

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3620-01
Bill No.: HB 1516
Subject: Tourism; Economic Development; Elderly
Type: Original
Date: February 4, 2020

Bill Summary: This proposal establishes the “Retirees Experiencing a Better Living Initiative Fund” to advertise Missouri to retirees in other states.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue*	\$0 or (Could exceed \$9,310,000)	\$0 or (Could exceed \$5,000,000)	\$0 or (Could exceed \$5,000,000)
Total Estimated Net Effect on General Revenue	\$0 or (Could exceed \$9,310,000)	\$0 or (Could exceed \$5,000,000)	\$0 or (Could exceed \$5,000,000)

* Oversight is showing the appropriation at the minimum amount of \$5 million on \$100 million revenue growth for FY 2022 and FY 2023. Oversight is using the growth in Consensus Revenue Estimates for FY 2021. Oversight notes that based on the history of the last five years the appropriation could have been required to be as high as \$35.3 million.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Retirees Experiencing a Better Living Initiative	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Retirees Experiencing a Better Living Initiative Fund	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
Total Estimated Net Effect on FTE	0 or 1 FTE	0 or 1 FTE	0 or 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 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Budget and Planning (B&P)** state in any fiscal year in which net general revenue collections grow by \$100 million or more, the newly created Retirees Experiencing a Better Living Initiative Fund shall receive an appropriation of 5% of the net difference. B&P notes net GR collections are projected to grow by \$186.2 million from FY 20 to FY 21. Assuming revenue growth meets these projections, 5% of this amount, or \$9.3 million, would be transferred to this new fund in FY 22, subject to appropriation.

In subsequent years, enough general revenue should be transferred to the fund to return the balance to \$15 million. Therefore, a transfer up to this amount could be made each year, if such a transfer is appropriated.

Officials from the **Office of the State Treasurer** assume the proposal would not fiscally impact their agency.

Officials from the **Department of Economic Development - Division of Tourism** state \$620.468 establishes the Retirees Experiencing a Better Living Initiative Fund which shall consist of any gifts, contributions, grants, bequests, or appropriations made to the fund. In any fiscal year in which the net General Revenue collected exceeds the previous year's net collections by at least \$100 million, the fund is to be financed by an appropriation of 5% of the difference between those net General Revenues collected. At the start of every fiscal year thereafter the fund shall be appropriated an amount sufficient to return the balance of the fund to \$15 million.

The Missouri Division of Tourism (MDT) is to use the appropriated funding for marketing, contracts for specialized promotion services, and creating new initiatives and pilot programming to encourage and promote the relocation of retirees to Missouri. Beginning three years after the effective date of the act, the MDT is required to submit an annual report to the General Assembly detailing the benefits of the Retirees Experiencing a Better Living (REBL) Initiative including demographic information on the number of retirees that have relocated to Missouri; a description of the marketing strategies implemented; a list of expenses paid by the fund; a statement on any new initiatives or pilot programs implemented under the program; and documentation of the estimated net fiscal benefit for each project and the actual benefit realized upon completion of such project. The program will automatically sunset six years after the effective date unless reauthorized by the general assembly.

ASSUMPTION (continued)

The Division of Tourism would not be able to implement the proposed Retirees Experiencing a Better Living (REBL) Initiative within its existing budget. MDT would need one additional FTE, a Public Information Coordinator (\$47,490), in order to develop a new marketing program, specialized promotion services, new initiatives, and pilot programs to incentivize retirees to relocate to Missouri. This person would also be needed to develop the required annual report which is to be submitted to the General Assembly. MDT would need to conduct an Awareness and Market Potential of Senior Living Study (estimated to cost \$40,000 based on other research MDT pays for) in order to determine the market size, demographics, and location of retirees who could be incented to move to Missouri and survey them on what they look for in a retirement location. This study would help MDT in developing effective marketing campaigns and other programs and initiatives under the Retirees Experiencing a Better Living (REBL) Initiative. In order to determine the number of retirees who have relocated to Missouri and associated demographic information on these retirees as well as the proposed and actual net fiscal benefit of each program and activity implemented under the Retirees Experiencing a Better Living (REBL) Initiative, MDT would need to conduct an annual Senior Living Marketing Effectiveness Study. This study would be conducted beginning in the second year of the program and is estimated to cost \$60,000 the first time it is conducted (based on other research MDT pays for) and \$40,000 annually thereafter. The cost is greater in the first year as there are one-time costs involved in setting up the study and finding the correct sample population. The Division of Tourism is requesting from the General Revenue Fund appropriations for one additional FTE, associated expense and equipment, and awareness and effectiveness studies totaling \$114,025 in FY 2021, \$137,908 in FY 2022, and \$118,670 in FY 2023.

Oversight notes this proposal states the Retirees Experiencing a Better Living Initiative Fund shall be financed in a fiscal year in which the net General Revenue collected in the previous fiscal year exceed the amount by one hundred million or more, then the fund will be appropriated by the General Assembly 5% of the difference between the net General Revenues collected. Therefore, the minimum amount of the appropriation would be \$5,000,000 (\$100,000,000 x .05). At the start of every fiscal year thereafter, the fund shall be appropriated an amount sufficient to return the balance of the fund to \$15,000,000.

