

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0195H.08T
 Bill No.: Truly Agreed To and Finally Passed CCS for SS No. 2 for SCS for HCS for HB 271
 Subject: Administration, Office of; Cities, Towns, and Villages; Public Records, Public Meetings
 Type: Original
 Date: June 9, 2021

Bill Summary: This proposal changes the laws regarding local government and modifies multiple provisions relating to local government.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue*	(\$930,975)	(Could exceed \$2,032,041)	(Could exceed \$2,166,747)
Total Estimated Net Effect on General Revenue	(\$930,975)	(Could exceed \$2,032,041)	(Could exceed \$2,166,747)

*The fiscal impact could vary substantially depending upon the actual start dates of the court reporters (which we do not have). Oversight has made the assumption that the 147 court reporters are distributed evenly on the experience spectrum of 0 years to 25 years of service.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Blind Pension Fund	\$0 or (Unknown)	\$0 to Unknown to (Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or (Unknown)	\$0 to Unknown to (Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Sections 37.1090 - 37.1098 - Missouri Local Government Expenditure Database

Officials from the **Office of Administration (OA) - Information Technology Services Division (OA-ITSD)** state that the proposed Missouri Local Government Expenditure Database would be created and maintained by the Office of Administration, and be available on the Office of Administration website, to include information about expenditures made by municipalities or counties in each fiscal year.

Based on OA's experience with existing accountability portal requirements, including the existing bond reporting requirements for political subdivisions, it is expected that OA's role will be minimal, and would include making a standard form for the municipalities to fill out, along with detailed instructions. Any fiscal impact associated with reimbursing the political subdivisions for costs they may incur is unknown. The legislation is sufficiently clear related to reporting expectations that OA expects follow-up conversations will be limited. Given that the reporting requirement is limited to twice annually, OA does not anticipate the level of effort to comply with this legislation will be any greater than complying with existing accountability portal requirements.

OA-ITSD official state that the proposed requirements would be incorporated on the Missouri Accountability Portal (MAP) and would be accessible by members of the public without charge. Reporting would start for expenditures made on or after January 1, 2023, with information being submitted by municipalities or counties to the Office of Administration biannually. As MAP is an application that is currently being maintained, it is anticipated that costs associated with supporting the additional database could be absorbed within existing resources used for the annual maintenance of MAP.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for OA-ITSD.

Officials from the **Office of Administration – Division of Accounting** state that the fiscal impact of reimbursing the political subdivisions for their costs is unknown. It could be a small amount of money or a very large amount.

Oversight 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 many municipalities or counties will participate or how much will be appropriated by the state for this purpose, Oversight will reflect a \$0 (zero municipalities or counties participate) to an unknown cost that could exceed \$100,000 to the General Revenue Fund.

Officials from **Kansas City** state this legislation would have a negative impact on Kansas City in an indeterminate amount if Kansas City had to comply. Kansas 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.

In response to a previous version, officials from the **City of Springfield** would assume some fiscal impact to transfer the data to the required format if the City participates. However, this impact would be mitigated if appropriations for reimbursement of municipal costs are made.

In response to a previous version, officials from the **City of Osceola** stated this proposal creates added work to already small municipalities who often have only one person in the office which could have a negative fiscal impact.

In response to a previous version, officials from the **City of Columbia** stated the proposed legislation requires the participating municipalities and cities to compile and upload the data in the format described under section 37.1092 by the Office of Administration. Given that the required format is unknown, the City of Columbia may incur some additional costs to meet the requirements set forth by the Office of Administration. According to a study by Johns Hopkins University, the costs of "Open data" vary by cities and range between \$2,000 and \$50,000, which depends on the population. Considering the City of Columbia's population, it may cost up to \$40,000.

In response to a previous version, officials from the **City of O'Fallon** stated this proposal will likely cost around \$3,000 - \$5,000 to have their software company create an export of the data requested. This would be too time consuming for us to try and pull the data and put it in the format the State is requesting as it would not align in that manner so an export would make more sense. Then on an ongoing basis, to run the program, review the data and upload it to the State's website, it would likely take 30 minutes up to a few hours of employee time. The City would have to remove any confidential records or records that are not public information and I don't know what this might entail.

Other States

For a similar proposal in 2019 (HB 762), Oversight contacted several states that have similar local political subdivision expense portals. Below are their responses:

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 based on similar proposals implemented in other states, costs ranged from \$225,000 - \$2.6 million. Oversight assumes a municipality or county may voluntarily participate in the database, or may be required to participate if a petition process used by its residents is used to require participation as specified in the bill. Oversight assumes a municipality or county could incur some expenses if they choose or are required to participate in the database. Oversight will range a local political subdivision fiscal impact as \$0 (zero municipalities or counties participate or municipalities or counties that choose to participate have no costs associated with the proposal) to an unknown cost – could exceed \$100,000.

