

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0385H.02C
Bill No.: HCS for HB Nos. 288, 444 & 392
Subject: Health, Public; Counties; County Officials; County Government
Type: Original
Date: February 4, 2021

Bill Summary: This proposal modifies provisions relating to public health closures by government entities.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$0 | \$0 |

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

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.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|---|---|---|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| | | | |
| Local Government | \$0 or (Unknown, Could be substantial) | \$0 or (Unknown, Could be substantial) | \$0 or (Unknown, Could be substantial) |

FISCAL ANALYSIS

ASSUMPTION

§139.305 – Powers of county health authorities

In response to similar provisions in SB 100, officials from the **State Tax Commission (STC)** assumed under this proposal, if any county or city issues an order or ordinance restricting the use of real property in a county or city, then the total tax bill for any real property in the county or city would be reduced to the total real property taxes owed only to the county or city, but the real property taxes owed to the individual taxing districts, such as school districts, would not be reduced. The taxpayer would receive a credit against property taxes owed. The credit is equal to the percentage of the calendar year that the restrictions on the use of the property were in place. The act states “real property” which consists of three subclasses, residential, commercial and agricultural. The potential negative fiscal impact on counties or cities that have adopted such restrictions is unknown, however a large urban/suburban county such as St Louis County, has a total of 391,033 parcels in the three subclasses (17,200 commercial parcels, 372,956 residential parcels and 877 agricultural parcels). Additionally the fiscal impact would be dependent on the duration, and the definition of the restriction.

As an example of a likely subclass (commercial) affected by restrictions, County A issues a six-month county-wide order restricting the use of real property in County A. Commercial Property Y has a market value of \$100,000 and an assessed value of \$32,000 ($\$100,000 \times .32 = \$32,000$). The tax rate in County A is 6.5%. Commercial Property Y has a total property tax liability of \$2,080 ($\$32,000 \times .065 = \$2,080$). Of that total, \$200 is the portion for property tax liabilities owed only to County A. The amount of taxes owed only to County A due to the six-month county-wide order would be \$100. Commercial Property Y has a reduced total property tax liability of \$1,980. The amount of taxes owed for the same six-month period to the taxing districts, such as the school districts, would not be reduced, but the county’s amount of tax revenue would be reduced by fifty percent.

In response to similar provisions in SB 100, officials from the **City of Hale** and the **St. Clair Fire Protection District** each assumed the proposal will have a fiscal impact on their respective organizations.

In response to similar provisions in SB 100, officials from the **City of Kansas City** assumed this proposal would have a negative fiscal impact of an indeterminate amount on Kansas City.

In response to similar provisions in SB 100, officials from the **City of Springfield** anticipated a negative fiscal impact from this bill. Approximately 42% of the City's assessed valuation comes from commercial property, but the City has no data to identify how much of the commercial property is used for retail activities. The City anticipates that the negative fiscal impact from a

credit for six months of occupancy restrictions would be greater than \$0 but less than \$4,579,089 based on 2020 property taxes for a six month credit.

In response to similar provisions in SB 100, officials from the **City of Ballwin**, the **Crawford County 911 Board** and the **Nodaway County Ambulance District** each assumed the proposal will have no fiscal impact on their respective organizations.

Oversight notes the following city and county restrictions:

Per the City of Kansas City's [website](#), the following restrictions remain in effect until January 16, 2021:

- “All indoor gatherings are limited to 10 people maximum.
- Restaurants, taverns, and all other venues, including wedding and other event spaces, shall close at 10:00 PM and shall limit the number of occupants indoors to no more than 50 percent of room occupancy.
- Indoor and outdoor patrons at these facilities must be seated, and also masked at all times except when actively eating or drinking. Indoor and outdoor parties are limited to a maximum of 10 people and parties shall be spaced with no less than six feet of distance between themselves and individuals from any other parties. Operators must report any COVID cases among staff or patrons to the Department of Health.
- Masks must be worn in all indoor spaces with more than one person per room, and outdoor spaces where social distancing cannot be maintained.
- Patrons of gyms, fitness, and recreational centers, including city, school, and other publicly-owned and managed facilities, must wear masks, and are limited to no more than 50 percent capacity.”

Per the City of Springfield's [website](#), the following restrictions have been implemented for retail and dining facilities:

- “As of July 16, any business engaged in retail sales or personal care services to the public must limit the number of customers in any particular business or retail location at any one time to a maximum of:
- The result of the total square feet of that part of the building devoted to the subject business divided by 30 times 50%.
- Face coverings are required for both staff and patrons in areas open to the public.”

Per the St. Louis County [website](#), the following restrictions are in effect beginning January 4, 2021:

