COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1678H.03P
Bill No.: Perfected HCS for HB 814
Subject: Energy; Political Subdivisions; Taxation and Revenue - Property; Tax Incentives
Type: Original
Date: April 27, 2021

Bill Summary: This proposal modifies provisions relating to financial institutions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	($30,780) to (Unknown, Could exceed $2,030,780)	($6,310) to (Unknown, Could exceed $2,006,310)	($6,468) to (Unknown, Could exceed $2,000,000)
Total Estimated Net Effect on General Revenue	**($30,780) to (Unknown, Could exceed $2,030,780)**	**($6,310) to (Unknown, Could exceed $2,006,310)**	**($6,468) to (Unknown, Could exceed $2,006,468)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Missouri Workplace Retirement Savings Administrative Fund	$0 or Unknown	$0 or Unknown	$0 or Unknown
Total Estimated Net Effect on Other State Funds	**$0 or Unknown**	**$0 or Unknown**	**$0 or 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 All 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	**(Greater than $100,000)**	**(Greater than $100,000)**	**(Greater than $100,000)**

FISCAL ANALYSIS

ASSUMPTION

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.

§§67.2815 – Property Assessment for Clean Energy Provisions

Officials from the **Department of Natural Resources**, **City of Claycomo**, **City of Corder**, **City of Kansas City** and **City of Springfield** 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 for this section.

In response to a previous version, officials from the **City of O'Fallon** assumed the proposal would 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.

Officials from the **Department of Economic Development** did not respond to **Oversight's** request for fiscal impact for this proposal.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, counties and Clean Energy Boards 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.

§§285.1000, 285.1005, 285.1010, 285.1015, 285.1020, 285.1025, 285.1030, 285.1035, 285.1040, 285.1045285.1050 & 285.1055 (HA 2 a.a.) – Retirement Savings Plans for Private-Sector Employees

In response to a similar proposal from 2021 (SB 298), officials from the **Office of Administration - Budget and Planning** assumed this bill would establish the Missouri Workplace Retirement Savings Administrative Fund. Revenues deposited into the newly-created fund in the form of gifts, donations, grants or fees could increase Total State Revenue. Any new application, account, administrative, or other fees deposited into the fund could impact the calculation pursuant to Art. X, Sec. 18(e).

In response to a similar proposal from 2021 (SB 298), officials from the **Department of Revenue**, **Office of the State Treasurer**, **Missouri House of Representatives** and the **Missouri Senate** 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.

Upon further inquiry, the **Department of Revenue** stated that this proposal does allow in section 285.1015.2(6) that pretax contributions be allowed to be contributed. Pretax contributions could potentially have an impact on general revenue and total state revenues (TSR). However, given that current law allows these programs, DOR is not sure this would result in any additional impact to the state.

In response to a similar proposal from 2021 (SB 298), officials from the **Office of the Governor** stated Section 285.1005, RSMo, establishes the "Missouri Workplace Retirement Savings Board" within the office of the state treasurer. In addition to others, the board shall consist of the following members appointed by the Governor with the advice and consent of the Senate: an individual who has a favorable reputation for skill, knowledge, and experience in the field of retirement savings and investments and an individual who has a favorable reputation for skill, knowledge, and experience relating to small business. These initial appointments will begin on January 1, 2022.

Section 285.1050, RSMo, states that by August first of each year, the board shall submit to the Governor, among others, a public report on the operation of the plan and trust and activities of the board, including an audited financial report, prepared in accordance with generally accepted accounting principles, detailing the activities, operations, receipts, and expenditures of the plan and board during the preceding calendar year.

There should be no added cost to the Governor's Office as a result of this measure.

Oversight assumes this proposal creates the Missouri Workplace Retirement Savings Plan and creates the Missouri Workplace Retirement Savings Board comprised of nine members.

Oversight assumes this proposal allows employees enrolled in the program to contribute 5% of their wages to the plan. The plan allows voluntary pre-tax or designated Roth 401(k) contributions and is only available to employers that do not offer specified tax-favored plan for their employees. Therefore, Oversight assumes this proposal could result in a revenue loss from pre-tax contributions that otherwise would have been taxed.

Oversight notes, in 2016, Oregon created a state-based retirement savings program called OregonSaves. The program allows employees and workers to enroll in an automatic payroll deduction to Roth IRAs for self-employed workers and employees that are not offered retirement savings options through their employer. Based on the OregonSaves 2018 Annual Report to the Legislature, the combined retirement savings of the program was approximately $10.9 million.

