

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1160-01  
Bill No.: Perfected HB 430  
Subject: State Departments; Newspapers and Publications; Taxation and Revenue - General  
Type: Original  
Date: March 17, 2015

Bill Summary: This proposal enacts the Taxpayer Transparency Act of 2015, which requires state departments to indicate in certain educational and advertising materials that such materials are produced and disseminated at taxpayer expense.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Greater than \$86,798)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Greater than \$86,798)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Conservation Commission	(Greater than \$100,000)	(Greater than \$100,000)	(Greater than \$100,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Greater than \$100,000)</b>	<b>(Greater than \$100,000)</b>	<b>(Greater than \$100,000)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 12 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</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 2016</b>	<b>FY 2017</b>	<b>FY 2018</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 \$100,000 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 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

**Oversight** notes that the following responses are those to the unamended bill.

Officials from the **Office of Administration - Budget and Planning**, the **Office of the Governor**, the **Administrative Hearing Commission**, the **Missouri Ethics Commission**, the **Office of the State Auditor**, the **Office of the State Public Defender**, the **Department of Public Safety - Division of Fire Safety**, the **Office of the State Courts Administrator**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Joint Committee on Administrative Rules**, the **Missouri Consolidated Health Care Plan**, the **Office of Prosecution Services**, the **Missouri Senate**, the **State Tax Commission**, the **Department of Mental Health**, the **Department of Public Safety - Capitol Police**, the **Office of the State Treasurer**, the **Department of Corrections**, the **Department of Social Services**, the **Department of Public Safety - Missouri Highway Patrol**, and the **Missouri Gaming Commission** each assume the current proposal would not fiscally impact their respective agencies.

Officials from the **Department of Higher Education** do not see a fiscal impact except for increased ink consumption and potentially additional pages. However, these costs would be minimal and could be absorbed by the department.

Officials from the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Missouri Lieutenant Governor** state they may have minimal costs that would appear to be handled by current budgeted amounts.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume existing printed material referenced in this proposal will continue to be used until on-hand quantities are consumed. When applicable materials are reprinted, language will be added to those documents in compliance with this proposal. In addition, information will be added to the department's internet site to specify materials which are provided at taxpayer expense. If existing quantities of

ASSUMPTION (continued)

documents must be discarded and reprinted with the specified language, additional costs would be incurred by most agencies within DOLIR.

Officials from the **Department of Economic Development - Division of Tourism (MDT)** assume that this proposal enacts the Taxpayer Transparency Act of 2015, which requires state departments to indicate in certain educational and advertising materials that such materials are produced and disseminated at taxpayer expense.

The MDT prints and distributes an annual Missouri Official Travel Guide. The Travel Guides are printed in one run of approximately 375,000 guides. The guides are distributed by our fulfillment center, MDT Official Welcome Centers, and Chambers of Commerce and Convention and Visitors Bureaus throughout the state.

The required statement that such materials are printed and published at taxpayer expense would be adhered to the existing travel guides using stickers or labels. The fulfillment center would add the required statement to the mailing labels at no additional cost. The guides that are distributed at MDT Official Welcome Centers would require labels that MDT Welcome Center staff would adhere to the guides prior to dissemination. MDT would be required to purchase labels for an estimated 30,000 guides. The guides that are distributed by Chambers of Commerce and Convention and Visitors Bureaus would be shipped to MDT for MDT staff to adhere the labels, and then shipped back to the Chambers of Commerce and Convention and Visitors Bureaus. The estimated cost is a shipping cost is \$5,400.00 (900 cases x \$6 shipping/case) plus labels for approximately 22,500 guides (\$1,025).

MDT would also incur a cost to add labels containing the required statement to all existing printed materials (brochures, sweepstakes mailers) and the envelopes used to mail promotional materials. We estimate September 2015 inventory levels will be 67,000 pieces (67,000 labels needed).