Section 50.327 – County Coroners Salary in Second Class Counties

Oversight notes in similar legislation from this year (SB 233) the provisions of this proposal apply to 2nd class county coroners. County officials did not respond to Oversight's request for a statement of fiscal impact. Oversight assumes this proposal is permissive in nature and would have no local fiscal impact without action by the salary commission. Therefore, Oversight assumes the proposal will have no direct fiscal impact on counties. The compensation of county coroners listed in Section 58.095 are:

Assessed Valuation	Salary
\$18,000,000 to 40,999,999	\$8,000
41,000,000 to 53,999,999	8,500
54,000,000 to 65,999,999	9,000
66,000,000 to 85,999,999	9,500
86,000,000 to 99,999,999	10,000
100,000,000 to 130,999,999	11,000
131,000,000 to 159,999,999	12,000
160,000,000 to 189,999,999	13,000
190,000,000 to 249,999,999	14,000
250,000,000 to 299,999,999	15,000
300,000,000 or more	16,000

Oversight notes the counties of the second classification are Callaway, Lincoln, and Newton.

Section 50.660 and 50.783 – County Competitive Bid Process

In response to a similar proposal from this year (SB 324), officials at the **St. Louis County Board of Elections** and the **Platte County Board of Elections** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight assumes by raising the competitive bidding amount requirements, there could be a savings to counties in advertising for bids. However, Oversight is unclear on the amount of savings. Therefore, Oversight will reflect a positive unknown to county funds for this proposal.

Section 64.207- Property Maintenance Code in Boone County

In response to a similar proposal from this year (HB 607), officials from the **Columbia/Boone County Public Health and Human Services (PHHS)** assumed this proposal will result in an unknown cost since the PHHS will be involved in some of the inspections. It is not clear how many facilities will require inspections.

Oversight notes the proposal is permissive in nature and would not have a local fiscal impact without the action of the county commissioners of Boone County to adopt rules, regulations or ordinances on rented residences. Oversight notes should the commission take action on this proposal, penalties and civil fines could be assessed in the rules. Oversight assumes some of the fine revenue could offset some of the costs of inspections that could be done. Therefore, Oversight will reflect a fiscal impact that will net to \$0 (no maintenance code adopted by Boone County Commission) to (Unknown) cost since the cost of maintenance and repairs may be more than the fine revenue.

Sections 67.990 & 67.993– Senior Citizens’ Services Fund

Officials at St. Louis County did not respond to **Oversight’s** request for fiscal impact.

Oversight notes per the St. Louis City Mayor’s Office, the City of St. Louis Senior Citizens’ Services Fund was established with the passage of Proposition S in November 2016 and was expected to generate about \$2 million annually from a voter-approved property tax. The Fund will support needed services that allow older adults basic assistance to be able to age in place in their own homes, including nutrition, transportation, home repair and home modifications. The City of St. Louis joins 54 other counties in the State of Missouri that have implemented a Senior Services Fund. The funds will be generated by a property tax of 5 cents on every \$100 assessed value.

Oversight notes the following table shows the Total Assessed Valuation and how much revenue would have been assessed in property taxes to go to this fund from calendar years ‘17 thru ‘20.

		<u>Tax Rate per \$100 Assessed Value</u>	<u>Property Tax of 5 cents</u>
<u>2020 Total Assessed Valuation</u>	<u>\$4,985,167,758</u>	<u>\$ 49,851,678</u>	<u>\$ 2,492,584</u>
<u>2019 Total Assessed Valuation</u>	<u>\$4,924,921,084</u>	<u>\$ 49,249,211</u>	<u>\$ 2,462,461</u>
<u>2018 Total Assessed Valuation</u>	<u>\$ 4,581,679,048</u>	<u>\$ 45,816,790</u>	<u>\$ 2,290,840</u>
<u>2017 Total Assessed Valuation</u>	<u>\$ 4,582,785,735</u>	<u>\$ 45,827,857</u>	<u>\$ 2,291,393</u>
<u>*State Tax Commissions' Total Assessed Valuations by County & Recapitulation for State of MO Report</u>			

Section 67.1847– Public Right-of-Way Provisions

Oversight assumes this legislation requires any public utility engaged in providing fiber networks to customers using fiber networks, built whole or in part in a political subdivision's right-of-way, that was charged a linear foot fee as of May 1, 2021, shall pay to the political subdivision no more than 5% of gross telecommunications service revenue and shall not pay a linear foot fee. Oversight assumes this legislation could result in an unknown positive fiscal impact to local political subdivisions and an unknown negative fiscal impact due to loss of linear foot fees.

Sections 67.1847, 67.2680 and 71.1000 – Broadband Infrastructure Improvement Districts

In response to a similar proposal from this year (Perfectured SS for SCS for SB 108), officials from the **Kansas City Board of Elections** assumed a cost of \$625,000 to conduct an election for this proposal.

Oversight notes that some of the costs mentioned by the City of Kansas City could be offset through grants, loans, bonds, or user fees per §71.1000.5. However, Oversight assumes not all of the costs for the election could be covered and therefore the City of Kansas City would have an expense for election costs. There could also be other municipalities that incur election costs if they choose to form a broadband infrastructure improvement district for their residents.