Oversight notes, based on a Supplemental Appropriation Request, the Oregon State Treasury was appropriated $1,021,497 (approximately $500,000 annually) for staffing and other costs during the 2015-2017 biennium with an additional appropriation for $252,372 for legal expenses. For the 2017-2019 biennium, the Oregon State Treasury was appropriated $2,187,774 with a supplemental request for an additional $1,834,033 for a total of $4,021,807 in General Funds (approximately $2,000,000 annually).

Oversight notes the OregonSaves program was created with different groups being phased in over time. Based on the Annual Report, the program has a participation rate of 72.75%.

Oversight assumes the administrative impact of the proposal could be similar to the cost experienced by the OregonSaves program, approximately $2,000,000 per year. Oversight will show a cost that could exceed approximately $2,000,000 per year. Additionally, Oversight notes this program is subject to appropriation; therefore, Oversight will show the cost as $0 (no appropriation) to the cost estimated above as appropriated by the General Assembly.

Oversight assumes start-up costs would diminish over time as the fund becomes self-sustaining. The start-ups costs provided by the State would be repaid by the board with moneys on deposit which may have a positive impact on General Revenue in the future; however, Oversight is unsure when this would occur.

Oversight assumes this proposal creates the Missouri Workplace Retirement Savings Administrative Fund which consists of moneys appropriated by the General Assembly, transferred from the federal government, state agencies or local governments, from the payment of fees, gifts, donations, or grants for administrative purposes for the Missouri Workplace Retirement Savings Plan. Oversight assumes that costs and revenues would net to zero or revenues would exceed costs as the fund becomes self-sustaining.

Rule Promulgation

In response to a similar proposal from 2021 (SB 298), officials from the **Joint Committee on Administrative Rules** assumed this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to a similar proposal from 2021 (SB 298), officials from the **Office of the Secretary of State** noted many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than $5,000. The Secretary of State's office recognizes that this

is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain within their core budget.
Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

§37.850 (HA 3) - Employee Salaries

In response to a similar proposal from 2021 (HCS for HB 29), officials from the **Office of Administration - Information Technology (ITSD)** assumed there would be updates to the Missouri Accountability Portal to display additional data. Incentive pay would be displayed as an addition to the salary total. Current state employees only display a column for salary. Adding another column would require additional development hours.

The consultant rate of $95 per hour is an estimated rate based on current contract(s) pricing. It is assumed that any new IT project/system will be bid out, as all ITSD resources are at full capacity. Project Management hours is an estimated rate of 8% based on current/projected averages. A 20% maintenance rate for on-going support of systems/system changes is based on industry standards and the standard rate usually charged by IT service providers. Plus, a 2.5% inflation factor is applied to future years.

ITSD assumes this will result in additional costs of **$30,780** in FY 2022, **$6,310** in FY 2023 and **$6,468** in FY 2024.

In response to a similar proposal from 2021 (HCS for HB 29), officials from **Joint Committee on Public Employee Retirement (JCPER)** assumed the proposal has no fiscal impact to JCPER. The JCPER's review of this proposal indicates it will not affect retirement plan benefits as defined in Section 105.660(9).

In response to a similar proposal from 2021 (HCS for HB 29), officials from the **Missouri State Employee's Retirement System (MOSERS)** assumed the proposal would have no fiscal impact on their organization.

In response to a similar proposal from 2021 (HCS for HB 29), officials from **MoDOT & Patrol Employees' Retirement System (MPERS)** assumed the proposed bill, if enacted as presented, proposes to make the salaries of employees of Missouri's public employee retirement plans accessible to the public on the state of Missouri's accountability portal. This information is public information under Chapter 610. MPERS provides this information upon request. There would be no fiscal impact to MPERS.

In response to a similar proposal from 2021 (HCS for HB 29), officials from the **Missouri Department of Transportation**, **County Employees' Retirement Fund**, **Police Retirement**

System of Kansas City, **Kansas City Public School Retirement System**, **Kansas City Employees' Retirement System**, **Kansas City Firefighter's Pension System**, **Kansas City Supplemental Retirement Plan**, **Local Government Employees Retirement System**, **Metropolitan St. Louis Sewer District Pension Plan**, **Rock Community Fire Protection District Retirement Plan**, **Spanish Lake Fire Protection District Retirement Plan**, **St. Louis City Firefighter's Retirement Plan**, **Public Schools and Education Employee Retirement Systems** and the **Sheriff's Retirement System** 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.