ASSUMPTION (continued)

According to the Executive Budget Annual Fiscal Reports, **Oversight** notes that the state has had the following net General Revenue collections in recent years:

Fiscal Year	Net General Revenue Collections (in millions)	Growth in net General Revenue collections (in millions)	5% of difference (if over \$100 million growth) - money put into REBL fund
FY 2011	\$7,109.6		
FY 2012	\$7,340.6	\$231.0	\$11.5 million
FY 2013	\$8,082.7	\$742.1	\$37.1 million
FY 2014	\$8,003.3	(\$79.4)	\$0
FY 2015	\$8,709.2	\$705.9	\$35.3 million
FY 2016	\$8,786.8	\$77.6	\$0
FY 2017	\$9,016.2	\$229.4	\$11.47 million
FY 2018	\$9,468.5	\$452.3	\$22.615 million
FY 2019	\$9,567.4	\$98.9	\$0
FY 2020 (original CRE estimate)	\$9,821.7	\$254.3	\$12.7 million

Oversight notes that if this proposal had been in place the last five years the appropriation amount may have been zero but also could have been as high as \$35.3 million. The average appropriation over these five years would have been \$13.877 million. Oversight for fiscal note purposes, is showing the minimum \$5 million (\$100 million trigger x 5%) appropriation for FY 2022 and FY 2023. Since the CRE estimates for FY 2021 show an increase of \$186.2 million over FY 2020, Oversight will show the 5% as \$9,310,000 in FY 2021.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<u>Transfer Out</u> - to Retirees Experiencing a Better Living Initiative *	\$0 or (Could exceed <u>\$9,310,000</u>)	\$0 or (Could exceed <u>\$5,000,000</u>)	\$0 or (Could exceed <u>\$5,000,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	\$0 or (Could exceed <u>\$9,310,000</u>)	\$0 or (Could exceed <u>\$5,000,000</u>)	\$0 or (Could exceed <u>\$5,000,000</u>)

***Oversight is showing the appropriation at the minimum amount of \$5 million on \$100 million revenue growth for FY 2022 and FY 2023. Oversight is using the Consensus Revenue Estimate for FY 2021. Oversight notes that based on the history of the last five years the appropriation could have been required to be as high as \$35.3 million.**

FISCAL IMPACT - State Government
(continued)

FY 2021
(10 Mo.)

FY 2022

FY 2023

**RETIREEES EXPERIENCING A
 BETTER LIVING INITIATIVE**

	\$0 or Could Exceed	\$0 or Could Exceed	\$0 or Could Exceed
<u>Transfer In</u> - from General Revenue	\$9,630,000	\$5,000,000	\$5,000,000

Cost - Tourism

Personal Service	\$0 or (\$38,083)	\$0 or (\$46,157)	\$0 or (\$46,619)
Fringe Benefits	\$0 or (\$22,247)	\$0 or (\$26,849)	\$0 or (\$27,002)
Awareness & Market Potential Study	\$0 or (\$40,000)	\$0	\$0
Senior Living Marketing Study	\$0	\$0 or (\$60,000)	\$0 or (\$40,000)
Equipment and Expenses	<u>\$0 or (\$13,695)</u>	<u>\$0 or (\$4,902)</u>	<u>\$0 or (\$5,049)</u>
<u>Total Costs</u> - Tourism	\$0 or (\$114,025)	\$0 or (\$137,908)	\$0 or (\$118,670)

Total FTE Change - Tourism	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
	\$0 or (Could exceed	\$0 or (Could exceed	\$0 or (Could exceed
Marketing to Seniors	<u>\$100,000)</u>	<u>\$100,000)</u>	<u>\$100,000)</u>

**ESTIMATED NET EFFECT ON
 RETIREES EXPERIENCING A
 BETTER LIVING INITIATIVE**

\$0 or Unknown \$0 or Unknown \$0 or Unknown

Estimated Net FTE Change on Retirees Experiencing a Better Living Initiative	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
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FISCAL IMPACT - Local Government

FY 2021
(10 Mo.)

FY 2022

FY 2023

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill creates the "Retirees Experiencing a Better Living (REBL) Initiative" comprised of monies within a separate fund to be used for marketing, contracts for specialized promotion services, and establishing new initiatives and pilot programming to encourage and promote the relocation of retirees to Missouri.

In the event the amount of net General Revenue collected in a fiscal year exceeds the amount of net General Revenue collected in the previous fiscal year by at least \$100 million, the fund shall be financed by an appropriation of 5% of the difference between those net General Revenues by the General Assembly. At the start of every fiscal year thereafter, the fund must be appropriated an amount sufficient to return the balance of the fund to \$15 million.

Beginning three years after the effective date, the Division of Tourism within the Department of Economic Development is required to submit an annual report to the General Assembly detailing the benefits authorized under this program as specified in the bill.

This bill sunsets six years after the effective date.


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 - Budget and Planning
Department of Economic Development - Tourism



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Director
February 4, 2020



Ross Strobe
Assistant Director
February 4, 2020