The required statement that the video communication is produced and disseminated at taxpayer expense would be required to be conveyed in a clearly spoken manner by a voice-over or screen view of the person making the statement and appear at the end of the communication for a period of not less than four seconds. This would apply to all existing MDT television advertising. It would also apply to all existing television advertising of Chambers of Commerce and Convention and Visitors Bureaus that is funded through the Promote Missouri Fund/Cooperative Marketing (PMF) program, where MDT reimburses up to 50% of the cost of running such advertising.

ASSUMPTION (continued)

The cost for MDT to edit television advertising would be approximately \$1,250,000. This includes the production costs and talent costs for edited television ads for our Spring, Summer, and Fall advertising campaigns.

The cost for PMF partners (local government cost) to change existing television advertising is estimated to be \$250,000.

All audio communication (including radio advertising) would be required to include an audio statement in a clearly spoken manner. This would require all existing MDT and PMF radio advertising to be changed. The estimated cost for MDT to change existing radio advertising is approximately \$25,000.

The cost for PMF partners (local government cost) to change existing radio advertising is estimated to be \$24,000.

The legislation would also make it necessary to include the required statement on all MDT and PMF billboards. The estimated cost for MDT to change existing billboards is approximately \$100,000.

The cost for PMF partners (local government cost) to change existing billboards is estimated to be \$12,000.

MDT estimates the total cost to the Tourism Supplemental Revenue Fund (TSRF) in FY2016 to be \$1,381,425 ( $\$1,250,000 + \$25,000 + \$100,000 + \$1,025 + \$5,400$ ). There would be no cost in future fiscal years.

MDT estimates the local government cost to be \$286,000 ( $\$250,000 + \$24,000 + \$12,000$ ) in FY2016. There would be no cost in future fiscal years.

Officials from the **Department of Natural Resources** assume their department would have to print new brochures for all state park facilities. The reprinting of each brochure would be \$12,000 per brochure for each 87 parks/sites for a total cost of \$1,044,000. Additionally there would be a cost of \$6,000 for a billboard. The cost for the Missouri State Parks to reprint new materials following the normal replacement scheduled to include language that such materials are produced and disseminated at taxpayer expense would be absorbed in our normal budget.

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services (DHSS)** assume that every brochure, pamphlet, and advertisement currently in place would need to be either reproduced, revised or would require us to affix a label (until that inventory was depleted and replaced with new inventory with notation included) noting that this information was developed at taxpayer expense.

The Division of Community and Public Health (DCPH) estimates that at least 1.5 million pieces of literature in inventory at the time the legislation became effective would need to have a label affixed. At a cost of \$.02 per label with the printed message, the costs of the labels would be \$30,000 (1,500,000 x \$.02). The labels would need to be manually affixed to each piece of literature. DCPH estimates it will take 12,500 hours to affix all these labels at a rate of 120 labels per hour. Because this would not be an ongoing task and would need to be accomplished as soon as possible to keep the literature available for distribution, DCPH would use a temporary agency for staffing these hours. At an estimated cost of \$12 per hour, the total costs for affixing the labels would be \$150,000 (12,500 hours x \$12/hour). These costs are attributed to general revenue FY2016 as it is state legislation that is requiring this mandate.

There are other unknown costs that are anticipated for FY2016 and 2017. These costs would be to revise and/or replace items such as videos, radio ads, television ads, bus ads, and on-line learning modules that have all been previously produced to convey a health message. Since many of the ads have targeted placement to correspond with a particular high-risk season (such as flu season, tick season, etc.), some may not incur costs until the second fiscal year (2017). It is estimated that some items will need to be totally replaced and some may have the ability to be revised. Some that will need to be replaced may have been originally produced with federal grant funds and may have the ability to receive permission to replace if it has been some time since the original production was made available with the grant funds.

There will be unknown costs in FY2018 to both general revenue and federal funds for the instances in which educational materials will be purchased or obtained without the ability to customize the material to include the required message. In these cases, a label with the required information would need to be affixed to these items.

