

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0195S.06F
 Bill No.: SS#2 for SCS for HCS for HB 271 with SA1
 Subject: Administration, Office of; Cities, Towns, and Villages; Counties; County Government; County Officials; Political Subdivisions
 Type: Original
 Date: April 27, 2021

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue*	(Could exceed \$930,975)	(Could exceed \$1,932,041)	(Could exceed \$2,066,747)
Total Estimated Net Effect on General Revenue	(Could exceed \$930,975)	(Could exceed \$1,932,041)	(Could exceed \$2,066,747)

*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

Due to time constraints, **Oversight** was unable to receive some agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

ASSUMPTION

Sections 37.1090 - 37.1098 - 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 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.

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.

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 49.266– County Regulation of County Property

In response to a similar proposal from this year (SB 170), officials from the **Department of Public Safety’s Office of the Director** and the **Division of Fire Safety** 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 similar legislation from 2019, (SB 464), officials at **St. Louis County** and **Greene County** each assumed no fiscal impact to their respective entities from this proposal.

In response to similar legislation from 2018 (HB 1269), officials at **Boone County** assumed no fiscal impact from this proposal.

Sections 49.310

In response to a similar proposal from this year (SB 526), officials from the **Office of the State Courts Administrator** 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.

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.

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 50.530 – County Official Provisions

Oversight assumes this section of the bill will have no fiscal impact on state or local governments.

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.

§§59.021 & 59.100 – Bonds of County Recorders of Deeds

In response to similar legislation from 2020, HB 2368, officials from the **Daviess County Recorder of Deeds Office** assumed no fiscal impact to their organization from this proposal. Daviess County's Recorder is already bonded for \$10,000. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

In response to a previous version, officials from **Jackson County** 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.

In response to similar legislation from 2019, Perfected SB 468, officials from **Boone County** and **Ray County** each assumed no fiscal impact to their respective entities from 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.

In response to a similar proposal from this year (HB 607), officials from the **Office of the State Courts Administrator**, the **Department of Commerce and Insurance**, the **Department of Health and Senior Services**, the **Department of Natural Resources**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety's Office of the Director** and the **Missouri Office of Prosecution Services** 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.

Section 67.265

Oversight assumes that any potential costs that may be incurred as a result of this amendment would be indirect costs. Therefore, Oversight will present no fiscal impact for provisions of this amendment.

Section 67.398

In response to a similar proposal from 2019 (SB 320), officials at the **City of Kansas City** assume this legislation will have a negative fiscal impact on Kansas City because it alters the rights of the city to attach liens to any property that is added to the annual county real estate bill when delinquent. This change creates ambiguity in the City's rights to collect these delinquent taxes.

Oversight notes in subsections 4 and 5 of the proposal it states that the cost to remove or abate the public nuisance shall be recoverable and included on the annual real estate tax bill. Oversight is unclear on the number of potential public nuisances that could be a cost to the local political subdivision and/or when the costs would be recovered from the taxpayer. Oversight assumes if the charges are added to a taxpayer's property tax bill, the city/county may receive their reimbursement sooner than if filed as a lien. Therefore, Oversight will range the impact for this bill from unknown positive (costs may be recovered more quickly) to a negative unknown (removal of ability to place a lien on a property) to local political subdivisions.

Oversight also notes that in subsection 7 of the proposal, the local political subdivision shall adopt an ordinance for the policy and notification on the removal of overgrown vegetation and noxious weeds. The proposal does not clarify if the cost would also be recoverable to the local political subdivision. Oversight would then assume the cost would be the responsibility of the local political subdivision. Therefore, Oversight will assume a potential cost to the local political subdivision for this subsection of the proposal.

In response to a similar proposal from 2019 (SB 320), officials at the **Office of the State Courts Administrator**, the **Department of Natural Resources**, the **State Tax Commission**, the **Department of Public Safety - Office of the Director** and the **Department of Health and Senior Services** each assume no fiscal impact to their respective agencies from this proposal.

Oversight notes that the Office of the State Courts Administrator, the Department of Natural Resources, the State Tax Commission, the Department of Public Safety - Office of the Director and the Department of Health and Senior Services each 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 for these agencies. **Oversight** assumes this section will have no fiscal impact on state or local governments.

