

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0846-04
Bill No.: HCS for HB 762
Subject: Administration, Office of; Cities, Towns, and Villages; Public Records; Public Meetings
Type: Original
Date: March 11, 2019

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	\$0	\$0	\$0 to (Unknown Greater than \$100,000)
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0 to (Unknown Greater than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	0 FTE	0 FTE	0 to 1 FTE
Total Estimated Net Effect on FTE	0 FTE	0 FTE	0 to 1 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 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration (OA)** state:

37.1091 - 37.1098 The proposal requires the creation of a "Missouri Municipal Government Expenditure Database" by the OA, to be maintained on the Missouri Accountability Portal. The database would include information on expenditures made by municipalities in each fiscal year, beginning with expenditures on or after January 1, 2022. The database shall be accessible by members of the public without charge. ITSD would establish and maintain the database.

ITSD's previous response included contracting cloud-based services to establish and support the proposed expenditure database. However, after further consideration/review of the Missouri Accountability Portal (MAP) it was determined that the proposed requirements could be incorporated within the existing MAP structure, removing the need to establish a new system, greatly decreasing the estimated cost.

As MAP is a currently maintained application, any on-going costs associated with supporting the additional database would be absorbed by the normal annual maintenance of MAP.

The database would be incorporated within the MAP, allowing municipalities to login and upload data files at any time. The expenditure information would be reported/posted on the MAP, similar to how grants are currently reported.

The proposal provides January 1, 2022, as the reporting start date, which falls in fiscal year 2022. The cost estimate is therefore adjusted to reflect an inflation factor of 1.025%.

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

ASSUMPTION (continued)

Department of Corrections
Department of Mental Health
Department of Health and Senior Services
Department of Social Services

In summary, **OA** assumes there will be IT costs at a rate of \$75 per hour. Total estimated cost is \$10,507 (133.34 hours x \$75 per hour).

Officials from the **OA** also assume there will be an unknown fiscal impact due to issuing refunds to the municipalities but there is no way to estimate the cost.

Oversight notes that according to Section 37.1094.5 upon appropriation, OA will provide financial reimbursement to participating municipalities for actual expenditures incurred for participating in the database. Therefore, Oversight will reflect a zero to negative unknown greater than \$100,000 cost to the general revenue fund on the fiscal note.

Oversight notes that in response to similar legislation HB 2242 from 2018, officials from the **Office of the State Treasurer (STO)** assumed the proposal would require:

§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 assumed a cost of approximately \$230,000 per year for the three additional FTE and related expenses.

Oversight assumes that this proposal could require OA to hire at least 1 FTE (Information Support Coordinator) as assumed by STO in response to similar legislation to manage and administer the website and coordinate with municipalities, if any municipalities elect to participate.

ASSUMPTION (continued)

Oversight has reached out to other states that have expenditure databases in place to gather implementation information and costs.

Data Operations Manager from the **State of Iowa** stated that while the Iowa Data Portal includes municipal expenditure data, it can't be explored in the same way as the state-level data central to the Iowa Data Portal and Iowa Checkbook. Implementation costs would depend on who would be responsible for entering the data and based on how much of the system was already in place. Portals rely on methods of data collection, data authentication, data storage, and data presentation, and those costs could differ based on how much of the structure is in place. Iowa had a collection method in place for preexisting data. Iowa's HF 2278 (2018), dealt with a similar database for school districts. The estimated costs were between \$225,000 and \$350,000 for purposes of collection and presentation. For the Iowa Data Portal itself - HF 94 (2011), costs "were well over \$500,000."

The **State of Ohio** passed HB 40 (2018) which provided that the initial cost to implement the Ohio Checkbook (state expenditure database) was about \$0.8 million. Prior to HB 40, only state expenditures were included in the database. Subsequently, the Office of Ohio State Treasurer spent a total of \$2.6 million between FY 2015 and FY 2018 when it added local governments' and public retirement systems' expenditures in the database.

