, 2018