

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0195S.03C  
 Bill No.: SCS for HCS for HB 271  
 Subject: Administration, Office of; Cities, Towns, and Villages; Counties; County Government; County Officials; Political Subdivisions  
 Type: Original  
 Date: April 15, 2021

Bill Summary: This proposal modifies provisions relating to expenditures of local governments.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue*	\$0	(Could exceed \$100,000)	(Could exceed \$100,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>(Could exceed \$100,000)</b>	<b>(Could exceed \$100,000)</b>

\*Oversight assumes the potential reimbursements by the state to local political subdivisions would not reach the \$250,000 threshold.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
<b>Total Estimated Net Effect on <u>Other State Funds</u></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<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 \$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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 37.1091 - Missouri Local Government Expenditure Database

In response to a previous version, officials from the **Office of Administration (OA) - Information Technology Services Division (OA-ITSD)** stated 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.

In response to a previous version, officials from the **Office of Administration – Division of Accounting** stated 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. Oversight assumes the cost would not hit the \$250,000 threshold requirement for this bill to be referred to Fiscal Review/Fiscal Oversight.

Officials from the **Missouri Department of Transportation** assume 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.

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.

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 our 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.

In response to a previous version, officials from the **City of Hughesville** and the **St. Louis Budget Division** 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.

In response to a previous version, officials from the **City of Ballwin** 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 these agencies.

Officials from the **City of Claycomo** and **City of Corder** assume 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.

### 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 their office can sustain with their 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.

### 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.

#### Section 50.166 – County Treasurer's Access to Certain Documents of County Officials

In response to a similar proposal from this year (SB 27), officials from **Jackson County Boone County Sheriff's Department** and the **Boone County Sheriff's Department** each 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 these agencies.

In response to a similar version from 2020, SCS for SB 576, officials at **St. Louis County** and the **Lawrence County Treasurer's Office** each assumed no fiscal impact to their respective agencies from this proposal.

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

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other counties, county treasurers and sheriffs 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
<b>GENERAL REVENUE FUND</b>			
<u>Cost - OA (\$37.1094.5)</u> Reimburse participating municipalities for actual costs	<u>\$0</u>	(Could exceed <u>\$100,000</u> )	(Could exceed <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<u>\$0</u>	(Could exceed <u>\$100,000</u> )	(Could exceed <u>\$100,000</u> )

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Income</u> - Potential reimbursement from the state for actual costs	\$0	Could exceed \$100,000	Could exceed \$100,000
<u>Cost</u> - Municipalities and Counties Cost associated with participating in the Missouri Local Government Expenditure Database	\$0	\$0 to (Unknown)	\$0 to (Unknown)
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill establishes the "Missouri Local Government Expenditure Database", to be maintained by the Office of Administration. For each fiscal year beginning after December 31, 2022, the database must include extensive information about a given municipality's or county's expenditures and the vendors to whom payments were made. The database must be accessible by the public without charge and have multiple ways to search and filter the information.

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. A link to the database on a municipal or county website is required.

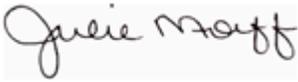
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration

L.R. No. 0195S.03C  
Bill No. SCS for HCS for HB 271  
Page 9 of 9  
April 15, 2021

Office of the Secretary of State  
Joint Committee on Administrative Rules  
City of St. Louis Budget Division  
City of Springfield  
City of Kansas City  
City of Ballwin  
City of Corder  
City of Osceola  
City of Hughesville  
City of Columbia  
City of O'Fallon



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April 15, 2021



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