

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3522S.05C
 Bill No.: SCS for HCS for HB 1481
 Subject: Law Enforcement Officers and Agencies; Saint Louis City
 Type: Original
 Date: April 29, 2024

Bill Summary: This proposal modifies provisions relating to the operation of certain law enforcement agencies.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	(Less than \$572,188)	More or Less than (\$669,218)	More or Less than (\$681,101)
Total Estimated Net Effect on General Revenue	(Less than \$572,188)	More or Less than (\$669,218)	More or Less than (\$681,101)

*Additional costs for five additional FTE for the Attorney General’s Office. **Oversight** also notes the provisions of this proposal state the Office of Administration shall reimburse from the State Legal Expense Fund any board of police commissioners established under Chapter 84 for liability claims eligible for payment under §105.711 paid by such boards on an equal share basis per claim up to the current law maximum of \$1,000,000 per fiscal year.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Other State Funds	\$0 to Unknown	(Unknown) to Unknown	(Unknown) to Unknown
Legal Expense Fund (0692)*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other State Funds</u>	\$0 to Unknown	(Unknown) to Unknown	(Unknown) to Unknown

*Cost avoidance and reduction in contributions net to zero.
 Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	5 FTE	5 FTE	5 FTE
Total Estimated Net Effect on FTE	5 FTE	5 FTE	5 FTE

- 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 2025	FY 2026	FY 2027
Local Government	(Unknown)	(Unknown) to Unknown	(Unknown) to Unknown

FISCAL ANALYSIS

ASSUMPTION

§§84.012, 84.020, 84.030, 84.100, 84.150, 84.160, 84.170, 84.225, 84.325 & 105.726 – Board of Police Commissioners

Officials from the **Attorney General’s Office (AGO)** assume this proposal will increase litigation because, additional cases can be referred to the AGO, which the AGO shall then defend. Additional attorneys are necessary to review and litigate the additional cases. The Office will need four (4) Assistant Attorneys General III due to the complex nature of these cases. One (1) additional staff person is requested to support the additional attorneys. AGO assumes a cost of approximately \$670,000 per year for the five (5) additional FTE. This bill will impact the Legal Expense Fund in an unknown amount.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the AGO.

In response to a previous version, officials from the **Office of Administration - Budget and Planning (B&P)** assumed §84.225 creates a \$1,000 penalty for any mayor or city official who attempts to impede or hinder the Board of Commissioners. To the extent any related fines or penalties are deposited in the state treasury, TSR may be impacted.

B&P also states §§84.325.2 transfers certain assets, contractual obligations, indebtedness, and other lawful obligations from the St. Louis Police Department to the state. B&P does not have any information on what, if any, assets or obligations might be transferred. The state could risk picking up significant debt obligations.

Oversight inquired the B&P regarding if the proposal would be under state control according to their response. B&P states the following:

“Section 84.325.2 would require the St. Louis Police Department to “convey, assign, and otherwise transfer to the board title and ownership of all indebtedness and assets, including, but not limited to, all funds and real and personal property held in the name of or controlled by the municipal police department.” B&P assumes this means the state could pick up debt obligations through the state board of police commissioners. B&P thinks there might be room for interpretation depending on how the board is funded.”

In response to a previous version, officials from the **Office of Administration (OA)** assumed §105.726.3 adds the provision that reimbursement from the Legal Expense Fund (LEF) is on an equal share basis per claim up to a maximum of one million dollars per fiscal year. This change has the potential to avoid costs to the LEF. The maximum amount to be reimbursed remains

unchanged with this legislation. The number of successful claims is unknown; therefore, the potential cost avoidance is also unknown.

Oversight does not have any information contrary to that provided by OA. Therefore, Oversight will reflect OA's potential unknown impact to the State Legal Expense Fund. Oversight notes the Legal Expense Fund is funded by the General Revenue Fund as well as other state funds. Oversight notes this possible litigation exposure as described by OA could also apply to local political subdivisions.

Oversight also assumes if the state takes control of the St Louis Police Department, it will be exposed to additional LEF claims in the future. Oversight will reflect a potential unknown loss of funds starting in FY 2026.

Oversight notes in §84.325, subsections 1 & 2 state on August 28, 2024, the Board of Police Commissioners shall assume control of any municipal police force established in any city not within a county, which, at this time, is only St. Louis City. Upon such assumption, any municipal police force within St. Louis City shall transfer to the Board title and ownership of all debts and assets, including but not limited to, all funds and real and personal property held in the name of or controlled by the municipal police department. Such city shall thereafter cease the operation of any police department or police force.

§§84.015, 84.040, 84.060, 84.090, 84.120, 84.130, 84.180, 84.190, 84.200, 84.210, 84.250, 84.330, 84.340, 84.341 & 84.342 – Board of Police Commissioners

Oversight assumes these sections have added language to clarify statute and will not have a direct fiscal impact to this proposal.