According to subsection 6, the election would occur at a November election in even numbered years. The next general election is scheduled for November of 2022 (FY 2023). Therefore, any election costs could occur at this time. Therefore, Oversight will reflect a potential election cost of \$0 or unknown to local political subdivisions starting in FY 2023.

Oversight also notes per §71.1000.6, the district may impose a sales tax that shall not exceed one percent and such tax shall not become effective unless the governing body of each municipality of the district submits a proposal to the voters at an election to authorize such tax. This tax would be in addition to any and all taxes imposed and the proceeds of such tax shall be used solely to provide broadband service to residents of the district. Oversight assumes two or more municipalities would not take action from this proposal unless there was an economic benefit to the municipalities and approval by the majority of voters to form a broadband infrastructure improvement district. If the voters are in favor of this additional tax, then the tax would be effective in the quarter following the election. In this case, it would be in January of 2023 (FY 2023). The Department of Revenue (DOR) would collect a 1% collection fee for the administration of this new sales tax on the broadband infrastructure improvement district. Therefore, Oversight will show a \$0 or unknown revenue gain for DOR's collection fee to General Revenue and a cost of DOR's collection fee to local political subdivisions and a \$0 or unknown revenue gain for the sales tax collected for the improvement district to local political subdivisions.

Section 82.390 – License Collector of St. Louis City

Oversight assumes this legislation is similar to SB 612. Oversight assumes this legislation modifies provisions relating to the license collector of St. Louis City and will have a fiscal impact on the City of St. Louis. Oversight will range the impact as (Could exceed \$40,000).

Section 84.400 - Law Enforcement Officers Provisions

In response to a similar proposal from this year (SCS for SB 53), officials from the **Missouri State Public Defender (SPD)** cannot assume existing staff will be able to provide competent, effective representation for any new cases where indigent persons are charged with the proposed new crime(s) of Sexual Conduct in the Course of Public Duty, a class E felony. Section 566.145 RSMo. The Missouri State Public Defender System is currently providing legal representation in caseloads in excess of recognized standards. While the number of new cases may be too few or uncertain to request additional funding for this specific bill, the Missouri State Public Defender will continue to request sufficient appropriations to provide competent and effective representation in all cases where the right to counsel attaches.

Oversight assumes the SPD will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the SPD for fiscal note purposes.

Oversight assumes these changes may have a potential indirect impact on the City of Kansas City but Oversight assumes these changes will not have a direct fiscal impact. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Section 137.280– Electronic Property Tax List

Officials from the **State Tax Commission (STC)** state this section of the proposal, which allows assessors to send notices by electronic form upon request of the taxpayer has no fiscal impact on the STC, however local assessment officials may realize administrative cost savings in postage.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a positive unknown impact in the fiscal note.

In response a similar proposal from this year (SB 365), officials from the **Jefferson County Assessor's Office** assumed the amount of annual postage cost saved is estimated at \$19,848 (92,534 assessment lists mailed x 39% electronic request x \$0.55 postage rate). The 39% electronic request rate is based on discussions with assessors who send out postcards per request, and their electronic filing response rate. Also, the savings cost to print, sort, and stuff paper assessment lists for mailing is estimated to be \$4,368 (\$11,200 printing cost x 39% electronic request). Also, the reduction in paper assessment lists being sent also means they would not be mailed back. This would allow for a reduction of one full-time employee (FTE) that is now allocated to opening, sorting, and scanning in paper assessment lists into their system. The salary and benefits for this position was budgeted at \$37,156 for the 2021 budget cycle. In total, this legislation when implemented would constitute an estimated total annual budgetary savings to the Jefferson County Assessment Fund of \$61,372.

Per the U.S. Census Bureau, the population of Jefferson County was **225,081** in 2019. **Oversight** notes the number of assessment lists mailed as a proportion of the population is estimated at 41%. If other counties experienced a similar assessment list to population mailing reduction, the savings is estimated at \$1,383,990 ((**6,137,428** * .41) = \$2,516,346 * .55 postage)) based on the population of Missouri.

And if each county were able to reduce their staff by one position at a similar salary, **Oversight** estimates the savings at \$4,255,000 (\$37,000 * 115).

Oversight is uncertain if other county assessment offices would experience a savings similar to the one estimated by the Jefferson County Assessor. Oversight will show an unknown savings to county assessment offices.

Section 139.100 – Property Taxes Provisions

Officials from the **State Tax Commission (STC)** state this section of the proposal may have an unknown fiscal impact on local taxing districts and collection authorities, as the act states “may enter” into a waiver of tax penalty agreements, the provision is a discretionary authority. The fiscal impact would be dependent on the extent to which the authority is exercised by said authorities.

In response to a similar proposal from this year (HB 633), officials from the **Office of Administration - Budget and Planning (B&P)** assumed this proposal may impact TSR, through a change in cash flow. This proposal will not impact the calculation under Article X, Section 18(e).

