

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1076-01  
Bill No.: Perfected HB 337  
Subject: Elderly; Health and Senior Services Department; Insurance - Health; Revenue Department; Treasurer, State  
Type: Original  
Date: April 16, 2019

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Bill Summary: This proposal establishes the Senior Services Growth and Development Program.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$3,745,784)	(\$7,491,567)	(\$7,491,567)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$3,745,784)</b>	<b>(\$7,491,567)</b>	<b>(\$7,491,567)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
County Stock	(\$223,076)	(\$446,152)	(\$446,152)
Senior Services Growth and Development Program*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$223,076)</b>	<b>(\$446,152)</b>	<b>(\$446,152)</b>

\*Transfers-in and disbursements to AAAs of approximately \$8 million annually and net to \$0.

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<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 2020	FY 2021	FY 2022
<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 2020	FY 2021	FY 2022
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §192.385 - Senior Services Growth and Development Program

Officials from the **Department of Health and Senior Services (DHSS)** state §192.385 of the proposed legislation creates the Senior Services Growth and Development Program within the DHSS. The source of funding will be a percentage of the total moneys received from the premium taxes collected under §§148.320 and 148.370. The Department of Insurance, Financial Institutions and Professional Registration (DIFP) collects these taxes and will transfer to DHSS two and one-half percent (2.5%) on January 1, 2020, and beginning January 1, 2021, and each year thereafter, five percent (5%). Funding is to be utilized solely for enhancing the senior services provided by Area Agencies on Aging (AAA), of which 50 percent must be applied to development and expansion of senior center programs, facilities, and services. DHSS will disburse the funding to the AAAs utilizing the department's current funding formula.

#### §§192.385.2, and 192.385.3

DIFP stated it will transfer two and one-half percent (2.5%) of the moneys collected of certain premium taxes beginning on January 1, 2020, and beginning January 1, 2021, and each year thereafter, five percent (5%) into the Senior Services Growth and Development Program Fund. For fiscal note estimation purposes, DIFP states the premium taxes collected subject to the transfer under the provisions of this proposed legislation was \$312,048,746 in FY 2018. The proposed legislation excludes any premium tax transferred to the state schools moneys fund from the transfer. The amount distributed to the state schools money fund in FY2018 was \$151,690,778. It is assumed the two and one-half percent (2.5%) that would be collected on January 1, 2020 would be approximately \$3,968,860 ( $\$312,048,746 - \$151,690,778 = \$160,357,968$ ;  $160,357,968 \times 2.5\% = \$4,008,949$ ; less one percent for the cost of collection  $\$4,008,949 \times 0.99 = \$3,968,860$ ).

DHSS assumes that the five percent (5%) would be collected annually with the first collection on January 1, 2021, which would be approximately \$8,017,898 ( $\$312,048,746 - \$151,690,778 = \$160,357,968$ ;  $\$160,357,968 \times 5\% = \$8,017,989$ ; less one percent for the cost of collection  $\$8,017,989 \times 0.99 = \$7,937,719$ ). The 2021 transfer and the transfers in all subsequent years would be based upon the amounts collected in the fiscal year ending June 30 of the previous year. The premium taxes collected by DIFP are deposited into General Revenue, thus the transfer to the Senior Services Growth and Development Program Fund would be from General Revenue.

The proposed legislation creates the Senior Services Growth and Development Program within DHSS. This program will be facilitated by the AAAs. DHSS will distribute the funding, collected and deposited by DIFP into the Senior Services Growth and Development Program Fund, to the AAAs utilizing the current funding formula. DHSS will receive annual reports from the AAAs on the use of the moneys received, and will incorporate the information into current reports.

ASSUMPTION (continued)

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the transfer of funds for the AAAs and assumes the DHSS will be able to allocate and distribute the additional funding using existing staff.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state this legislation creates the Senior Services Growth and Development Program and the Senior Services Growth and Development Program Fund. The Program and funding will be implemented and used by the state Area Agencies on Aging. Funding of the Program will come from a 2 ½ % transfer in tax year 2020 and a 5% transfer in tax year 2021 and every tax year thereafter of certain premium taxes collected by the state and deposited in the Program Fund. For fiscal note estimation purposes, the premium tax subject to the transfer under the provisions of this bill in FY2018 was \$312,048,746 (County Foreign and General Revenue (GR) \$303,125,704 + County Stock \$8,923,042). The bill excludes from the transfer any premium tax transferred to the state schools moneys fund. The amount distributed to school districts that would be excluded from transfer to the Program Fund in FY2018 was \$151,690,778. It is assumed that the transfer would be collected annually with the first collection occurring on January 1, 2020, which would be, based upon the FY2018 collections data used for the estimates in this fiscal note, \$4,008,949 ( $\$312,048,746 - \$151,690,778 = \$160,357,968 * 2.5\% = \$4,008,949 - \$40,089$  (one percent for the cost of collection) = \$3,968,860. The 2021 transfer would be \$8,017,898 - \$80,179 ( $\$160,357,968 * 5\% = \$8,017,898 - \$80,179$  (one percent for the cost of collection) = \$7,937,719. The transfers in all subsequent years would be based upon the amounts collected in the fiscal year ending June 30 of the previous year. The transfer to the Senior Services Growth and Development Program Fund would be from the General Revenue portion of the County Foreign Fund and the County Stock Fund.

The department believes it can absorb any additional workload that would result from the provisions of this legislation within existing appropriations.