Sections 67.990 & 67.993– Senior Citizens' Services Fund

In response to a similar proposal from this year (SB 592), officials from the **Department of Health and Senior Services** and the **Department of Social Services** 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 similar proposal from this year (SB 592), officials from **St. Louis City** 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.

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 67.1153 & 67.1158 – County Convention and Sports Facilities Authority

In response to similar legislation from 2018 (SB 1065), officials from the **St. Charles County Convention & Sports Facilities Authority** assumed no impact from this proposal. Currently, per contract, the St. Charles County Collector of Revenue collects and remits monthly to the Authority the 5% Sleeping Room tax. The Authority is responsible for all other handling of the tax.

In response to a similar proposal from this year (HB 1094), officials from the **Department of Revenue** and the **Department of Economic Development** 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.

Section 67.1847– Public Right-of-Way Provisions

In response to a similar proposal from this year (SB559), officials from **Kansas City** stated this legislation imposes a 7.5% gross receipts tax on any public utility providing fiber networking who is not subject to franchise fees or gross receipts tax. This would result in a positive fiscal impact in an indeterminate amount.

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, who is not subject to franchise fees or gross receipts tax before August 28, 2021, shall pay to the political subdivision a gross receipts tax of 7.5% and shall not pay a linear foot fee. Oversight assumes this legislation could result in an unknown positive fiscal impact to local political subdivisions.

In response to a similar proposal from this year (SB559), officials from the **Department of Commerce and Insurance**, the **Department of Natural Resources**, the **Missouri Department of Transportation**, the **Office of Administration** and the **City of Corder** 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.

Section 67.2680 – Provisions for satellites or streaming video services

Oversight notes this amendment assumes the state or any other political subdivision shall not impose any new tax, license, or fee in addition to any tax, license, or fee already authorized on or before August 28, 2021, upon the provision of satellite or streaming video service. While these services may not be taxed, other broadband services are still subject to being taxed.

Section 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.

In response to a previous version, officials from the **Department of Economic Development** 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.

In response to a similar proposal from this year (Perfectured SS for SCS for SB 108), officials from the **Office of the Secretary of State**, the **Department of Commerce and Insurance** and the **Department of Revenue**, **City of Ballwin**, the **City of Corder**, the **City of Houstonia**, the **City of Hughesville**, the **City of Kansas City**, the **City of Mansfield**, the **City of O'Fallon**, the **City of Springfield**, **St. Louis City**, the **Jackson County Board of Elections**, the **Platte County Board of Elections**, the **City of Claycomo** and the **St. Louis 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.

Section 82.390

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 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.

In response to a similar proposal from this year (SCS for SB 53), officials from the **Attorney General's Office**, the **Department of Corrections**, the **Department of Public Safety's Office of the Director** and **Missouri Highway Patrol** and the **Missouri Office of Prosecution Services** 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 similar proposal from this year (SCS for SB 53), officials from the **City of Bland**, the **City of Claycomo**, the **City of Corder**, the **City of Kansas City**, the **City of O'Fallon**, the **City of Springfield**, **St. Louis City**, **Boone County**, the **Kansas City Police Department**, the **St. Joseph Police Department** and the **St. Louis County Police Department** each assumed the proposal will have no fiscal impact on their respective organizations. **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 these agencies.

Section 91.450

In response to a similar proposal from this year (SB 347), officials at the **Department of Commerce and Insurance** and the **Missouri Department of Transportation** 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.

Oversight notes this amendment modifies the appointment qualifications for members of boards of public works in certain cities to include any resident of the county that receives services from

such board. Oversight assumes this modification is codifying statute and will not have a direct fiscal impact on local governments.

Section 115.127– Filing Period for Certain Local Candidates

In response to a similar proposal from this year (SCS for SB 158), officials from the **Office of the Secretary of State** assumed the proposal will have no fiscal impact on their organization.

In response to a similar proposal from this year (SCS for SB 158), officials from the **Platte County Board of Elections** assumed the proposal will have no fiscal impact on their organization.

In response to a similar proposal from this year (SCS for SB 158), officials from the **Kansas City Election Board** and **St. Louis County Board of Elections** both assumed the proposal will have no fiscal impact on their organizations.