Oversight will show the costs to modify the Missouri Accountability Portal as estimated by OA-ITSD.

<u>§§67.2800, 67.2810, 67.2816, 67.2817, 67.2818, 67.2819 & 67.2840 (HA 4) - Property Assessment for Clean Energy Provisions</u>

In response to a similar proposal from 2021 (SCS for HCS for HB 697), officials from the **Department of Commerce and Insurance (DCI)** assumed this proposal would require the Division of Finance (DOF) to examine residential PACE boards and their program administrators in Missouri.

DOF assumes that any costs associated with this proposal would be offset by the examination fees paid by the PACE districts and program administrators. DOF anticipates current staffing levels could absorb the additional workload; and therefore, there will be no need for additional FTE or appropriation authority. If the bill changes significantly, or unanticipated factors increase the expected workload such that additional resources will be necessary to implement this legislation, DOF would pursue those resources through the appropriations process.

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

Oversight notes this version of the proposal caps the fees for examinations at $5,000.

In response to a similar proposal from 2021 (SCS for HCS for HB 697), officials from the **Attorney General's Office**, **Department of Natural Resources**, **Office of the State Auditor** and **Office of the State Treasurer** 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 those agencies.

In response to a similar proposal from 2021 (SCS for HCS for HB 697), officials from the **City of Kansas City** assumed this legislation provides that the City Collector may be responsible for collection (should the City desire to take part) and the City may still cover costs of the examination (as the program administrator), the legislation could therefore result in an unknown, negative fiscal impact on Kansas City.

Oversight does not have any information to the contrary in regards to the City of Kansas City's assumptions; therefore, Oversight will reflect an unknown cost to local political subdivisions on the fiscal note.

In response to a similar proposal from 2021 (SCS for HCS for HB 697), officials from the **City of Claycomo**, **City of Corder**, **City of Hughesville**, **Lincoln County Assessor** and **City of Springfield** 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.

In response to a similar proposal from 2021 (SCS for HCS for HB 697), officials from the **City of O'Fallon** assumed the proposal would 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 2021 (SCS for HCS for HB 697), officials from the **St. Louis County Assessor** assumed the proposal would 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 2021 (SB 105), officials from the **Clean Energy Development Board of the City of St. Louis** assumed the exact costs to implement this proposal are unknown, although there are certain reasonable assumptions that can be made to provide an estimate. The following costs are costs incurred by program operation through the Clean Energy Development Board (CEDB) and program administrators.

<u>§67.2810 Paragraph 4 – removes limits on lawsuits to set aside CEDB formation or official proceedings</u>

The current Property Assessed Clean Energy statute in Missouri states: "No lawsuit to set aside the formation of a clean energy development board… shall be brought after the expiration of sixty days from the effective date of the ordinance or order creating the clean energy development board. No lawsuit to set aside the approval of a project, an assessment contract, or a special assessment… shall be brought after the expiration of sixty days from the date that the assessment contract is executed."

Removing this limitation on lawsuits would lead to increased legal exposure for the program and its proceedings. The impacts of this added risk and exposure would require legal research resulting in estimated costs of **$75,000.** Further, the added risk and exposure of CEDBs will increase the cost of capital to Missouri home and building owners and potentially negatively impact the salability of PACE assets resulting in significant program attenuation or stoppage and a loss of some or all residential project revenue.

§67.2815 Paragraph 8 – PACE assessments are contingent on written consent from all lienholders instead of notification

Clean Energy Development Boards in Missouri currently notify all mortgage lienholders about assessment contracts. This new provision of SB 105 would allow mortgage banks to prevent homeowners from participating in the PACE program.

In practice, this would enable one private entity in a marketplace to control which vendors a homeowner can choose for financing improvements. Banks and lenders, who compete with PACE financing, would have an unfair advantage. In addition, finding lienholders for consent is sometimes impossible due to lenders selling off loans to secondary markets. Not only would this provision remove consumer choice, but it may be impossible to achieve, resulting in hundreds of, if not all assessments not being completed. This provision would result in complete program stoppage, costing an estimated **$1,650,000 in annual project revenue.**

§67.2816 Paragraph 3 – Director of the Division of Finance is granted rule promulgation authority

Rulemaking authority under Missouri law for the PACE program is already exercised by the Environmental Improvement and Energy Resources Authority (EIERA) in regard to determining acceptable eligibility improvements.