Responses regarding the proposed legislation as a whole

Officials from the **Office of State Courts Administrator (OSCA)** state there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Officials from the **Department of Natural Resources**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety (Office of the Director)** and the **Joint Committee on Administrative Rules** 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 **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that

this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with its core budget. Therefore, the SOS reserves 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, the St. Louis Metropolitan Police Department, the City of St. Louis, St. Louis County and the St. Louis Police Retirement System were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE			
<u>Costs</u> – AGO §§84.012, 84.020, 84.030, 84.100, 84.150, 84.160, 84.170, 84.225, 84.325 & 105.726			
Personnel Service	(\$320,833)	(\$392,700)	(\$400,554)
Fringe Benefits	(\$186,940)	(\$227,313)	(\$230,358)
Expense & Equipment	(\$64,415)	(\$49,205)	(\$50,189)
<u>Total Costs</u> – AGO	(\$572,188)	(\$669,218)	(\$681,101)
FTE Change	5 FTE	5 FTE	5 FTE
<u>Cost Avoidance</u> – OA (§105.726) Reduction in the amount of claims paid (equal share basis compared to current law)	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs</u> – Exposure to potential additional LEF claims by retaking control of SLPD	\$0	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Less than \$572,188)</u>	<u>More or Less than (\$669,218)</u>	<u>More or Less than (\$681,101)</u>
Estimated Net FTE Change on General Revenue	5 FTE	5 FTE	5 FTE

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
OTHER STATE FUNDS			
<u>Cost Avoidance</u> – OA (§105.726) Reduction in the amount of claims paid (equal share basis compared to current law)	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs</u> – exposure to potential additional LEF claims by taking control of SLPD	\$0	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>\$0 to Unknown</u>	<u>(Unknown) to Unknown</u>	<u>(Unknown) to Unknown</u>
LEGAL EXPENSE FUND (0692)			
<u>Transfer In</u> - for possible additional LEF claims	\$0	\$0 to Unknown	\$0 to Unknown
<u>Cost Avoidance</u> – OA (§105.726) Reduction in the amount of claims paid (equal share basis compared to current law)	\$0	\$0 to Unknown	\$0 to Unknown
<u>Costs</u> – exposure to potential additional LEF claims by taking control of SLPD	\$0	\$0 to (Unknown)	\$0 to (Unknown)
<u>Loss</u> - (§105.726) Reduction in the amount of funds received by the LEF from other state funds	\$0	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON THE LEGAL EXPENSE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Local Government	FY 2025 (10 Mo.)	FY 2026	FY 2027
ST. LOUIS CITY			
<u>Cost Avoidance</u> – (§105.726) If the state assumes responsibility of LEF claims – instead of St. Louis	\$0	\$0 to Unknown	\$0 to Unknown
<u>Costs</u> – (§84.160.9) increase in officers’ pay for hours worked between 11:00 p.m. and 7:00 a.m.	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> – (§105.726) Reduction in the amount of claims paid (equal share basis compared to current law)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON ST. LOUIS CITY	<u>(Unknown)</u>	<u>(Unknown) to Unknown</u>	<u>(Unknown) to Unknown</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Beginning August 28, 2024, the Board of Police Commissioners shall assume control of the municipal police department of St. Louis and no later than September 28, 2024, four commissioners shall be appointed to the Board, as provided in the act, who shall serve together with the mayor. The Board shall have the power to appoint the chief of police, determine appeals from the decisions of the chief of police, and to promulgate rules for the department.

Additionally, until the Board adopts other investigative and disciplinary procedures, the police force shall follow the disciplinary and investigative procedures established by the Police Manual of the St. Louis Metropolitan Police Department which are consistent with law.

This act provides that the city of St. Louis may pass ordinances, including ordinances for preserving order and protecting the public; but no ordinance, charter provision, or initiative petition shall, in any manner, conflict or interfere with the powers or the exercise of the powers of the Board of Police Commissioners. Additionally, the mayor or any city officer shall not impede or hinder the Board of Police Commissioners. The mayor or any city officer shall be

liable for a penalty of \$1,000 for each and every offense to hinder the Board and shall forever be disqualified from holding or exercising any office of the city.

The salaries paid as of August 28, 2024, shall not be less than the annual salaries paid to each member before the enactment of this act. No additional compensation shall be given to any officer of the rank of lieutenant or above for overtime, court time, or stand-by court time.

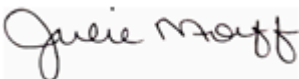
Probationary patrolmen, patrolmen, and sergeants shall receive compensation for all hours of service in excess of the established regular working period, for all authorized overtime, and for employees who complete academic work at an accredited college or university up to a certain amount as provided in the act. Additionally, certain officers may receive up to 10% of their salary in additional compensation for hours worked between 11 p.m. and 7 a.m. This act provides that reimbursements from the Legal Expense Fund to the Board for liability claims shall be on an equal share basis per claim up to a maximum of one million dollars per fiscal year.

This act repeals provisions relating to the municipal police force established by the city of St. Louis and other provisions relating to procedures of the Board.

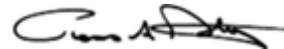
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office
Office of Administration
 Budget and Planning
 Office of the Commissioner
Office of the State Courts Administrator
Department of Natural Resources
Department of Labor and Industrial Relations
Department of Public Safety - Office of the Director
Joint Committee on Administrative Rules
Office of the Secretary of State



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