This proposal would allow a county collector to enter into a payment plan with taxpayers who are delinquent in paying their property tax. The full amount of taxes must be paid within twelve months of their original due date. Section B contains an emergency clause. For the purpose of this fiscal note, B&P assumes that this provision would take effect July 1, 2021.

This proposal would begin for tax liabilities incurred on January 1, 2020. B&P notes that such tax liabilities would be due on 12/31/2020. However, this proposal would not take effect until after the start of calendar year 2021, which will limit the number of months available for tax year 2020 payment plans.

B&P notes that the Blind Pension Trust Fund has a property tax levy of \$0.03 per \$100 valuation. In the event that this proposal changes the timing of tax payments, the cash flow to the Blind Pension Trust Fund may be impacted by an unknown amount.

In response to a similar proposal from this year (HB 633), officials from the **State Tax Commission** assumed this proposal may have an unknown fiscal impact on local collection authorities dependent on the extent to which the authority is used to enter into such agreements for a reduction or waiver of penalties.

Oversight assumes this proposal allows the county collectors to enter into an agreement to negotiate the collection of real estate taxes. Once the agreement is made, the owner of the property has 12 months to pay the debt for the tax year. Oversight is unclear on how many owners would enter into an agreement with the county collector. Oversight assumes this proposal would cause a change in cash flow and it could allow the potential for more debt collections in the future to be cleared from county books. Oversight assumes any agreement made by county collectors on debts owed will be collected on the full amount of the property assessed and any reduction of debt would be from the penalties owed to the county collectors for not paying the taxes on-time. Therefore, Oversight will reflect a change in cash flow that could affect the Blind Pension Trust Fund of \$0 or a negative unknown for this proposal for FY 2022.

For FYs 2023 and 2024, **Oversight** assumes the use of the pay plans might allow county collectors to receive additional taxpayer payments that they would not have received had they not set up an agreement plan with the taxpayer. Therefore, Oversight will reflect a \$0 to positive and negative unknown fiscal impact for FYs 2023 and 2024 for the Blind Pension Fund.

In response to a similar proposal from this year (HB 633), officials from **Jackson County** assumed a cost up to \$200,000 for additional staff to negotiate delinquent property taxes, but these costs could be offset by higher tax collections.

In response to a similar proposal from this year (HB 633), officials from the **Ste. Genevieve Collector's Office** stated their tax software does not have the capability to eliminate only the 9% penalty on a tax bill. Currently, if the penalty date is changed on collection of a tax bill, it affects the interest, penalty and any real estate fees (Clerk and Collector). If this legislation passes, there would have to be a significant software program change. The cost of that change is undetermined. There are at least eighteen different tax software systems plus seven in-house systems used by County Collectors across the state, all of which would likely have to make the programming change.

For the following Collector years (March – Feb), Ste. Genevieve County collected the following amounts in penalties (9% statutory): 2020 - \$80,248.37, 2019 - \$80,497.74, and 2018 - \$92,420.08. The allocation is as follows: five ninths of these amounts go to CERF (County Employees' Retirement Fund), two ninths go to the Collector Tax Maintenance Fund to pay for expenses of the office, and two ninths go to County General Revenue. Worst case scenario – this is the amount of money that would be waived.

As this proposal is permissive (“the collector **may** enter into an agreement”), **Oversight** will reflect a potential administrative cost to county collectors to set up such a system as \$0 or (Unknown).

In response to a similar proposal from this year (HB 633), officials from the **Kansas City Public School District** assumed the cost of this bill relates more to the delay in timing of receipt of revenues for a public school system. Property taxes delayed for up to one year would cause current year collections to be below what is due as school fiscal years end on June 30th and property owners would be allowed to pay or delay from December to December. This reduced current year revenue delay could impact budgets at varying rates depending upon volume and time taken.

In response to a similar proposal from this year (HB 633), officials from the **Springfield R-XII School District** assumed there would be a fiscal impact due to delayed tax payments will vary and is unknown. Collectors' offices throughout the state do not have the software and staffing capacity to consistently and accurately manage this additional workload.

In response to a similar proposal from this year (HB 633), officials from the **High Point R-III School District** assumed the proposal will have no fiscal impact on their organization.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Oversight assumes there could also be a change in cash flow to county collector funds and the amount of funds received by school districts. Oversight still assumes any agreement made by the county collectors on debts owed will be collected on the full amount of the property assessed. However, there could be a potential reduction in revenue made in these agreements in order to collect on the debt that is owed. Because the agreements made could potentially reduce the amount of debt owed to the counties from negotiating or possibly waiving penalties already on the books, Oversight will reflect a \$0 or unknown negative to counties and school district funding from this proposal for FY 2022.