The **State of Massachusetts** lists some expenditure data online. The Municipal Data Bank Director stated the Data Bank has been in operation for over 30 years, and that due to the age of implementation the Division of Local Services doesn't have a reliable cost estimate as if it had been implemented today. They stated that the transition from using paper to digital for data entry began in 1984, and that paper was more or less eliminated by 2000. Furthermore, while the transition and implementation of the Data Bank was done in pieces, they believe most of the money was allocated for personnel rather than data bank creation, as the Division would recruit local students to manually enter the existing information into the system.

The Transparency Coordinator for **State of Utah's** Division of Finance stated that the Transparency Portal, created legislatively back in 2008 via SB 38 and municipalities were added in 2011. The Fiscal Note states that the entire system would have \$480,400 appropriated in FY 2009 as a one-time cost, and \$250,800 after that for annual costs. Services were contracted out to a third party called Utah Interactive, and that currently, it is estimated they pay \$80,000 a year for their services.

Oversight notes that in a previous response, OA-ITSD estimated costs of Up to \$349,760 to implement the requirements of this proposal. While OA-ITSD has since revised the response to

ASSUMPTION (continued)

reflect costs of \$10,507, Oversight notes that based on similar proposals implemented in other states, costs ranged from \$225,000-\$2.6 million. Therefore, Oversight will reflect a zero to unknown cost greater than \$100,000 to general revenue on the fiscal note.

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 SOS for Administrative Rules is less than \$5,000. 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 require additional resources.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

Officials from the **Office of the State Treasurer, Office of the State Public Defender, Department of Health and Senior Services, Office of Prosecution Services, Missouri Tax Commission, Department of Higher Education, Missouri Ethics Commission, Missouri Lottery Commission, Department of Public Safety-Missouri Gaming Commission, Office of State Courts Administrator, Missouri Senate, Department of Elementary and Secondary Education, Department of Revenue, Department of Public Safety-Missouri State Highway Patrol, State Auditor's Office, Missouri State Employees' Retirement System, Legislative Research, Department of Public Safety-Office of the Director, Department of Public Safety-Missouri National Guard, Department of Public Safety-Missouri Capitol Police, Office of Administration-Budget and Planning, Missouri Consolidated Health Care Plan, Department of Transportation, Department of Agriculture, and Department of Public Safety-Alcohol and Tobacco Control** each assume the proposal will have no fiscal impact on

ASSUMPTION (continued)

their respective organizations.

In response to a previous version, officials from the **Department of Public Safety-Veterans Commission, Office of Administration-Administrative Hearing Commission, Department of Economic Development, Missouri House of Representatives, Office of the Governor, Attorney General's Office, Department of Public Safety-State Emergency Management Agency, Department of Public Safety-Division of Fire Safety, Missouri Department of Conservation** each assumed the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the Office of the State Treasurer, Department of Public Safety-Veterans Commission, Office of Prosecution Services, Department of Transportation, Office of Administration-Administrative Hearing Commission, State Auditor's Office, Department of Economic Development, Department of Public Safety-Missouri National Guard, Missouri House of Representatives, Missouri Ethics Commission, Office of the Governor, Department of Public Safety-Missouri Capitol Police, Department of Agriculture, Department of Health and Senior Services, Attorney General's Office, Department of Public Safety-Missouri State Highway Patrol, Department of Public Safety-Division of Alcohol and Tobacco Control, Department of Public Safety-Office of the Director, Department of Elementary and Secondary Education, Department of Higher Education, Missouri Senate, Missouri Department of Conservation, Department of Public Safety-Missouri Gaming Commission, Missouri Tax Commission, Office of the State Public Defender, Department of Public Safety-State Emergency Management Agency, Missouri Consolidated Health Care Plan, Legislative Research, Missouri Lottery Commission, Missouri State Employees' Retirement System, Department of Public Safety-Division of Fire Safety, and Department of Insurance, Financial Institutions and Professional Registration has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

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

Officials from the **City of Kansas City** assume the legislation to establish the Missouri Municipal Government Expenditure Database would have a negative impact on the City. The City already publishes expenditures on its website. While it's possible to provide all of this

ASSUMPTION (continued)

information, 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 **City of Boonville** assume the proposal will have a fiscal impact of \$40,000 per year.