Section 115.646 – Public Fund Influence in Elections

In response to a similar proposal from this year (SB 86), officials from the **Office of the Secretary of State, Department of Elementary and Secondary Education, and Missouri Ethics Commission** each assumed the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal from this year (SB 86), officials from the **Kansas City Election Board, Platte County Board of Elections, and St. Louis County Board of Elections** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

Section 137.115– Growth Assessments of Residential Real Property

In response to a similar proposal from this year (SB 131), officials from the **State Tax Commission** have reviewed and determined that SB 131 proposes that no residential property (Class 1) shall be assessed by more than the percentage increase of the consumer price index (1.2% 2020) or five percent whichever is greater. The act has an unknown fiscal impact, however the limitation on assessment growth may negatively impact revenues for school districts, counties, cities, fire districts and other local taxing jurisdictions supported by property tax revenues. Additionally, restrictions on assessment growth may create disparities and inequities over time among residential properties and categories of homeowners, shifting a greater share of the tax burden from one class of homeowner to another. A newer home's true market value used for assessment may increase far more than an older home. An assessment limit would impact the assessment growth and over time potentially create a large disparity among properties assessed.

In response to a similar proposal from this year (SB 131), officials from **Office of Administration - Budget and Planning (B&P)** assumed this proposal will not impact TSR. This proposal will not impact the calculation under Article X, Section 18(e).

Subsection 137.115.1 would limit increases to the assessed value of real residential property to either the rate of inflation or 5%, whichever is greater; unless there has been new construction at such property.

B&P notes that while this proposal will not have a direct impact to the Blind Pension Trust Fund or local revenues, this may have a negative indirect impact over time.

In response to a similar proposal from this year (SB 131), officials from the **Office of the Secretary of State, Department of Revenue, Office of the State Auditor** and the **Department of Social Services** each assumed the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal from this year (SB 131), officials from the **City of St. Louis** assumed the average increase in real estate property values during the 2017 and 2019 reassessments was 8% for the City of St. Louis and the CPI was around 2% in both reassessments. This change would have negated approximately 6% (the vast majority) of the value being reported to the taxing jurisdictions. Since taxing jurisdictions collect taxes based on the amount of assessed value and are already limited to a total tax increase of 5% or the CPI, whichever is less, this change could result in more cuts in taxes to the taxing jurisdictions.

It should also be noted that this change would cause those properties with the largest increases in value to be valued at a lesser proportion than those properties that have lesser value increases. This change likely violates Article X, Section 3 of the Missouri Constitution as it would cause for non-uniform assessments in the same subclass of property.

In response to a similar proposal from this year (SB 131), officials from the **City of Kansas City** assumed this legislation could have a negative fiscal impact on Kansas City of an indeterminate amount. Permitted revenue growth in a given year is based on the lower of actual assessed value growth, CPI or 5%. In the last fifteen years, the City has only experienced growth in excess of 5% three times. In years where the percentage increase in the consumer price index is greater than 1.6% and the assessed value growth of commercial and personal property is flat, a residential growth limit of 5% could have a negative fiscal impact to the City. They estimate the negative impact could range between \$1.1 million to \$2.2 million.

In response to a similar proposal from this year (SB 131), officials from **Jackson County** assumed a significant negative fiscal impact to counties and other taxing jurisdictions who would not be able to capture full market value growth in certain areas. The legislation would exacerbate inequity between communities experiencing growth and those communities not benefiting from that growth and investment.

In response to a similar proposal from this year (SB 131), officials from the **City of Springfield** anticipated a negative fiscal impact every other year when property values are reassessed. For Fiscal Year 2020, the estimated revenue in excess of the proposed limit of a 5% increase would have totaled \$142,975.

In response to a similar proposal from this year (SB 131), officials from **Barton County Assessor’s Office** stated, if real estate sales are up 23% across the USA and they are only going to be allowed to raise the level by 5% when they do their **RATIO STUDY** for the state there will be a good chance that the county will not be in compliance.

In response to a similar proposal from this year (SB 131), officials from the **Dent County Assessor’s Office, City of Hale, St. Clair Fire Protection District,** and the **Crestwood Police Department** each assumed the proposal will have a fiscal impact on their respective organizations.