Granting such wide authority over local Clean Energy Development Boards to a state agency Director of the Division of Finance is administratively duplicative. Any rule-making process would require significant legal engagement and resources and place uncertainty on the program, costing a projection of **$250,000** annually.

§67.2816 Par 5 - 6 – State ability to cancel and void PACE contracts and liens

Clean Energy Development Boards (CEDBs) are separate political subdivisions of the state and have the ability to issue special assessments on properties within their jurisdiction(s). PACE assessments secure financing for eligible property improvements after property owners execute assessment contracts and then sign a completion certificate indicating the contractor's work and the project has been completed to their satisfaction. SB 105 includes a provision for a state agency, the Division of Finance, to examine CEDBs and issue a notice of charges, fixing a time and place for a hearing to determine if a "cease and desist" order shall be filed to release the assessment or stop the "course of business," or if a curative order shall be issued, or if a civil penalty of up to $500 per violation shall be issued. The CEDBs then have no recourse after the hearing to appeal.

Significant legal and other third-party costs will be incurred by the CEDB to assess, analyze, and review what impacts this would have on the financial structure of the program (including potentially preventing salability of PACE assets to secondary markets). This provision will impact the potential cost of capital to the program and calls into question the ability of the capital markets to participate in the program due to the uncertainties created by this section. While the exact cost of this is unknown due to the uncertainties that this provision creates, they estimate this to be a minimum cost of **$150,000.**

Potential legal costs during a hearing are unknown but could exceed **$100,000.** It is also unclear who or what entities are liable for the legal costs for both sides of any hearing as that is not stipulated. Further, PACE contracts being vulnerable to annulment and cancellation by a state agency at any time in the life of the asset may lead to difficulty in selling PACE assets and a significant loss of revenue and/or the program being inoperable (see Losses below).

<u>§67.2816 Paragraph 7 – Added cost to PACE Boards and Program Administrators for Division of Finance Oversight Examinations for §§67.2817 and 67.2818</u>

SB 105 states that the "clean energy development board and its program administrator or other agents shall be jointly and severally responsible for paying the actual costs of [the Division of Finance] examinations" which the director [of the Division of Finance] "shall assess upon the completion of an examination […]" How much of these costs would be borne by PACE boards and program administrators is unknown; however, such costs are estimated at **$50,000 annually.**

<u>§67.2816 Paragraph 7 – Added cost to Clean Energy Development and Program Administrators for Division of Finance Oversight Examinations for §67.2819</u>

PACE programs have been expressly designed to be cost-free to the governing boards. The programs finance themselves though operations and provide public benefits such as job creation, utility bill savings, and other benefits without increases in public spending. SB 105 adds an additional section, Sec. 67.2819 Contractor Oversight and Training, to the Division of Finance examination process.

This concerns the hundreds of independent energy and home performance contracting companies that participate in Missouri PACE programs. The Division of Finance does not currently regulate or conduct examinations of energy and home performance or similar contractors participating in special assessment district financing programs such as PACE programs in Missouri. The cost of this expanded examination role in SB 105, which would be borne by the program operation through its PACE board, is unknown. However, they estimate such cost to be a minimum of **$45,000 annually** and this cost is scalable based on the number of home performance contracting companies that participate in the program.

SB 105 rejects this revenue neutral characteristic by placing liability for Division of Finance examinations onto the PACE Boards: "…clean energy development board and its program administrator or other agents shall be jointly and severally responsible for paying the actual costs of [the Division of Finance] examinations" which the director [of the Division of Finance] "shall assess upon the completion of an examination […]" Expanded liability and increased regulations may be in conflict with enabling ordinances creating PACE programs, and/or may violate contractual points or program-design attributes. Significant legal and other third-party costs will be incurred by the CEDBs, program administrators, including review by their respective external and internal counsel with regard to the impacts of the foregoing matter. They estimate these costs to be a minimum of **$75,000.**

SB 105 proposes to restructure oversight of Missouri Clean Energy Development Boards residential PACE programs and place them under additional state agency regulation and examination program with the Division of Finance. Residential PACE originations during 2019 for the Clean Energy Development Board of the City of St. Louis was approximately **$1,650,000**. A conservative estimate of the impact of increased regulation under a state agency as proposed in SB 105 would be at least a 40% reduction in project originations—**$660,000** in revenue losses.