In response to a previous version, officials from the **City of St. Louis** (Chief Information Officer of the City of St. Louis) stated there would be no fiscal impact for the City to provide expenditure data files to the State because the data is already collected for the City's website.

In response to a previous version, officials from the **Monroe County Assessor, St. Francois County Assessor, and St. Louis County** each assumed the proposal will have no fiscal impact on their respective organizations.

Officials from the **Wellsville Middletown R-1** and **State Technical College of Missouri** both assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Francis Howell School District** and **Missouri State University** both assumed the proposal will have no fiscal impact on their respective organizations.

Oversight notes that there could be cost to municipalities 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 with potential (subject to appropriations) reimbursement for the state, per Section 37.1094.5.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Cost - OA</u>			
Salaries	\$0	\$0	\$0 to (\$40,506)
Fringe Benefits	<u>\$0</u>	<u>\$0</u>	<u>\$0 to (\$24,954)</u>
<u>Total Cost - OA</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 to (\$65,460)</u>
FTE Change - OA	0 FTE	0 FTE	0 to 1 FTE
<u>Cost - OA (\$37.1094.5)</u>			
Reimburse participating municipalities for actual costs	<u>\$0</u>	<u>\$0</u>	\$0 to <u>(Unknown)</u>
<u>Cost - OA - ITSD</u>	<u>\$0</u>	<u>\$0</u>	<u>Could exceed</u> <u>(\$10,507)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0 to</u> <u>(Unknown</u> <u>Greater than</u> <u>\$100,000)</u>
Estimated Net FTE Change for General Revenue	<u>0 FTE</u>	<u>0 FTE</u>	<u>0 to 1 FTE</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
LOCAL POLITICAL SUBDIVISIONS			
<u>Income - Potential reimbursement for actual costs</u>	\$0	\$0	\$0 to Unknown
<u>Cost - Municipalities - create or reprogramming system for expenditures to upload to state</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0 to</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 bill establishes the "Missouri Municipal Government Expenditure Database," to be maintained by the Office of Administration. For each fiscal year beginning on or after January 1, 2022, the database must include extensive information about a given municipality's expenditures and the vendors to whom payments were made. The data base 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.

Other duties and responsibilities of the Office of Administration regarding the database are detailed in the bill.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Office of the Secretary of State
Joint Committee on Administrative Rules
Office of Administration-Budget and Planning
Office of the State Treasurer
Department of Public Safety-Veterans Commission
Office of Prosecution Services
Department of Transportation
Office of Administration-Administrative Hearing Commission
State Auditor's Office
Department of Economic Development
Department of Public Safety-Missouri National Guard
Missouri House of Representatives
Missouri Ethics Commission
Office of the Governor
Department of Public Safety-Capitol Police
Department of Agriculture
Department of Health and Senior Services
Attorney General's Office

SOURCES OF INFORMATION (continued)

Department of Public Safety-Missouri State Highway Patrol
Department of Public Safety-Division of Alcohol and Tobacco Control
Department of Public Safety-Office of the Director
Department of Elementary and Secondary Education
Department of Higher Education
Missouri Senate
Department of Public Safety-Missouri Gaming Commission
Missouri Tax Commission
Office of the State Public Defender
Missouri Department of Conservation
Department of Public Safety-State Emergency Management Agency
Missouri Consolidated Health Care Plan
Legislative Research
Missouri Lottery Commission
Missouri State Employees' Retirement System
Department of Public Safety-Fire Safety
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Social Services
Department of Labor and Industrial Relations
Office of Administration-Budget and Planning
City of Kansas City
City of Boonville
City of St. Louis
Wellsville-Middletown R-1
State Technical College of Missouri
Monroe County Assessor

SOURCES OF INFORMATION (continued)

St. Francois County Assessor
St. Louis County
Francis Howell School District
Missouri State University
State Technical College of Missouri



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