In response to a similar proposal from this year (SB 131), officials from the **City of Ballwin, City of Corder, Ellisville Police Department, Kansas City Police Department, Springfield Police Department, St. Louis County Police Department, Crawford County 911 Board, Boone County Sheriff** and the **Nodaway County Ambulance District** each assumed the proposal will have no fiscal impact on their respective organizations.

Oversight assumes this proposal limits increases in the assessed values of individual residential property to the increase in the percentage change in CPI (estimated at 1.9% for the 2018 year end) or 5% whichever is greater. Under the proposed legislation, Oversight assumed the assessed value would be 19% of the market value or the prior year assessed value plus five percent growth whichever is lower. For fiscal note purposes, Oversight used a two property example to demonstrate the potential changes as a result of this proposal.

Table I: Assessed Values

	Prior Year Market Value	Prior Year Assessed Value (19%)	Current Year Market Value (Assumed)*	Assessed Value Current (19%)	Assessed Value Proposed**
Property 1	\$100,000	\$19,000	\$115,000	\$21,850	\$19,950
Property 2	\$100,000	\$19,000	\$100,000	\$19,000	\$19,000
Total	\$200,000	\$38,000	\$215,000	\$40,850	\$38,950

*For purposes of this example, Oversight assumed a 15% increase in the market value of property 1 and no change in the market value of property 2.

**Oversight assumed the assessed value would be either the market value times 19% or the prior year assessed value plus a 5% increase whichever is lower.

Oversight notes property tax revenues are generally designed to be revenue neutral from year to year. The tax levy is adjusted relative to the assessed value to produce roughly the same revenue from the prior year with an allowance for growth. Below is the basic formula for the tax rate-setting calculation:

Growth Factor Calculation

Current Year Adjusted Total Current Assessed Value	\$40,850
Less Previous Year Adjusted Total Assessed Value	<u>- \$38,000</u>
	\$2,850
Divided by Previous Year Adjusted Total Assessed Value	<u>/ \$38,000</u>
	0.75
Times 100	<u>x 100</u>
Actual Percentage Growth in Assessed Value	7.5%

Tax Rate Calculation

Revenues Authorized Previous Year	\$1,900
Times the Growth Factor*	<u>x 1.9%</u>
Authorized Revenue Growth	\$36

Previous Year Authorized Revenues	\$1,900
Plus Authorized Revenue Growth	<u>+ \$36</u>
Current Year Authorized Revenues	\$1,936

Total Current Assessed Value	\$40,850
Less New Construction (assumed for simplicity)	<u>- \$0</u>
Adjusted Total Current Assessed Value	\$40,850

Current Year Authorized Revenues	\$1,936
Divided by Adjusted Total Current Assessed Value	<u>/ \$40,850</u>
	0.04739
	<u>x 100</u>
Maximum Authorized Levy	\$4.739

*The growth factor used in the tax levy calculation is either actual growth in assessed valuation as calculated above (7.5%), inflation based on CPI (1.9%) or 5% whichever is lower. In this example actual growth exceeds inflation, therefore the growth factor used in the tax levy calculation is capped at inflation (1.9%).

Using the basic tax rate formula above and the [Property Tax Rate Calculator](#) (Single Rate Method) provided on the Missouri State Auditor's website, **Oversight** estimated the potential changes in the tax rate from this proposal in the table below using the two-property example.

Table II: Tax Rates

	Total Assessed Values	Growth Factor	Maximum Allowed Revenue (Prior Year Revenue plus Growth Factor)	Tax Rate (Maximum Revenue/ Assessed Value)*100
Prior Year (Assumed)	\$38,000	N/A	\$1,900.00	5.0000
Current Year Current Law	\$40,850	1.9%	\$1,936.00	4.7393
Current Year Proposed Law	\$38,950	1.9%	\$1,936.00	4.9705

Currently, growth in assessed values allows the tax rate to fall over time. In this example under the proposed legislation, the tax rate would fall at a slower rate than under the current law. **Oversight** notes some taxing entities have tax rate ceilings that are at their statutory or voter approved maximum. For these taxing entities, any decrease (or reduced increase) in the assessed values would not be offset by a higher tax rate (relative to current law), rather it would result in a loss of revenue.

