

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1286-01  
Bill No.: HB 460  
Subject: Federal State Relations; Office of Administration  
Type: Original  
Date: February 20, 2019

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Bill Summary: This proposal creates provisions relating to mining royalties on federal land.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 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>

Revenue and Loss net to zero.

## **FISCAL ANALYSIS**

### **ASSUMPTION**

**Oversight** assumes the proposed legislation requires moneys disbursed to the Office of Administration from the Office of Natural Resources Revenue from mining royalties on federal land, shall be distributed on a proportional basis to each county where such mining royalties accrued.

According to **Office of Administration (OA)**, the provisions of this legislation are the current procedures OA follows, therefore, there will not be a fiscal impact to state government as a result of this proposal.

**Oversight** also assumes the proposed legislation requires each county to allocate such money the following way:

- 50% to public schools of the county
- 25% to maintenance of roads and bridges in the county; and
- 25% to the county's public safety budget

Officials from **Iron County** state that mining royalties are divided between schools and road and bridge funds based on the amount of forest land within each school district. This is determined by utilizing the model for forest cropland distribution, as there is currently no system under statute specifically for mining royalties.

Officials from **Madison County** stated that mining specific royalties have not been received in their county for a long time; however, should they receive mining royalties, most of the money received would go to school districts.

**Oversight** assumes there are no standard procedures as to how counties currently allocate mining royalties. Oversight notes that counties have been disbursed mining royalties from Office of Administration, but the allocation within those specific counties to schools, roads and bridges, and public safety vary from county to county. The various entities (public schools, public works and public safety) within the county may or may not have a fiscal impact depending on how that specific county is currently distributing moneys. Therefore; Oversight will range the fiscal impact from (unknown) (local entity has been receiving a larger percent than the proposed legislation allocates) to unknown (local entity has been receiving a lesser percentage than the proposed legislation allocates); however, the estimated fiscal impact to the entities across county government(s) will net to \$0.

ASSUMPTION (continued)

Officials from the **Office of Administration**, the **Department of Natural Resources**, the **Department of Transportation**, the **Boone County Sheriff's Department**, the **Francis Howell School District** and the **Springfield Public Schools** each assume the proposal will have no fiscal impact on their respective organizations.

**Oversight** notes that the above mentioned agencies have 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.

**Oversight** also assumes the proposed legislation requires each county to allocate such money the following way:

- 50% to public schools of the county
- 25% to maintenance of roads and bridges in the county; and
- 25% to the county's public safety budget

In response to a similar proposal (SB 202), officials from **Iron County** stated that mining royalties are divided between schools and road and bridge funds based on the amount of forest land within each school district. This is determined by utilizing the model for forest cropland distribution, as there is currently no system under statute specifically for mining royalties.

In response to a similar proposal (SB 202), officials from **Madison County** stated that mining specific royalties have not been received in their county for a long time; however, should they receive mining royalties, most of the money received would go to school districts.

**Oversight** assumes there are no standard procedures as to how counties currently allocate mining royalties. Oversight notes that counties have been disbursed mining royalties from Office of Administration, but the allocation within those specific counties to schools, roads and bridges, and public safety vary from county to county. The various entities (public schools, public works and public safety) within the county may or may not have a fiscal impact depending on how that specific county is currently distributing moneys. Therefore; Oversight will range the fiscal impact from (unknown) (local entity has been receiving a larger percent than the proposed legislation allocates) to unknown (local entity has been receiving a lesser percentage than the proposed legislation allocates); however, the estimated fiscal impact to the entities across county government(s) will net to \$0.

ASSUMPTION (continued)

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other school districts, counties, and sheriff departments were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to [www.legislativeoversight.mo.gov](http://www.legislativeoversight.mo.gov).

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
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**LOCAL POLITICAL SUBDIVISIONS**

<u>Revenue</u> - Mining royalties re-allocated to public schools, maintenance, public safety - may be different than current practice	Unknown	Unknown	Unknown
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<u>Loss</u> - Mining royalties re-allocated to public schools, maintenance, public safety - may be different than current practice	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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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

Starting in fiscal year 2020, moneys disbursed to the Missouri Office of Administration from the Office of Natural Resources Revenue within the U.S. Department of the Interior from mining royalties on federal land located within the state shall be distributed on a proportional basis by the Office of Administration to each county in this state where such mining royalties accrued. Each county that receives money shall allocate 50% for public schools, 25% for the maintenance of roads and bridges in the county, and 25% for the following areas in a county's public safety budget: the sheriff's department, jail and care of prisoners, the office of prosecuting attorney, juvenile officer, and coroner. The money to be used for a county's public safety budget shall be allocated at the discretion of the county commission.

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  
Department of Natural Resources  
Department of Transportation  
Boone County Sheriff's Department  
Francis Howell School District  
Springfield Public Schools  
Iron County  
Madison County

Kyle Rieman  
Director  
February 20, 2019



Ross Strope  
Assistant Director  
February 20, 2019