For FYs 2023 and 2024, **Oversight** assumes the use of the pay plans might allow county collectors to receive additional taxpayer payments that they would not have received had they not set up an agreement plan with the taxpayer. Therefore, Oversight will reflect a \$0 to positive and negative unknown fiscal impact for FYs 2023 and 2024 for local political subdivisions.

Section 204.569 – Common Sewer Districts Provisions

Officials from the **Little Blue Valley Sewer District** assumed a direct impact on their ability to issue bonds for expansion of their sewer plant. The sewer district is a very small portion of the county and a vote in the county to allow for additional debt could have an adverse outcome. Due to the growth of the County in the area they serve, they are in need of expanding their sewer treatment plant. In order to complete the expansion, they need to issue debt. This gives them the ability to go directly to their customers for approval.

Oversight assumes this proposal modifies the provisions for subdistricts which are part of a common sewer district in certain counties (Jackson and Cass) to issue bonds for the subdistrict. This proposal changes the percentage of voters required to assent from 4/7th of voters in the subdistrict or 3/4th of the customers of the subdistrict as defined in §204.370 to 75% of customers of the subdistrict. Oversight assumes §204.569 is codifying statute to reflect the same percentage as §204.370 and will have no direct fiscal impact.

Section 221.105- Department of Corrections Reimbursement to Counties

Oversight notes according to a hearing from September of 2019, DOC testified that the state owes approximately \$40 million to counties. It was estimated to reach \$45 million in FY 2020. There is a 9-month lag in payments by DOC to counties which are paid on a first-come, first-serve basis. This is a funding delay not a processing delay. Funding is made on a quarterly basis. The current reimbursement rate is \$22.58/day. According to the department budget request, program expenditures have totaled:

FY 2018	\$43,716,122 (actual)
FY 2019	\$43,330,190 (actual)
FY 2020	\$42,758,409; (actual)
FY 2021	\$52,080,948; (planned) and

FY 2022 \$43,770,272 (HB 9, 2021)

County billing requests are detailed by prisoner name and the number of days held. DOC audits the information and makes payment to the county.

Oversight does not have any information to the contrary. Oversight assumes by deleting the language in this section, there will not be a direct fiscal impact. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency for this section.

Section 386.800 & 394.020– Service Territories of Retail Electric Service Providers

In response to a similar proposal from this year (SB 334), officials from the **City of Springfield** stated that the city anticipates a negative fiscal impact due to impact on City Utility (CU) (a utility company owned by the City of Springfield) service territory; however, it is not possible to estimate the amount.

The City states that under current law, if the city annexes an area being served by a rural electric cooperative, then CU would have the exclusive right to serve all new structures constructed in the newly annexed area. Under the proposed bill, CU would not have the exclusive right to serve those new structures in the annexed area, but which utility provides service would be determined by the Missouri Public Service Commission or the impacted owner of the structure. Therefore, there could be a negative impact on CU's service area, but it is not possible to determine the amount because it is unknown how many services in areas which CU currently has exclusive rights to serve would be provided by a rural electric cooperative instead.

Oversight assumes this legislation could affect all local political subdivisions that own a city utility company. Since it is unknown how many (if any) annexed areas will choose to continue service with a rural electric cooperative instead of using a City Utility or the PSC determines the new structure should be serviced by another utility company other than a City Utility, Oversight will reflect the fiscal impact to Local Political Subdivisions as \$0 or (Unknown).

Section 393.106 – Wholesale Electric Energy

Officials from the **Department of Commerce and Insurance – Public Service Commission (PSC)** state it is unknown what the impact on workload for various departments of the PSC will be. The PSC is funded by an assessment on Commission-regulated public utilities pursuant to Section 386.370 RSMo, and not by any state general appropriations. Depending on the cumulative effect of all PSC-impacting legislation passed in the current session and the associated increased costs associated with that legislation to the PSC, the PSC may need to request an increase in their appropriation authority and/or FTE allocation as appropriate through the budget process.

Oversight assumes PSC is provided with core funding to handle a certain amount of activity each year. Oversight assumes PSC could absorb some of the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, PSC could

request an increase in our appropriation authority and/or FTE allocation as appropriate through the budget process.

Oversight requested additional information from the PSC regarding the intent and impact of the legislation. **PSC** stated if language clarifications were included, HB 835 and SB 335 impact to customers would vary depending on the utility's rate structure and profile of its customer base. The impact would be unknown until the utility's subsequent general rate case where the PSC would have the opportunity to look at how qualifying customers who participated in HB 835's and SB 335's structure impacted revenues, energy usage, and other aspects significant to the "all relevant factors" analysis the PSC uses in general rate cases.

Section 407.297– Scrap Metals Provisions

In response to a similar proposal from this year (SB 318), officials from the **City of Kansas City** assume this proposal could have a positive fiscal impact on Kansas City if it derives revenues from the license fees it would be allowed to charge.