Based on information provided by the Office of the State Auditor, **Oversight** notes there are over 2,500 tax entities with 4,000 different tax rates for 2019. Of those entities, 3,155 tax rate ceilings were below the entities' statutory or voter approved maximum tax rate and 929 tax rate ceilings were at the entities' statutory or voter approved maximum rate. (These numbers do not include entities which use a multi-rate method and calculate a separate tax rate for each subclass of property.)

Because the tax levy would fall at a slower rate in this example as noted in Table II, the distribution of tax on individual property owners would change as noted below in Table III.

Table III: Distribution of Individual Property Tax

	Prior Year Tax Burden	Assessed Value Current (Table I)	Tax Burden Current (4.7393)	Assessed Value Proposed (Table I)	Tax Burden Proposed (4.8521)
Property 1	\$950.00	\$21,850	\$1,035.53	\$19,950	\$991.61
Property 2	\$950.00	\$19,000	\$900.47	\$19,000	\$944.39
Total	\$1,900.00	\$40,850	\$1,936.00	\$38,950	\$1,936.00

Based on information from the [Federal Housing Finance Agency](#) website, **Oversight** notes there were 689 census tracts in Missouri with an annual change in the House Price Index (HPI) that exceeded 5% for the 2018 and 2019 period (based on a two year reassessment cycle). Because this proposal limits the assessed value of individual residential properties to a 5% increase from the previous assessment, this will result in a decrease to total assessed values (relative to current law) as a result of any property that appreciates more than 5% over the two year reassessment cycle.

Oversight notes the Blind Pension Fund (0621) is calculated as an annual tax of three cents on each one hundred dollars valuation of taxable property ((Total Assessed Value/100)*.03).

Because this proposal limits the assessed value portion of this equation, the Blind Pension Fund will experience a decrease in revenue relative to what it would have received under current law. Below is an example of how this proposal would impact the Blind Pension Fund using the two property example.

Table IV: Blind Pension Trust Fund

	Total Assessed Value	Blind Pension Trust Fund (Assessed Value/100)*0.03
Prior Year	\$38,000	\$11.40
Current Year Current Law	\$40,850	\$12.26
Current Year Proposed Law	\$38,950	\$11.69

In response to similar legislation from 2020, **Oversight** notes OA-B&P indicated they did not anticipate a reduction in funding relative to what is currently collected because the proposal still allows for some growth in assessed values. However, Oversight will show an unknown negative fiscal impact that could exceed \$100,000 to the Blind Pension Fund relative to what it would have received under current law.

Although the effective date of this proposal, if passed, would be FY 2022 (August 2021), the next re-assessment cycle would not occur until calendar year 2023 with impacted revenues occurring in FY 2024 (December 2023).

Oversight assumes there could be costs for implementation and computer programming. Oversight will show an unknown cost to county assessors to implement this proposal beginning in FY 2023.

Section 137.280– Electronic Property Tax List

In response a similar proposal from this year (SB 365), officials from the **State Tax Commission** 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 the Tax Commission.

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.

Oversight received a limited number of responses from county assessors related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Section 139.100

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. Collector's 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 162.441 – Seven-Director Districts – Annexation

Oversight notes this section is modified so that the question put forth to the voters of the school district shall be approved by the County Commission in which the school district is located. Furthermore, this section is modified so that the question put forth to the voters shall include the tax rate and assessed valuation of the school district prior to and after approval of the question.

Oversight does not anticipate a fiscal impact as result of this provision.

Section 192.300

Oversight notes it is currently the responsibility of local public health agencies (LPHAs) to conduct disease investigation and contact tracing regardless of whether a statewide emergency

has been proclaimed by the governor. Oversight assumes that any potential costs that may be incurred as a result of this proposal would be indirect costs. Therefore, Oversight will present no fiscal impact for provisions of this proposal.

Section 204.569

In response to a similar proposal from this year (SB 558), 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 or 3/4th of the customers of the subdistrict as defined in §204.370. Oversight assumes §204.569 is codifying statute to reflect the same percentage as §204.370 and will have no direct fiscal impact.

