

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3778H.011  
 Bill No.: HB 1612  
 Subject: Political Subdivisions; Counties; Taxation and Revenue - Sales and Use  
 Type: Original  
 Date: January 19, 2024

Bill Summary: This proposal authorizes expansion of Regional Jail Districts upon voter approval.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>  |   |  |  |  |
|--|---|--|--|--|
| FUND AFFECTED  | FY 2025                                     | FY 2026                                      | FY 2027                                      | Fully Implemented (FY 2029)                  |
| General Revenue                                      | \$0 or Unknown, could exceed \$2,294        | \$0 or Unknown, could exceed \$13,761        | \$0 or Unknown, could exceed \$13,761        | \$0 or Unknown, could exceed \$13,761        |
| <b>Total Estimated Net Effect on General Revenue</b> | <b>\$0 or Unknown, could exceed \$2,294</b> | <b>\$0 or Unknown, could exceed \$13,761</b> | <b>\$0 or Unknown, could exceed \$13,761</b> | <b>\$0 or Unknown, could exceed \$13,761</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>       |            |            |            |                             |
|--|------------|------------|------------|-----------------------------|
| FUND AFFECTED  | FY 2025    | FY 2026    | FY 2027    | Fully Implemented (FY 2029) |
| <b>Total Estimated Net Effect on Other State Funds</b> | <b>\$0</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>                  |            |            |            |                             |
|---|------------|------------|------------|-----------------------------|
| FUND AFFECTED   | FY 2025    | FY 2026    | FY 2027    | Fully Implemented (FY 2029) |
|   |            |            |            |                             |
| <b>Total Estimated Net Effect on <u>All</u> Federal Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b>                  |

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |          |          |          |                             |
|---|----------|----------|----------|-----------------------------|
| FUND AFFECTED   | FY 2025  | FY 2026  | FY 2027  | Fully Implemented (FY 2029) |
|   |          |          |          |                             |
| <b>Total Estimated Net Effect on FTE</b>                  | <b>0</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 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.

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |   |   |   |   |
|--|---|---|---|---|
| FUND AFFECTED                              | FY 2025                                       | FY 2026   | FY 2027   | Fully Implemented (FY 2029)                     |
|  |   |   |   |   |
| <b>Local Government</b>                    | <b>\$0 or Unknown, could exceed \$229,347</b> | <b>\$0 or Unknown, could exceed \$1,376,084</b> | <b>\$0 or Unknown, could exceed \$1,376,084</b> | <b>\$0 or Unknown, could exceed \$1,376,084</b> |

## FISCAL ANALYSIS

### ASSUMPTION

#### §§221.400, 221.402, 221.405, 221.407 & 221.410 – Regional Jail Districts

Officials from the **Department of Revenue (DOR)** notes that the Daviess/DeKalb Regional Jail District is the only one formed under §221.400. It currently assesses a 1/2% sales tax. For FY 22, they collected \$1,376,084.38. DOR is unaware if any of the surrounding counties are wishing to join this district. DOR assumes that once a new county would pass the sales tax and adopt the required ordinance, they would notify DOR and DOR would get the new county set up. This would require DOR to update its distribution program estimated to cost \$1,785 at the time that DOR is notified.

**Oversight** assumes this proposal changes the sales tax percentage to up to 1%. Since the current Daviess/DeKalb Regional Jail District collects ½% in sales tax revenue, it is possible that the county commission could add the question to increase (up to double) the sales tax rate to the November 2024 ballot. Oversight is also unaware of any surrounding counties who may want to join the current district. However, should a surrounding county get voter approval and approve an ordinance to join the district, additional revenues could be generated for the Regional Jail District. Oversight notes that not only is there an emergency clause for this proposal, but the current expiration date of September 30, 2028 is being removed from this proposal. Oversight assumes should the proposal pass, the current collection of sales tax for the Regional Jail District will continue into FY29 and beyond. Oversight also assumes if an additional sales tax is passed by the voters, the 1<sup>st</sup> day it would be effective would be April of 2025, assuming it is on the ballot November of 2024, and the collection of sales tax would be in May of 2025. Therefore, Oversight will reflect a \$0 (no additional increase to sales tax approved by voters) or estimated revenues received (if approved by the voters) by the Regional Jail District to be unknown that could exceed the current DOR amount, as well as, a 1% administration fee collected by DOR.

