

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1716H.01I  
Bill No.: HB 865  
Subject: Education, Elementary and Secondary; Elementary and Secondary Education,  
Department of; Political Subdivisions  
Type: Original  
Date: February 2, 2021

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Bill Summary: This proposal authorizes the creation of county early childhood education boards and a property tax levy to provide funding for early childhood education services.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

Numbers within parentheses: () indicate costs or losses.

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

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

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

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

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Elementary and Secondary Education, Department of Revenue, Office of the State Auditor** and the **State Tax Commission** 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 the **Kansas City Board of Elections** state the cost to conduct an election in the Kansas City portion of Jackson County is roughly \$625,000. Depending on the size of the school district, the election costs could range between \$20,000 for a small school district (i.e. Hickman Mills, Center, or Raytown) to \$300,000 for Kansas City Public Schools.

Officials from the **High Point R-III School District** and the **City of Ash Grove** each assume there could be a fiscal impact to their respective organizations.

Officials from the **City of Springfield, Platte County Board of Elections, Ste. Genevieve County Assessor, St. Louis County Board of Elections, City of Corder, City of Hughesville** and the **Springfield R-XII School District** each assume the proposal will have no fiscal impact on their respective organizations.

For the counties that submit proposals to a vote of the people, **Oversight** assumes there could be costs for elections occurring during municipal elections (April annually). Therefore, Oversight will show a range of impact of \$0 (no counties submit proposals) to an unknown cost beginning in FY 2022.

Based on the State Tax Commission's Annual Report, there was \$95,752,822,129 in assessed value for real property for 2019. If all counties and cities not within a county, levied a tax of 40 cents per one hundred dollars of assessed value, the revenue gain is estimated at \$383,011,289. However, **Oversight** notes this proposal is non-compulsory and subject to voter approval. Oversight is uncertain how many counties would submit a proposal to voters or how many proposals would achieve voter approval. Therefore, Oversight will show a range of impact of \$0 (no counties submit proposals or not voter approved) to an unknown gain in revenue.

**Oversight** notes the tax will become effective in the tax year immediately following its approval. Oversight assumes the first election could occur in April of 2020 (municipal election). Therefore, the first effective tax year would be calendar year 2023 with impacted revenues occurring in FY 2024 (December 2023).

In addition, **Oversight** assumes an established Early Childhood Education Board (Board) can receive gifts and other sources of funds. Therefore, Oversight will show a range of impact of \$0 (no counties submit proposals, not voter approved or no additional gifts) to an unknown revenue gain.

**Oversight** notes a Board can employ staff and other resources; therefore, Oversight will show a range of impact of \$0 (no counties submit proposals or not voter approved) to an unknown cost to Early Childhood Education Boards.

Per subsection 67.1793.7, **Oversight** notes a Board would be defined as a political subdivision for purposes of sections 70.600 to 70.755 (Local Government Employees Retirement System).

Officials from the **Local Government Employees Retirement** System (LAGERS) assume that should a County Early Childhood Education Board seek participation in LAGERS, pursuant to RSMo 70.600-70.755, any cost for participating would be borne by the electing political subdivision. The political subdivision would be required to receive an actuarial cost statement, subject to a public inspection period pursuant to RSMo 105.675 prior to the subdivision's governing body electing participation. LAGERS assumes it is common for new political subdivisions to elect to participate in LAGERS and further assumes the creation of County Early Childhood Education Boards would create no fiscal impact to the system.

**Oversight** received a limited number of responses from local political subdivisions 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.

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

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

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue Gain</u> - Counties - from property tax levy for early childhood education	\$0	\$0	\$0 or Unknown
<u>Revenue Gain</u> - local Early Childhood Education Board - gifts or other moneys	\$0	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - Counties - election costs to submit proposal to voters	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - Early Childhood Education Board - costs for Board operations	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown) to Unknown</b>	<b>\$0 or (Unknown) to Unknown</b>

FISCAL IMPACT – Small Business

Oversight assumes there could be an impact to small businesses that own real property as a result of this proposal.

FISCAL DESCRIPTION

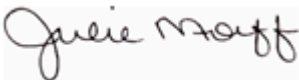
This bill provides authorization for any county or city not within a county to levy a property tax to establish an early childhood education board which shall provide childhood education programs or services. The bill limits the levy to \$0.40 per \$100 of assessed valuation on real property and provides sample ballot language. The tax shall not go into effect unless approved by the qualified voters of such county or city. Under this bill, a childhood education board of directors shall consist of seven members with qualifications and structure of the board outlined in the bill.

Boards established shall be empowered to establish or operate an early childhood education program or provide for early childhood education services for children under 5 years of age, with control and responsibilities outlined in the bill. The board will be determined a "political subdivision" and may impose limitations on children to be served and services to be provided, with the primary goal to expand and improve early childhood education services.

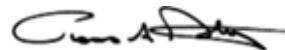
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
Department of Elementary and Secondary Education  
State Tax Commission  
Office of the State Auditor  
City of Ash Grove  
City of Corder  
City of Hughesville  
City of Springfield  
Kansas City Board of Elections  
Platte County Board of Elections  
St. Louis County Board of Elections  
Ste. Genevieve County Assessor  
Local Government Employees Retirement System  
High Point R-III School District  
Springfield R-XII School District



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Director  
February 2, 2021



Ross Strobe  
Assistant Director  
February 2, 2021