

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4301H.02I
 Bill No.: HB 2828
 Subject: Political Subdivisions; Cities, Towns, and Villages
 Type: Original
 Date: March 5, 2024

Bill Summary: This proposal enacts provisions authorizing the establishment of Neighborhood Improvement Districts for street lights in cities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	(Unknown, could exceed \$332,299)	(Unknown, could exceed \$371,069)	Unknown, could exceed \$377,589)
Total Estimated Net Effect on General Revenue	(Unknown, could exceed \$332,299)	(Unknown, could exceed \$371,069)	Unknown, could exceed \$377,589)

* Oversight notes this proposal does not have an overall cap to the program and Oversight is unsure how many municipalities would participate in the program. The amounts reflected above are simply the administrative costs to run the program as assumed by the Department of Economic Development. The potential state appropriation to cover grants for these districts is listed as \$0 or an Unknown amount.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Neighborhood Safety and Crime Prevention Street Lighting Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

*Oversight assumes income and appropriations less pass through to cities and counties net to zero.

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	3 FTE	3 FTE	3 FTE
Total Estimated Net Effect on FTE	3 FTE	3 FTE	3 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*	\$0	\$0	\$0

*Oversight assumes special assessments that are levied and collect by cities and counties plus pass through less cost for repair and maintenance of street lights within NIDs net to zero.

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. 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.

§67.477 – New Street Light Installations

Officials from the **Department of Economic Development (DED)** state a city or county may create a neighborhood improvement district, which is defined as a district that pays for the costs of engineering, installing, maintaining, repairing, replacing, and the electrical service of street lights. The term for the district shall not exceed 20 years, but can be extended another 20 years by petition process.

The "Neighborhood Safety and Crime Prevention Street Lighting Fund" is created in the state treasury. The program is subject to appropriation. DED will administer the fund, and the state treasurer will be the custodian.

Matching grants will be awarded on a first-come-first-served basis. 2/3 paid by the state, and 1/3 matched by the city/county.

The state shall not pay more than \$2,000 per street light installed.

While this program is subject to appropriation, there is no overall program cap; therefore, depending on the appropriation the costs could be significant.

DED requires 3 FTE to administer the program, depending on the amount of the appropriation.

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

Officials from the **Office of Administration - Budget and Planning (B&P)** assume this proposal creates provisions that allow municipalities to form Neighborhood Improvement Districts (NID) to pay for the cost of installing, maintaining, repairing, replacing, and ongoing cost of LED or similar power saving street lights. NIDs term is limited to 20 years, and may be extended up to another 20 years by the petition process provided in section 67.457. This section also creates in the state treasury the "Neighborhood Safety and Crime Prevention Street Lighting Fund" administered by the Department of Economic Development (DED) and the state treasurer

being custodian of the fund. DED may apply for federal grants to provide additional monies for the state's portion of the matching grants.

The purpose of this program is for neighborhood safety and crime prevention. Matching grants are available on a first come, first serve basis with 2/3's of the cost covered by the state and 1/3 of the cost paid by the city or county, with the state's portion not exceeding \$2K per street light installed.

However, there is no overall cap for the program and it is unknown how many municipalities may be helped by this program or street lights are needed. Therefore, to the extent that appropriations are made, this proposal could result in a reduction to GR and an increase to the Neighborhood Safety and Crime Prevention Street Lighting Fund. There is no direct impact to state revenue collections.

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

Officials from the **Department of Commerce and Insurance**, the **Department of Natural Resources**, the **Department of Revenue, Kansas City**, the **Missouri House of Representatives**, the **Joint Committee on Administrative Rules** and the **Missouri Senate** 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.

Oversight notes the provisions of §67.477 provide for the creation of the Neighborhood Safety and Crime Prevention Street Lighting Fund. This fund shall consist of moneys appropriated or received from other sources such as federal grants (subsection 4). Cities or counties may create a Neighborhood Improvement District (NID) under this section that shall not exceed twenty years. A special assessment levied and collected for the NID shall be used for paying for the obligations of such NID. Matching funds are on a first-come, first-served basis and on a per-light basis to the city or county. The state's portion of a matching grant shall not exceed \$2,000 per street light installed within the NID.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE			
<u>Transfer Out</u> – Appropriation to the Neighborhood Safety and Crime Prevention Street Lighting Fund §67.477.3	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Costs</u> – DED – Administration of Program §67.477			
Personnel Service	(\$186,660)	(\$228,472)	(\$233,041)
Fringe Benefits	(\$109,897)	(\$133,613)	(\$135,384)
Expense & Equipment	(\$35,742)	(\$8,984)	(\$9,164)
<u>Total Costs -</u>	<u>(\$332,299)</u>	<u>(\$371,069)</u>	<u>(\$377,589)</u>
FTE Change	3 FTE	3 FTE	3 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown, could exceed \$332,299)</u>	<u>(Unknown, could exceed \$371,069)</u>	<u>Unknown, could exceed \$377,589)</u>
Estimated Net FTE Change on General Revenue	3 FTE	3 FTE	3 FTE
NEIGHBORHOOD SAFETY AND CRIME PREVENTION STREET LIGHTING FUND			
<u>Income</u> – Gifts, grants, bequests, or contributions §67.477.4	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Transfer In</u> – Appropriation from General Revenue §67.477.3	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer Out</u> – DED – funds used to match grants for repair and maintenance of street lights in Neighborhood Improvement Districts of cities and/or counties §67.477.3 & .4	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
ESTIMATED NET EFFECT ON THE NEIGHBORHOOD SAFETY AND CRIME PREVENTION STREET LIGHTING FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> – Cities/Counties – special assessment levied and collected for NIDs §67.477.2(2)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer In</u> – Cities/Counties – matching funds for Neighborhood Improvement Districts §67.477.3 &.4	\$0 to Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> – Cities/Counties – for repair and maintenance of street lights in districts §67.477.1(4a)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill authorizes a city or county to create a neighborhood improvement district for up to 20 years and levy and collect a special assessment for the sole purpose of paying for the costs associated with the installation of street lights.

The bill also creates the "Neighborhood Safety and Crime Prevention Street Lighting Fund", the Department of Economic Development must use the moneys to pay the State's portion for matching grants and make annual matching grants available to cities and counties on a per light basis with two-thirds paid by the State and one-third paid by the city or county. The State's portion may not exceed \$2,000 per street light.

L.R. No. 4301H.021

Bill No. HB 2828

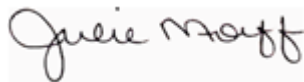
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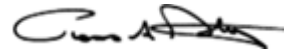
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Office of Administration - Budget and Planning
Department of Commerce and Insurance
Department of Natural Resources
Department of Revenue
Kansas City
Missouri House of Representatives
Joint Committee on Administrative Rules
Missouri Senate



Julie Morff
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March 5, 2024



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