Oversight notes that §407.297.2 allows municipalities to set the license fee for the business of operating as a copper property peddler in the City of Kansas City and the City of St. Louis. §407.299.3 establishes fine revenue if convicted of selling stolen ferrous or nonferrous metals to a scrap metal dealer. Oversight assumes revenues from an increase in license fees and fine revenues could increase, but has no data to support this potential increase. Therefore, Oversight will reflect a \$0 to unknown increase in revenues for this proposal for local political subdivisions.

§§407.300 and 570.030 – Certain metals

Officials from the **Department of Corrections (DOC)** state §570.030 creates a new class E felony. For each new nonviolent class E felony, it is estimated that one person could be sentenced to prison and two to probation. The average sentence for a nonviolent class E felony offense is 3.4 years, of which 2.1 years will be served in prison with 1.4 years to first release. The remaining 1.3 years will be on parole. Probation sentences will be 3 years.

The cumulative impact on the DOC is estimated to be 2 additional offenders in prison and 7 on field supervision by FY24.

Change in prison admissions and probation openings with legislation-Class E Felony (nonviolent)

	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
New Admissions										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	1	1	1	1	1	1	1	1	1	1
Probation										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	2	2	2	2	2	2	2	2	2	2
Change (After Legislation - Current Law)										
Admissions	1	1	1	1	1	1	1	1	1	1
Probations	2	2	2	2	2	2	2	2	2	2
Cumulative Populations										
Prison	1	2	2	2	2	2	2	2	2	2
Parole			1	1	1	1	1	1	1	1
Probation	2	4	6	6	6	6	6	6	6	6
Impact										
Prison Population	1	2	2	2	2	2	2	2	2	2
Field Population	2	4	7	7	7	7	7	7	7	7
Population Change	3	6	9							

	# to prison	Cost per year	Total Costs for prison	# to probation & parole	Cost per year	Total cost for probation and parole	Grand Total - Prison and Probation (includes 2% inflation)
Year 1	1	(\$7,756)	(\$6,463)	2	absorbed	\$0	(\$6,463)
Year 2	2	(\$7,756)	(\$15,822)	4	absorbed	\$0	(\$15,822)
Year 3	2	(\$7,756)	(\$16,139)	7	absorbed	\$0	(\$16,139)
Year 4	2	(\$7,756)	(\$16,461)	7	absorbed	\$0	(\$16,461)
Year 5	2	(\$7,756)	(\$16,791)	7	absorbed	\$0	(\$16,791)
Year 6	2	(\$7,756)	(\$17,127)	7	absorbed	\$0	(\$17,127)
Year 7	2	(\$7,756)	(\$17,469)	7	absorbed	\$0	(\$17,469)
Year 8	2	(\$7,756)	(\$17,818)	7	absorbed	\$0	(\$17,818)
Year 9	2	(\$7,756)	(\$18,175)	7	absorbed	\$0	(\$18,175)
Year 10	2	(\$7,756)	(\$18,538)	7	absorbed	\$0	(\$18,538)

If this impact statement has changed from statements submitted in previous years, it is because the Department of Corrections has changed the way probation and parole daily costs are calculated to more accurately reflect the way the Division of Probation and Parole is staffed across the entire state.

In December 2019, the DOC reevaluated the calculation used for computing the Probation and Parole average daily cost of supervision and revised the cost calculation to be the DOC average district caseload across the state which is 51 offender cases per officer. The new calculation assumes that an increase/decrease of 51 cases would result in a change in costs/cost avoidance equal to the cost of one FTE staff person. Increases/decreases smaller than 51 offenders are assumed to be absorbable.

In instances where the proposed legislation would only affect a specific caseload, such as sex offenders, the DOC will use the average caseload figure for that specific type of offender to calculate cost increases/decreases. For instances where the proposed legislation affects a less specific caseload, DOC projects the impact based on prior year(s) actual data for DOC's 48 probation and parole districts.

The DOC cost of incarceration is \$21.251 per day or an annual cost of \$7,756 per offender. The DOC cost of probation or parole is determined by the number of P&P Officer II positions that would be needed to cover the new caseload.

Oversight does not have any information contrary to that provided by DOC. Therefore, Oversight will reflect DOC's impact for fiscal note purposes.

Oversight notes that violations of section 407.300 could result in fines or penalties. Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties collected by counties are distributed to school districts. Fine varies widely from year to year and are distributed to the school district where the violation occurred. Oversight will reflect a positive fiscal impact of \$0 to Unknown to local school districts.

§451.040 – Applying for a marriage license electronically

In response to similar legislation from this year, HB 144, officials at **Jackson County** assumed a positive fiscal impact from this proposal. Staffing costs could be lowered.

In response to similar legislation from 2020, HCS for HB Nos. 1972 & 2366, officials from the **Daviess County Recorder of Deeds Office** assumed no fiscal impact to their organization from this proposal.

Oversight notes the legislation does not specifically address if a form will need to be created by the County Recorder of Deeds Office or if software may need to be purchased. Oversight assumes this proposal is permissive and action would only be taken by the County Recorder of Deeds Office if they have budgeted funds for this purpose and if it would benefit their county. Therefore, Oversight will reflect a \$0 fiscal note assuming any costs involved would be absorbed by the County Recorder of Deeds Office.