Officials from the **Office of Administration - Budget and Planning (B&P)** defer to the counties within the regional jail districts for the fiscal impact. DOR's retained collection fee will increase TSR because DOR will be able to collect its 1% administration fee for handling the collection of the sales taxes from this proposal. The proposal also includes an emergency clause.

Officials from the **Department of Corrections**, the **Department of Public Safety (Office of the Director & Missouri Highway Patrol)**, the **City of Kansas City**, the **Jackson County Board of Elections**, the **Platte County Board of Elections**, the **St. Louis City Board of Elections**, the **St. Louis County Board of Elections** 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 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, other cities, local election authorities and counties 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<br>(2 Mo.)                                 | FY 2026   | FY 2027   | Fully Implemented<br>(FY 2029)                      |
|--|--|---|---|---|
| <b>GENERAL REVENUE</b>   |  |   |   |   |
| <u>Revenues – DOR – 1% administration fee on sales tax collection §§221.400, 221.402, 221.405, 221.407 &amp; 221.410</u> | <u>\$0 or Unknown, could exceed \$2,294</u>        | <u>\$0 or Unknown, could exceed \$13,761</u>        | <u>\$0 or Unknown, could exceed \$13,761</u>        | <u>\$0 or Unknown, could exceed \$13,761</u>        |
| <b>ESTMATED NET EFFECT ON GENERAL REVENUE</b>  | <b><u>\$0 or Unknown, could exceed \$2,294</u></b> | <b><u>\$0 or Unknown, could exceed \$13,761</u></b> | <b><u>\$0 or Unknown, could exceed \$13,761</u></b> | <b><u>\$0 or Unknown, could exceed \$13,761</u></b> |

| <u>FISCAL IMPACT – Local Government</u>  | FY 2025<br>(2 Mo.)                                   | FY 2026  | FY 2027  | Fully Implemented<br>(FY 2029)                         |
|--|--|--|--|--|
| <b>REGIONAL JAIL DISTRICT(S)</b>   |  |  |  |  |
| <u>Revenue</u> – additional sales taxes received <b>if</b> approved by voters §§221.400, 221.402, 221.405, 221.407 & 221.410 | <u>\$0 or Unknown, could exceed \$229,347</u>        | <u>\$0 or Unknown, could exceed \$1,376,084</u>        | <u>\$0 or Unknown, could exceed \$1,376,084</u>        | <u>\$0 or Unknown, could exceed \$1,376,084</u>        |
| <b>ESTIMATED NET EFFECT ON REGIONAL JAIL DISTRICT(S)</b>   | <b><u>\$0 or Unknown, could exceed \$229,347</u></b> | <b><u>\$0 or Unknown, could exceed \$1,376,084</u></b> | <b><u>\$0 or Unknown, could exceed \$1,376,084</u></b> | <b><u>\$0 or Unknown, could exceed \$1,376,084</u></b> |

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill requires that a county wanting to join an existing jail district that levies a sales tax, first must obtain voter approval for the levy of the sales tax in the joining county.

The bill also adds equipping and maintaining jail facilities and leasing jail properties to the powers authorized to a jail district.

Commissioners must serve until their successors in their county offices have assumed office.

The bill also repeals the 12-month required interval between votes for voting on the jail district levy and joining the jail district.

Expenditures from the tax levy of the regional jail district are expanded to include any of the district's authorized purposes.

The expiration date of September 30, 2028, for regional jail districts is repealed.

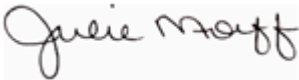
Regional jail districts are authorized to contract with governmental entities including departments and their instrumentalities and private entities.

This part of the proposal has 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 Revenue  
Office of Administration - Budget and Planning  
Department of Corrections  
Department of Public Safety  
    Office of the Director  
    Missouri Highway Patrol  
City of Kansas City  
Jackson County Board of Elections  
Platte County Board of Elections  
St. Louis City Board of Elections  
St. Louis County Board of Elections  
Office of the State Courts Administrator  
Office of the Secretary of State



Julie Morff  
Director  
January 19, 2024



Ross Strobe  
Assistant Director  
January 19, 2024