Further, as noted above concerning the lien holder consent requirement (#2 above), **$1,650,000** in revenue losses would occur due to residential PACE program stoppage.

SB 105 includes provisions that:

1. Require mortgage banks (lienholder) to consent before a PACE assessment can be approved, giving banks a veto power over the PACE program. This would result in program stoppage.
2. Empower the Division of Finance to issue a cease-and-desist order to cancel PACE assessments at any time in the life of the asset; and
3. Place liability for state-agency examination costs on PACE boards.

Any of these provisions, together or independently, may result in program stoppage/elimination. Program stoppage/elimination would lead to a loss in residential PACE origination revenue at a rate of at least **$1,650,000** annually.

In response to a similar proposal from 2021 (SB 105), officials from the **Clean Energy Development Board of St. Louis County** assumed the same impact as the Clean Energy Development Board of the City of St. Louis except for program losses of $2,320,000 and $928,000 in revenue losses.

Oversight is unable to verify the assumptions provided by these Clean Energy/PACE boards. However, Oversight assumes these boards will incur increased costs to comply with this proposal. Therefore, Oversight will reflect a cost to local political subdivisions of "Greater than $100,000" for each fiscal year. Oversight will not reflect the loss of revenue estimated by these boards as this would be an indirect fiscal impact.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, PACE boards, counties, county collectors, county assessors and county recorders were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>§§361.097, 361.110, 361.727, 362.023, 362.044, 362.165, 362.247, 362.250, 362.340, 362.550, 362.570, 362.765, 369.049 & 369.705 (HA 5) – Financial Institutions</u>

In response to a similar proposal from 2021 (HCS for HB Nos. 928 & 927), officials from the **Department of Commerce and Insurance** assumed the proposal would 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 that agency.

<u>§§365.100, 365.140, 408.035, 408.100, 408.140, 408.178, 408.233, 408.234, 408.250, 408.553 & 408.554 (HA 5) – Consumer Loans</u>

In response to a similar proposal from 2021 (HCS for HB 571), officials from the **Department of Commerce and Insurance** assumed the proposal would 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.

<u>§§400.3-309 (HA 5) – Negotiable Instruments</u>

In response to a similar proposal from 2021 (HB 518), officials from the **Office of the Secretary of State**, the **Attorney General's Office**, and the **Office of the State Courts Administrator** each assumed the proposal would have no fiscal impact on their respective organizations.

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

<u>§29.420 (HA 6) - Government Lending Transparency Act</u>

In response to a similar proposal (SB 605), officials from the **Office of the State Auditor, Office of Administration - Budget and Planning**, **Department of Economic Development**, **Department of Elementary and Secondary Education**, **Department of Higher Education and Workforce Development**, **Department of Health and Senior Services**, **Department of Labor and Industrial Relations**, **Department of Public Safety** (**Division of Alcohol and Tobacco Control**, **Capitol Police**, **Fire Safety**, **Missouri Gaming Commission** and the **Missouri National Guard**), **Department of Social Services**, **Missouri Department of Agriculture**, **Missouri Ethics Commission**, **Missouri Department of Transportation**, **Office of Administration**, **Petroleum Storage Tank Insurance Fund**, **Office of the State Public Defender**, **University of Missouri System**, **Missouri Lottery**, **Missouri Higher Education Loan Authority** and the **Missouri State Employee's Retirement System** 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.

Oversight notes failure to comply with the reporting requirements could result in a fine of up to $2,000 to the administering agency. Oversight will show a range of impact to General Revenue for fines imposed for non-compliance of $0 (no fines) to an unknown cost to agencies. For simplicity, Oversight will show an impact to General Revenue, but notes these fines could impact other state funds.

Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties are distributed to school districts. Oversight will show an impact of $0 to an unknown positive to local school districts. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula and a subsequent offset to the fine revenue for school districts.