D. Businesses are subject to the following requirements:

1. All Businesses that provide goods or services to the public are limited to twenty-five percent (25%) or less of the entity's authorized fire or building code occupancy and must:
 - a. Provide employees and volunteers working in the Businesses' facility with Face Coverings or supplies to make Face Coverings; and
 - b. Comply with Social Distancing Requirements, Disinfection Processes and follow any additional applicable requirements as determined by DPH and posted on stlcorona.com or specifically given to the Business related to general and Business-specific operating standards, guidelines and protocols.
2. All restaurants and Drinking Establishments are limited to twenty-five percent (25%) or less of the entity's authorized fire or building code occupancy OR are limited to the number of tables in the restaurant where individual groups are able to sit 6 feet of distance away from other individual groups, whichever is less, and must:
 - a. Close by 10 p.m. for indoor and outdoor service. Carry-out and delivery are not subject to the 10 p.m. curfew.
 - b. Provide employees and volunteers working in the Businesses' facility with Face Coverings or supplies to make Face Coverings.
 - c. Require customers to wear Face Coverings at all times they are interacting with or being served by a restaurant employee.
 - d. Comply with Social Distancing Requirements, Disinfection Processes and follow any additional applicable requirements as determined by DPH and posted on stlcorona.com related to general and Business-specific operating standards, guidelines and protocols.
 - e. Assist DPH with contact tracing when asked.
 - f. All restaurants and Drinking Establishments are encouraged to continue to provide outdoor service, carryout and delivery.
3. Banquet facilities, hotel conference rooms and facilities, as well as other businesses that provide similar facilities are subject to the capacity limitation of 25% of the entity's authorized fire or building code occupancy OR 50 people or less if the entity's authorized fire or building code would allow 200 or more individuals. These facilities must comply with all Food Establishment Bar Operating Guidelines. All meals and drinks must be served at tables and guests must remain seated at all times in groups of 10 or less and such facilities must:
 - a. End service by 10 p.m. for indoor and outdoor services.
 - b. Provide employees and volunteers working in the Businesses' facility with Face Coverings or supplies to make Face Coverings.
 - c. Require customers to wear Face Coverings at all times they are interacting with or being served by hotel or banquet staff.
 - d. Comply with Social Distancing Requirements, Disinfection Processes and follow any additional applicable requirements as determined by DPH and posted on stlcorona.com related to general and Business-specific operating standards, guidelines and protocols.
 - e. Assist DPH with contact tracing when asked."

Oversight assumes the effective date of this proposal is January 1, 2021, with impacted revenues occurring in FY 2022 (December 2021). Based on the restrictions currently in place, Oversight will show a loss of revenue occurring in FY 22. For the remaining years, Oversight will show a range of impact of \$0 (no city-wide or county-wide restrictions) to an unknown loss in revenue to cities and counties that impose restrictions on the use of real property.

Oversight assumes there could be costs associated with implementing and tracking property tax credits for eligible properties. Oversight will show a range of impact \$0 (the cost can be absorbed with existing resources) to an unknown cost to cities and counties to implement and track.

In response to similar provisions in SB 100, officials from the **Office of Administration - Budget and Planning**, the **Office of the State Auditor** 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.

§192.300 – Powers of county health authorities

Officials from the **Columbia/Boone County Department of Public Health and Human Services** state there will be an unknown cost due to an increase in COVID-19 cases and other communicable diseases requiring disease investigation and contact tracing. It is impossible to estimate how many additional COVID-19 cases or other communicable disease cases there will be because it is unknown which public health orders the county commission will or won't approve. In addition, the thirty day notice will result in continued transmission of deadly communicable diseases.

Officials from the **Kansas City Health Department** indicated this proposal would have a fiscal impact. However, Oversight notes, no additional information was provided.

Officials from the **Newton County Health Department** 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 for these agencies.

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. It is assumed any potential costs that may be incurred as a result of this proposal are indirect costs. Therefore, Oversight will present no fiscal impact for provisions of this proposal.

Responses regarding the proposed legislation as a whole

Officials from the **Department of Health and Senior Services** and the **Department of Revenue** each 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 for these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local public health agencies and various county officials 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.

This proposal contains an emergency clause.

| <u>FISCAL IMPACT –</u> <u>State Government</u> | FY 2022 (10 Mo.) | FY 2023 | FY 2024 |
|---|---------------------|-------------------|-------------------|
| | | | |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| | | | |

| <u>FISCAL IMPACT – Local Government</u> | FY 2022 (10 Mo.) | FY 2023 | FY 2024 |
|--|---|--|--|
| LOCAL GOVERNMENTS – CITIES AND COUNTIES | | | |
| <u>Costs</u> - Cities and Counties (§139.305) - to implement and track property tax credits | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |
| <u>Revenue (Loss)</u> - Cities and Counties (§139.305) - from property taxes credits in areas that impose real property restrictions | <u>(Unknown, Could be substantial)</u> | <u>\$0 or (Unknown, Could be substantial)</u> | <u>\$0 or (Unknown, Could be substantial)</u> |
| ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS – LPHAs | <u>(Unknown, Could be substantial)</u> | <u>\$0 or (Unknown, Could be substantial)</u> | <u>\$0 or (Unknown, Could be substantial)</u> |

FISCAL IMPACT – Small Business

This proposal could be a positive fiscal impact to small businesses that are located in areas with use restrictions that receive a credit toward property taxes owed. (§139.305)

FISCAL DESCRIPTION

Beginning January 1, 2021, this act allows a taxpayer that is a resident of a city or county that imposes any city-wide or county-wide ordinance or order prohibiting or restricting the use of the taxpayer's real property to receive a credit against property taxes owed on such affected property. The amount of the credit shall be a percentage of the property tax liability that is equal to the percentage of the calendar year that the restrictions on the use of the property were in place.

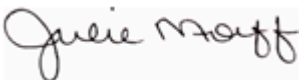
The credit authorized by this act shall only apply to real property tax liabilities owed to a city or county imposing such an ordinance, and shall not apply to property tax liabilities owed to any other taxing jurisdiction. (§139.305)

This act contains an emergency clause.

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

SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Revenue
Department of Social Services
Office of Administration - Budget and Planning
Office of the State Auditor
State Tax Commission
Columbia/Boone County Department of Public Health and Human Services
Kansas City Health Department
Newton County Health Department
City of Ballwin
City of Hale
City of Kansas City
City of Springfield
St. Clair Fire Protection District
Crawford County 911 Board
Nodaway County Ambulance District



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