In response to a similar proposal from this year (SB 558), officials from the **Office of the Secretary of State** and the **Joint Committee on Administrative Rules** 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 similar proposal from this year (SB 558), officials from the **Metropolitan St. Louis Sewer 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.

Section 221.105- Department of Corrections Reimbursement to Counties

In response to a similar proposal from this year (SB 511), officials from the **Department of Corrections (DOC)** assume the proposal will have no fiscal impact on their organization.

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.

Section 304.900

In response to a similar proposal from this year (SB 176), officials from the **Department of Commerce and Insurance, Department of Revenue, Missouri Department of Transportation** and **Missouri Highway Patrol** 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.

Officials from the **City of Claycomo, City of Corder, City of Hughesville, City of Kansas City, City of Springfield, City of St. Louis** and **City of O’Fallon** 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.

In response to a similar proposal from this year (SB 176), officials from the **City of Ballwin** and **City of Hale** each assumed the proposal would 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.

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).

In response to a similar proposal from this year (SB 334), officials from the **Department of Commerce and Insurance**, the **Department of Natural Resources**, the **Department of Revenue**, **Kansas City**, the **City of O’Fallon**, the **City of Puxico**, the **St. Louis Budget Division**, the **City of Sugar Creek** and the **City of Tipton**, the **Clarence Water/Wastewater District**, the **High Point Elementary School District**, the **Howard County C-Pwsd**, the **Lexington Water/Wastewater District**, the **Little Blue Valley Sewer District**, the **Metropolitan St. Louis Sewer District**, the **Puxico Water/Wastewater District**, the **Schell City Water Department**, the **Tipton Water/Wastewater District** and the **Wayne County Pwsd** 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.

Section 393.106 – Wholesale Electric Energy

Oversight assumes this change will no create a fiscal impact to the state or local political subdivisions.

Section 394.315

Oversight assumes this change will no create a fiscal impact to the state or local political subdivisions.

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.

In response to a similar proposal from this year (SB 318), from the **Office of the State Courts Administrator**, the **Attorney General’s Office**, the **Department of Revenue**, the **Missouri Highway Patrol**, the **Missouri Department of Transportation**, the **Missouri Office of Prosecution Services** and the **Office of the State Public Defender** 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 similar proposal from this year (SB 318), from **St. Louis City**, the **Kansas City Police Department**, the **St. Joseph Police Department** and the **St. Louis County Police Department** 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 similar proposal from this year (SB 318), from the **Crestwood Police Department** and the **Tipton Police Department** 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 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

In response to a similar proposal from this year (HB 69), officials from the **Department of Corrections (DOC)** stated §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.

Bill as a Whole

In response to a similar proposal from this year (HB 69), officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** stated the proposal will have an unknown impact but assume it will be minimal and can be absorbed; therefore, for purposes of this fiscal note, the MHP anticipates no fiscal impact on their organization.

In response to a similar proposal from this year (HB 69), officials from the **Attorney General's Office**, the **Department of Revenue**, the **Missouri Department of Transportation**, the **Missouri Office of Prosecution Services**, the **Office of the State Courts Administrator**, the **Office of the Secretary of State**, the **Office of the State Public Defender**, and the **Kansas City Police Department** 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.

§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.

Officials from the **Department of Commerce and Insurance**, the **Department of Health and Senior Services**, the **Department of Corrections**, the **Department of Public Safety**, the **Office of Administration**, the **Office of the Secretary of State**, the **Joint Committee on Administrative Rules** and the **Office of the State Courts Administrator** 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.

Officials from **St. Louis City**, the **Platte County Board of Elections**, the **St. Louis County Board of Elections** and the **Mississippi County Recorder of Deeds Office** 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.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other counties, local election authorities and county recorder of deeds offices 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.

Section 476.086 – County Official Provisions

Oversight assumes this section of the proposal will have no fiscal impact on state or local governments.

Section 485.060– Court Reporters Compensation

In response to a similar proposal from this year (SB 237), 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.

In response to a similar proposal from this year (SB 237), officials from the **Office of Administration - Administrative Hearing Commission** and the **Office of Administration** 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.

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.