FISCAL IMPACT – State Government	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
Costs - OA-ITSD - modifications to the Missouri Accountability Portal (§37.850) (HA 3) p. 6	($30,780)	($6,310)	($6,468)
Transfer Out - to School Districts - fines for non-compliance with Government Lending Transparency Act (§29.420) (HA 6) p. 13	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
Revenue Loss - from pre-tax contributions that otherwise would have been taxed (§§285.1000 – 285.1055) (HA 2) p. 5	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
FISCAL IMPACT – State Government (continued)	FY 2022 (10 Mo.)	FY 2023	FY 2024
Transfer Out - to Missouri Workplace Retirement Savings Administrative Fund (§§285.1000 – 285.1055) (HA 2) p. 5	$0 to (Unknown, Could exceed $2,000,000)	$0 to (Unknown, Could exceed $2,000,000)	$0 to (Unknown, Could exceed $2,000,000)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	**($30,780) to (Unknown, Could exceed $2,030,780)**	**($6,310) to (Unknown, Could exceed $2,006,310)**	**($6,468) to (Unknown, Could exceed $2,006,468)**

MISSOURI WORKPLACE RETIREMENT SAVINGS ADMINISTRATIVE FUND			
Revenue Gain - from fees, gifts, donations or other funds (§§285.1000 – 285.1055) (HA 2) p. 5	$0 or Unknown	$0 or Unknown	$0 or Unknown
Transfer In - from General Revenue (§§285.1000 – 285.1055) (HA 2) p. 5	$0 to Unknown, Could exceed $2,000,000	$0 to Unknown, Could exceed $2,000,000	$0 to Unknown, Could exceed $2,000,000
FISCAL IMPACT – State Government (continued)	FY 2022 (10 Mo.)	FY 2023	FY 2024
Costs - Board - administrative, travel expenses, legal, IT, staff and other start-up costs (§§285.1000 – 285.1055) (HA 2) p. 5	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
ESTIMATED NET EFFECT ON WORKPLACE RETIREMENT SAVINGS ADMINISTRATIVE FUND	**$0 or Unknown**	**$0 or Unknown**	**$0 or Unknown**

FISCAL IMPACT – Local Government	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
Revenue - fine revenue for non-compliance (§29.420) (HA 6) p. 13	$0 or Unknown	$0 or Unknown	$0 or Unknown
Cost - Cities/Counties - to comply with requirements of this proposal (§§67.2800 – 67.2840) (HA 4) p. 12	(Unknown)	(Unknown)	(Unknown)
Cost - PACE/Clean Energy Boards - to comply with requirements of this proposal (§§67.2800 – 67.2840) (HA 4) p. 12	(Greater than $100,000)	(Greater than $100,000)	(Greater than $100,000)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	**(Greater than $100,000)**	**(Greater than $100,000)**	**(Greater than $100,000)**

FISCAL IMPACT – Small Business

HA 2 - Oversight assumes there could be a fiscal impact to small businesses that participate in the program as a result of this proposal.

HA 5 - Small businesses that make loans could be impacted by this proposal.

FISCAL DESCRIPTION

The proposed legislation modifies provisions relating to financial institutions.

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 - Budget and Planning
Office of Administration – Information Technology (ITSD)
Joint Committee on Public Employee Retirement
Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System
Office of the Secretary of State
Office of the Governor
Missouri House of Representatives
Missouri Senate
Joint Committee on Administrative Rules
Department of Natural Resources
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety
- Division of Alcohol and Tobacco Control
- Capitol Police
- Fire Safety
- Office of the Director
- Missouri Gaming Commission
- Missouri National Guard
- Missouri Highway Patrol
- Missouri Veterans Commission
- State Emergency Management Agency

Department of Social Services
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Ethics Commission

Missouri Department of Transportation
Office of Administration
Petroleum Storage Tank Insurance Fund
Office of the State Public Defender
University of Missouri System
Office of the State Auditor
Missouri Lottery
Missouri Consolidated Health Care Plan
Missouri Higher Education Loan Authority
Missouri State Employee's Retirement System
Office of the State Courts Administrator
City of Claycomo
City of Corder
City of Kansas City
City of O'Fallon
City of Springfield
County Employees' Retirement Fund
Police Retirement System of Kansas City
Kansas City Public School Retirement System
Kansas City Employees' Retirement System
Kansas City Firefighter's Pension System
Kansas City Supplemental Retirement Plan
Local Government Employees Retirement System
Metropolitan St. Louis Sewer District Pension Plan
Rock Community Fire Protection District Retirement Plan
Spanish Lake Fire Protection District Retirement Plan
St. Louis City Firefighter's Retirement Plan
Sheriff's Retirement System

Julie Morff
Director
April 27, 2021

Ross Strope
Assistant Director
April 27, 2021