

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5432-02
Bill No.: Perfected HCS for HB 2555
Subject: Office of Administration
Type: Original
Date: May 5, 2020

Bill Summary: This proposal creates the Cost Openness and Spending Transparency Act and the Missouri Local Government CARES Act Expenditure Database.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|-------------------------------------|------------------|------------------|
| FUND AFFECTED | FY 2021 | FY 2022 | FY 2023 |
| General Revenue | (Could exceed \$122,161) | (\$4,543) | (\$4,657) |
| Total Estimated Net Effect on General Revenue | (Could exceed \$122,161) | (\$4,543) | (\$4,657) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2021 | FY 2022 | FY 2023 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

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 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

☒ 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 to (Unknown) | \$0 to (Unknown) | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration** assume the proposal will have no fiscal impact on their organization.

Officials from the **Office of Administration - Budget and Planning (B&P)** state this proposal:

- Has no direct impact on B&P.
- Has no direct impact on general and total state revenues.
- Will not impact the calculation pursuant to Art. X, Sec. 18(e).

Officials from the **Attorney General's Office, Department of Commerce and Insurance, Department of Elementary and Secondary Education, Department of Higher Education and Workforce Development, Department of Health and Senior Services, Department of Mental Health, Department of Natural Resources, Department of Corrections, Department of Revenue, Department of Public Safety (Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, Missouri National Guard, and State Emergency Management Agency), Department of Social Services, Joint Committee on Administrative Rules, Missouri Lottery Commission, Missouri Consolidated Health Care Plan, Department of Agriculture, Missouri Department of Conservation, Missouri House of Representatives, Department of Transportation, Office of Prosecution Services, Office of the State Courts Administrator, Office of the State Auditor, Missouri Senate, Office of the Secretary of State, Office of the State Treasurer and the State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations..

In response to a previous version, officials from the **Department of Economic Development, Department of Public Safety (Office of the Director, and the Veterans Commission), Missouri Ethics Commission, Office of Administration (Administrative Hearing Commission)** and the **Office of the State Public Defender** assumed the proposal would 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 for section 37.965 of this proposal.

ASSUMPTION (continued)

House Amendment 1

Oversight assumes House Amendment 1 is a title change and will have no fiscal impact on state or local governments.

House Amendment 2

Sections 37.1190 - 37.1198 - Missouri Local Government CARES Act Expenditure Database

Officials from the **Office of Administration (OA) - Information Technology Services Division (OA-ITSD)** state the proposed requirements would be incorporated on the Missouri Accountability Portal (MAP) and would be accessible by members of the public without charge. Other government data submitted to be loaded to the MAP will be in the same format as the data that is currently loaded.

OA-ITSD estimates a cost of \$22,162 (216 hours at a rate of \$95 an hour for database development and 17.28 hours at a rate of \$95 for project management) in FY 2021. This proposal will require on-going support estimated at a cost of \$4,543 in FY 2022 and \$4,657 in FY 2023.

In response to a similar proposal from this year (HB 1933), officials from the **City of Kansas City** state that if 5% of registered votes requested participation, this legislation to establish the Missouri Municipality 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 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. Although participants may be reimbursed for actual expenditures incurred for participation in the database, the reimbursement is subject to annual appropriation which leaves some uncertainty. This potentially could have an unnecessary negative fiscal impact if the annual appropriation is not made.

In response to a similar proposal from this year (HB 1933), officials from the **City of Columbia** state that the city's transparency portal includes revenue and expenditure information dating back to 2017. It is possible that the City could incur some cost to format data to fit OA requirements, so there could be a negative fiscal impact. Costs might be reduced if the General Assembly, as provided in the bill, appropriates funds to reimburse cities for all or part of their costs to comply.