Section 485.060– Court Reporters Compensation

Officials from the **Office of the State Courts Administrator (OSCA)** assume the court reporters would receive an increase each time they meet a new level of service and calculated the fiscal impact as if each court reporter would reach the highest level of salary throughout their career (21 years or more) and would be increased to the highest annual salary level indicated. Based on 147 court reporters at current salary levels, with an annual increase of \$20,685.17 per court reporter, the fiscal impact is an unknown cost of up to \$3,040,720.35 annually.

Oversight notes that the \$20,685.17 from OSCA's response is the difference of the rate at the highest year of service (21+ years) less the base salary. OSCA used \$60,071.70 as a base salary. Oversight will assume court reporters will realize their increase in salary based on the schedule of the years of service below starting January 1, 2022:

06-10 years of service -	\$63,226
11-15 years of service -	\$68,442
16-20 years of service -	\$74,260
21+ years of service -	\$80,757

Oversight notes officials from OSCA provided a listing of the current court reporters, but would not provide a start date (to calculate years of service) for each. Therefore, Oversight will have to make the assumption that the 147 court reporters are distributed evenly on the experience spectrum of 0 years to 25 years of service. Oversight will assume "Beginning on January 1, 2022" means that court reporters will be eligible for pay raises as they attain the requisite years of service (therefore, in addition to the raises awarded on January 1, 2022, raises could be earned each year thereafter as long as the court reporter hit the new thresholds). Oversight will also make the assumption that all raises will be given as of January 1st, regardless of when in the year the court reporter hit the new step year thresholds (6, 11, 16, and/or 21 years). Therefore, Oversight will reflect 6 months of impact in FY 2022 (January 1 - June 30). In FY 2023, Oversight will reflect the other six months of the January 1, 2022 raises, and six months of the January 1, 2023 raises.

Oversight will also assume fringe benefits of roughly 33.75% for retirement, social security, long-term disability, basic life insurance, unemployment compensation, and workers' compensation.

Oversight notes the actual fiscal impact could vary greatly depending upon actual years of service (which we do not have) for the court reporters.

Section 488.2235

Oversight assumes this extends the sunset for this provision to 2026. Oversight assumes this would have a positive fiscal impact (continuation of an existing court cost) and therefore will positively impact Kansas City.

Bill as a Whole:

Officials from the **Attorney General's Office, the Office of Administration - Administrative Hearing Commission, the Department of Elementary and Secondary Education, the Department of Health and Senior Services, the Department of Natural Resources, the Department of Labor and Industrial Relations, the Department of Revenue, the Department of Public Safety (Fire Safety, Directors Office, Missouri Highway Patrol), the Department of Social Services, the Missouri Department of Conservation, the Missouri Ethics Commission, the Missouri Department of Transportation, the Missouri Office of Prosecution Services, the University of Missouri, the Metropolitan St. Louis Sewer District,**

the **Wayne County Pwsd**, the **St. Joseph Police Department**, the **Platte County Local Election Authority**, the **St. Louis County Election Authority** and the **City of Claycomo** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State** notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize 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 our office can sustain with our core budget. Therefore, they reserve 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 only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, local election authorities, counties, assessors, treasurers, public administrators, clerks, sheriffs, police departments and utilities were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Cost - OA</u> (§37.1094.5) Reimburse participating municipalities for actual costs (§37.1094.5) p. 3-5	\$0	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Costs – DOC</u> (§570.030) Increased incarceration costs p. 14-16	(\$6,463)	(\$15,822)	(\$16,139)
<u>Revenue – DOR – 1% collection fee</u> (§§67.2680 & 71.1000) p. 7-8	\$0	\$0 or Unknown	\$0 or Unknown
<u>Costs – OSCA – salary adjustments for court reporters as of January 1st</u> (\$485.060) p. 16-17			
Personal Service	(\$691,224)	(\$1,432,687)	(\$1,533,165)
Fringe Benefits	(\$233,288)	(\$483,532)	(\$517,443)
<u>Total Costs – OSCA</u>	<u>(\$924,512)</u>	<u>(\$1,916,219)</u>	<u>(\$2,050,608)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$930,975)</u>	(Could exceed <u>\$2,032,041</u>)	(Could exceed <u>\$2,166,747</u>)
BLIND PENSION TRUST FUND			
<u>Loss/Gain in revenues – potential change in cash flow resulting from counties entering into agreements to collect real estate taxes</u> (§139.100) p. 10-12	\$0 or (Unknown)	\$0 to Unknown to (Unknown)	\$0 to Unknown to (Unknown)
ESTIMATED NET EFFECT ON THE BLIND PENSION TRUST FUND	<u>\$0 or (Unknown)</u>	<u>\$0 to Unknown to (Unknown)</u>	<u>(Unknown)</u>