**Oversight** notes the FY 2020 total estimated impact of this proposal to be \$4,008,949 (\$3,785,873 GR + \$223,076 County Stock) less \$40,089 (one percent collection fees). For fiscal note purposes, Oversight assumes a negative net impact to GR of \$3,745,784 (\$3,785,873 GR - \$40,089 collection fees) and a negative impact of \$223,076 to the County Stock Fund.

The FY 2021 and FY 2022 impact is estimated to be \$8,017,898 (\$7,571,746 GR + \$446,152 County Stock). For fiscal note purposes, Oversight assumes a negative net impact to GR of \$7,491,567 ( $\$7,571,746 - \$80,179$  collection fees) and a negative impact of \$446,152 to the County Stock Fund.

**Oversight** does not have any information to the contrary. Therefore, Oversight assumes the DIFP will be able to accomplish the requirements of this proposal with existing staff and resources and will reflect the transfer of premium taxes less collection costs to the Senior Services Growth and Development Program as provided by DIFP for fiscal note purposes.

ASSUMPTION (continued)

Officials from the **Department of Revenue (DOR)** state this proposed section establishes the Senior Services Growth and Development Program which is to provide additional funding for senior services provided through the area agencies on aging in this state. DOR defers to the DIFP regarding the amount of premium taxes that would be transferred to the Senior Services Growth and Development Program Fund.

Officials from the **Office of Administration (OA), Division of Budget & Planning (B&P)** state the bill will establish the Senior Services Growth and Development Program within the Department of Health and Senior Services (DHSS). The purpose of this program is to provide additional funding for senior services provided through the Area Agencies on Aging in Missouri.

Beginning January 1st, 2020, Section 192.385.2 will divert two and a half percent of the insurance premium tax collected under Sections 148.320 and 148.370, excluding any moneys to be transferred to the state school moneys fund, from general revenue to the newly created Senior Services Growth and Development Program Fund. Beginning January 1st, 2021, the diversion will increase to five percent of the premium tax. B&P defers to DIFP for an estimate of the amount that will be diverted to the Senior Services Growth and Development Program Fund. Diverting general revenue to the new fund could reduce money available for other state priorities such as education and public safety.

Officials from the **Office of State Treasurer** assume the proposal would not fiscally impact their agency. The bill would create the “Senior Services Growth and Development Program Fund” which would not be subject to the biennial transfer and would have interest credited back to it.

**Oversight** does not have any information to the contrary. Oversight assumes the STO could create the Senior Services Growth and Development Program Fund, approve disbursements and invest funds with existing staff and resources; therefore, Oversight will present no fiscal impact for the STO for fiscal note purposes.

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

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

ASSUMPTION (continued)

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 \$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.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>GENERAL REVENUE FUND</b>			
<u>Transfer-out - DIFP (§192.385)</u>			
Transfer of certain premium taxes to the Senior Services Growth and Development Program Fund	<u>(\$3,745,784)</u>	<u>(\$7,491,567)</u>	<u>(\$7,491,567)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$3,745,784)</u></b>	<b><u>(\$7,491,567)</u></b>	<b><u>(\$7,491,567)</u></b>
<b>COUNTY STOCK FUND</b>			
<u>Transfers-out - to Senior Services Growth and Development Program Fund (§192.385)</u>			
Premium taxes to fund AAA senior services	<u>(\$223,076)</u>	<u>(\$446,152)</u>	<u>(\$446,152)</u>
<b>ESTIMATED NET EFFECT ON THE COUNTY STOCK FUND</b>	<b><u>(\$223,076)</u></b>	<b><u>(\$446,152)</u></b>	<b><u>(\$446,152)</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>SENIOR SERVICES GROWTH AND DEVELOPMENT PROGRAM FUND</b>			
<u>Transfer-in - DIFP (§192.385)</u>			
General Revenue premium taxes	\$3,745,784	\$7,491,567	\$7,491,567
<u>Transfer-in - from County Stock Fund (§192.385)</u>			
Premium taxes to fund AAA senior services	\$223,076	\$446,152	\$446,152
<u>Costs - DHSS (§192.385)</u>			
Allocation of funds to AAAs	<u>(\$3,968,860)</u>	<u>(\$7,937,719)</u>	<u>(\$7,937,719)</u>
<b>ESTIMATED NET EFFECT ON THE SENIOR SERVICES GROWTH AND DEVELOPMENT PROGRAM FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

This proposed legislation could potentially benefit any small business operating as an agency that provides senior services as the business could receive additional state funds for the enhancement of the senior services they provide.

FISCAL DESCRIPTION

This bill establishes the "Senior Services Growth and Development Program" within the Department of Health and Senior Services to provide additional funding for senior services through area agencies on aging. Beginning January 1, 2020, the Director of the Department of Revenue shall deposit 5%, phased in over two years, of the premium tax collected from certain insurance companies and associations, excluding any moneys statutorily mandated to be

FISCAL DESCRIPTION (continued)

transferred to the State School Moneys Fund and excluding the cost of collection, in the "Senior Services Growth and Development Program Fund." The moneys collected shall be placed in a special fund in the State Treasury and the Department of Health and Senior Services shall disburse the funds to the area agencies on aging. All area agencies shall report annually to the Department of Health and Senior Services, the Department of Insurance, Financial Institutions and Professional Registration, and the General Assembly on the distribution and use of the funds.

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 Health and Senior Services  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Revenue  
Joint Committee on Administrative Rules  
Office of Administration -  
    Division of Budget & Planning  
Office of Secretary of State  
Office of State Treasurer



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