ASSUMPTION (continued)

Oversight also notes that the Office of Administration shall provide financial reimbursement to any participating municipality or county for actual expenditures incurred for participation in the database, upon appropriation. Since it is unknown how much will be appropriated by the state for this purpose, Oversight will reflect a \$0 to an unknown cost that could exceed \$100,000 to the General Revenue Fund. Oversight assumes this expense reimbursement would only occur in FY 2021, and not in FY 2022 or FY 2023.

In response to a similar proposal from this year (HB 1933), officials from the **Office of the Secretary of State (SOS)** assumed 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.

Bill as Whole:

Officials from the **Office of Administration - Budget and Planning** state this provision creates the "Missouri Local Government CARES Act Expenditure Database," and will not impact TSR/18(e). However, there will be a cost to the state including ITSD expenses to create the database. Additionally, OA is required to create a template for municipalities to meet reporting requirements, reimburse municipalities for expenses incurred participating in the database, and provide additional technical aid in support of the database. B&P defers to OA for a specific cost estimate.

Officials from the **Department of Transportation** assume the proposal will have no fiscal impact on their organization.

ASSUMPTION (continued)

Oversight notes that the above mentioned agency 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.

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.

| <u>FISCAL IMPACT - State Government</u> | FY 2021 (10 Mo.) | FY 2022 | FY 2023 |
|---|-------------------------------------|------------------|------------------|
| GENERAL REVENUE FUND | | | |
| <u>Cost</u> - OA-ITSD Database Development and Project Management (§§37.1190-37.1198) HA 2 | (\$22,162) | (\$4,543) | (\$4,657) |
| <u>Cost</u> - OA (§§37.1190-37.1198) HA 2 Reimburse participating municipalities for actual costs | (Could exceed \$100,000) | \$0 | \$0 |
| ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND | (Could exceed \$122,162) | (\$4,543) | (\$4,657) |

| <u>FISCAL IMPACT - Local Government</u> | FY 2021 (10 Mo.) | FY 2022 | FY 2023 |
|--|---|---|-------------------|
| LOCAL POLITICAL SUBDIVISIONS | | | |
| <u>Income</u> - Potential reimbursement from the state for actual costs (§§37.1190-37.1198) HA 2 | Could exceed \$100,000 | \$0 | \$0 |
| <u>Cost</u> - Municipalities and Counties Cost associated with participating in the Missouri Local Government Expenditure Database (§§37.1190-37.1198) HA 2 | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0 to</u> <u>(Unknown)</u> | \$0 |
| ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0 to</u> <u>(Unknown)</u> | <u>\$0</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 creates the Cost Openness and Spending Transparency Act and the Missouri Local Government CARES Act Expenditure Database.

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

Attorney General's Office
 Department of Commerce and Insurance
 Department of Economic Development
 Department of Elementary and Secondary Education
 Department of Higher Education and Workforce Development
 Department of Health and Senior Services
 Department of Mental Health
 Department of Natural Resources
 Department of Corrections
 Department of Revenue

SOURCES OF INFORMATION (continued)

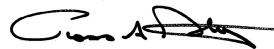
Department of Public Safety
 Office of the Director
 Division of Alcohol and Tobacco Control
 Capitol Police
 Fire Safety
 Missouri Gaming Commission
 Missouri Highway Patrol
 Missouri National Guard
 State Emergency Management Agency
 Veterans Commission
Department of Social Services
Joint Committee on Administrative Rules
Missouri Lottery Commission
Legislative Research
Missouri Consolidated Health Care Plan
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Ethics Commission
Missouri House of Representatives
Department of Transportation
Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System
Office of Prosecution Services
Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System
Office of Administration
 Administrative Hearing Commission
 Budget and Planning
Office of the State Courts Administrator
Office of the State Auditor
Missouri Senate
Office of the Secretary of State
Office of the State Public Defender

SOURCES OF INFORMATION (continued)

Office of the State Treasurer
State Tax Commission



Julie Morff
Director
May 5, 2020



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Assistant Director
May 5, 2020