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<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 p. 6	\$0	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Costs – DOC</u> (§507.030) Increased incarceration costs p. 27	(\$6,463)	(\$15,822)	(\$16,139)
<u>Revenue – DOR – 1% collection fee</u> (§§67.2680 & 71.1000) p. 12	\$0	\$0 or Unknown	\$0 or Unknown
<u>Costs – OSCA – salary adjustments for court reporters as of January 1st</u> (§485.060) p. 29-30			
Personal Service	(\$691,224)	(\$1,432,687)	(\$1,533,165)
Fringe Benefits	(\$233,288)	(\$483,532)	(\$517,443)
Total Costs – OSCA	(\$924,512)	(\$1,916,219)	(\$2,050,608)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Could exceed \$930,975)</u>	<u>(Could exceed \$1,932,041)</u>	<u>(Could exceed \$2,066,747)</u>
BLIND PENSION TRUST FUND			
<u>Loss in revenues – potential change in cash flow resulting from counties entering into agreements to collect real estate taxes</u> (§139.100) p. 20-22	\$0 or (Unknown)	\$0 to Unknown to (Unknown)	\$0 to Unknown to (Unknown)

<u>Revenue Loss</u> - loss of property tax on property that appreciates more than 5% - (§137.115) p. 14-19	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE BLIND PENSION TRUST FUND	<u>\$0 or (Unknown)</u>	<u>\$0 to Unknown to (Unknown)</u>	<u>(Unknown)</u>

<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 p. 6	\$0	Could exceed \$100,000	Could exceed \$100,000
<u>Income</u> – School districts (§407.300) Fines from violations p. 26-28	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Revenue</u> – St. Louis City (§407.297) Potential increase in license fees p. 25-26	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Revenue</u> – 7.5% tax (§67.1847) p. 11	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Revenues</u> – Boone County civil fines and penalties (§64.207) p. 8	\$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. 12	\$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. 26-28	\$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. 8	Unknown	Unknown	Unknown
<u>Savings</u> – County Assessors - from no longer mailing assessment lists	Unknown	Unknown	Unknown

and a reduction in staff (§137.280) p. 19-20			
<u>Revenue</u> – continuation of existing court cost in §488.2235 p. 30	Unknown	Unknown	Unknown
<u>Loss</u> – Linear Foot Fee (§67.1847) p. 11	(Unknown)	(Unknown)	(Unknown)
<u>Loss in revenues</u> – counties – potential reduction for penalties waived or reduced to collect on real estate taxes (§139.100) p. 20-22	\$0 or (Unknown)	\$0 to Unknown to (Unknown)	\$0 to Unknown to (Unknown)
<u>Loss in revenues</u> – school districts – potential reduction of penalties collected or waived by counties in order to collect on real estate taxes (§139.100) p. 20-22	\$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. 24-25	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost</u> – City of St. Louis Collectors Base Salary Increase (§82.390) p.13	(Could be greater than \$40,000)	(Could be greater than \$40,000)	(Could be greater than \$40,000)
<u>Cost</u> - Local Governments Potential increase in utility costs (§393.106) p. 13	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost</u> - Municipalities and Counties Cost associated with participating in the Missouri Local Government Expenditure Database p. 6	\$0	\$0 to (Unknown)	\$0 to (Unknown)
<u>Costs</u> – system changes and other administrative costs to implement this change (§139.100) p. 20-22	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

<u>Cost</u> – DOR’s 1% collection fee (§§67.2680 & 71.1000) p. 12	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost</u> – election costs to form a broadband improvement district (§71.1000) p. 12	\$0	\$0 or (Unknown)	\$0
<u>Costs</u> - for assessors for implementation and computer programming – (§137.115) p. 14-19	\$0	(Unknown)	(Unknown)
<u>Loss</u> - loss of property tax on property that appreciates more than 5% - (§137.115) p. 14-19	\$0	\$0	(Unknown)
<u>Costs</u> – Boone County to implement civil fines and penalties (§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 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.

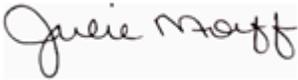
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
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

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City of Hughesville
City of Columbia
City of O'Fallon



Julie Morff
Director
April 27, 2021



Ross Strobe
Assistant Director
April 27, 2021