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<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - Potential reimbursement from the state for actual costs (§37.1094.5) p. 3-5	\$0	Could exceed \$100,000	Could exceed \$100,000
<u>Income</u> – School districts (§407.300) Fines from violations p. 14-16	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Revenue</u> – 5% tax (§67.1847) p. 7	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Revenues</u> – Boone County civil fines and penalties (§64.207) p. 6	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Revenue Gain</u> – sales tax collected on broadband improvement districts (§§67.2680 & 71.1000) p. 7-8	\$0	\$0 or Unknown	\$0 or Unknown
<u>Revenue</u> – St. Louis City and Kansas City potential increases to license fees and fine revenues relating to scrap metals (§407.297) p. 14	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Savings</u> – raises the amount requiring advertising for bids (§§50.660 and 50.783) p. 6	Unknown	Unknown	Unknown
<u>Savings</u> – County Assessors - from no longer mailing assessment lists and a reduction in staff (§137.280) p. 9	Unknown	Unknown	Unknown

<u>Revenue</u> – continuation of existing court cost in §488.2235 p. 17	Unknown	Unknown	Unknown
<u>Loss</u> – Linear Foot Fee (§67.1847) p. 7	(Unknown)	(Unknown)	(Unknown)
<u>Loss/Gain in revenues</u> – counties – potential reduction for penalties waived or reduced to collect on real estate taxes/potential increase in taxes collected (§139.100) p. 10-12	\$0 or (Unknown)	\$0 to Unknown to (Unknown)	\$0 to Unknown to (Unknown)
<u>Loss/Gain in revenues</u> – school districts – potential reduction of penalties collected or waived by counties in order to collect on real estate taxes/potential increase in taxes collected (§139.100) p. 10-12	\$0 or (Unknown)	\$0 to Unknown to (Unknown)	\$0 to Unknown to (Unknown)
<u>Loss</u> – loss of exclusive right to service new structures (§386.800 & 394.020) p. 13	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost</u> - Local Governments Potential increase in utility costs (§393.106) p. 13-14	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost</u> – City of St. Louis Collector’s Base Salary Increase (§82.390) p.8	(Could be greater than \$40,000)	(Could be greater than \$40,000)	(Could be greater than \$40,000)
<u>Cost</u> - Municipalities and Counties Cost associated with participating in the Missouri Local Government Expenditure Database (§§ 37.1090 - 37.1098) p. 5	\$0	\$0 to (Unknown could exceed \$100,000)	\$0 to (Unknown could exceed \$100,000)
<u>Costs</u> – system changes and other administrative costs to implement this change (§139.100) p. 10-12	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

<u>Cost</u> – DOR’s 1% collection fee (§§67.2680 & 71.1000) p. 7-8	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost</u> – election costs to form a broadband improvement district (§71.1000) p. 7-8	\$0	\$0 or (Unknown)	\$0
<u>Costs</u> – Boone County to implement inspections (§64.207) p. 8	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>

FISCAL IMPACT – Small Business

There could be a direct fiscal impact to small businesses as a result of this proposal. Small businesses could realize more opportunities for contracts and purchases with counties.

A direct fiscal impact to a public utility engaged in providing fiber networks would be expected as a result of this proposal.

Small businesses that service broadband internet services within these districts could have a direct fiscal impact as a result of this proposal.

Oversight assumes there could be a fiscal impact to small businesses if tax rates are adjusted relative to changes in assessed value.

A direct fiscal impact to small businesses that would no longer be required to use city utility if their structure was annexed would be expected as a result of this proposal.

This act allows a county assessor, upon request of a taxpayer, to send personal property tax lists and notices in electronic form.

Scrap metal operators could be impacted by this proposal.

This act provides that the annual salary of each court reporter for a circuit judge shall be adjusted by a percentage based on each court reporter's cumulative years of service with the circuit courts.

Utility costs for small businesses could be impacted.

Small businesses that purchase certain metals could be impacted by this proposal.

FISCAL DESCRIPTION

This proposal modifies multiple provisions relating to local government.

Section 67.265 and sections 139.100 and 192.300 contain an emergency clause.

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
Office of Administration - Administrative Hearing Commission
Department of Commerce and Insurance
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety
 Fire Safety
 Directors Office
 Missouri Highway Patrol
Department of Social Services
Missouri Department of Conservation
Missouri Ethics Commission
Missouri Department of Transportation
Office of Administration
Office of the Secretary of State
University of Missouri Legislative Research
Joint Committee on Administrative Rules
Missouri Office of Prosecution Services
Office of the State Courts Administrator
State Tax Commission
City of Claycomo
Kansas City
Platte County Election Authority
St. Louis County Election Authority
St. Joseph Police Department

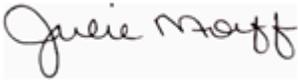
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Little Blue Valley Sewer District
Metropolitan St. Louis Sewer District
Wayne County Pwsd



Julie Morff
Director
June 9, 2021



Ross Strobe
Assistant Director
June 9, 2021