Officials from the **Department of Public Safety - Office of the Director** assume fiscal impact can be absorbed unless it is necessary to go back and mark existing stock, film, or other things, which would involve labeling, which has a cost as compared to including the wording when ordering new stock.

ASSUMPTION (continued)

Officials from the **Missouri Department of Conservation** estimate the proposal would have a negative fiscal impact on their department of significantly more than \$100,000 annually due to the additional production complexity required.

Officials from the **Department of Elementary and Secondary Education** assume that if the agency may use up existing materials, then this proposal will have little cost. The new requirements could be added to new printings with little cost. The department will experience some costs for audio and video editing; however, those costs are not expected to be significant. If it is determined that the department must cease using materials that have already been printed and must reprint materials with the required text, then we would incur significant costs to do so.

Officials from the **Missouri Lottery Commission** assume this proposal requires that each communication funded by a state department for advertising clearly state it is produced and disseminated at taxpayer expense. The department's advertising is paid through ticket sales, not tax dollars.

Officials from the **Department of Public Safety - Missouri Veterans Commission** assume that current inventory items would not be required to be tagged and the fiscal impact would be zero. If current inventory items are required to be updated fiscal impact would be minimal \$0 to \$5,000.

Officials from the **Office of the Secretary of State (SOS)** state 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 \$2,500. 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 the 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** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State** assume this proposal requires any distribution of 499 or more printed materials with substantially identical content to include the statement, "This communication is printed and published at taxpayer expense." The estimated cost of reprinting various elections materials currently in stock to comply with this requirement is \$81,185 and is a one-time expense that will occur in FY17.

Officials from the **Office of Administration** assume that the proposal does not permit existing printed materials not otherwise in compliance with the proposal to be "grand fathered," and therefore assumes that such materials would have to be discarded and replaced with compliant materials as of the effective date of the legislation. However, should that assumption prove incorrect and should existing printed materials be grand fathered in, the bill would impose no fiscal impact on the A2A program.

Officials from the **Department of Revenue - Motor Vehicle Bureau (MVB)** assume this proposal will require revisions to several publications and notices to include the proposed language.

Management Analyst Spec I - 160 hrs/\$21 per hour = \$3,360  
Administrative Analyst III - 20 hrs/\$23 per hour = \$460  
**Total = \$3,820**

**Oversight** assumes MVB can handle the increased workload with current appropriations.

Officials from the **Department of Revenue - Drivers License Bureau (DLB)** assume this proposal would require their agency to ensure that any change to communications developed under 37.071.3 would meet the criteria as defined.

Update Web Forms - Administrative Analyst III - 80 hrs/\$23 per hour = \$1,840  
Update Forms - Management Analysis Spec I - 80 hrs/\$21 per hour = \$1,680  
Update Communications - Management Analyst Spec I - 80 hrs/\$21 per hr = \$1,680  
**Total = \$5,200**

**Oversight** assumes DLB can handle the increased workload with current appropriations.

Officials from the **Department of Revenue - Division of Taxation** assume this proposal requires programming and form changes to include the language that the information received is disseminated at taxpayer expense on all its forms and correspondence. These programming changes would be done by ITSD - DOR. ITSD - DOR will required 1,157 hours of programming

ASSUMPTION (continued)

to make these changes at a cost of \$75 an hour this will be a total of \$86,798 in FY16.

House Committee Amendment 1

**Oversight** assumes costs would only be incurred for future educational and informational materials, including currently running media and current billboards. These future additional costs would either be absorbed within advertising and educational budgets or be reflected in future budget decision items.

House Amendment 1

**Oversight** assumes this amendment is clarifying language and will not change the fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE</b>			
<u>Costs - ITSD - DOR</u>			
Programming changes	(\$86,798)	\$0	\$0
<u>Costs - DHSS</u>			
Revision or replacement of media items	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Greater than \$86,798)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<b>CONSERVATION COMMISSION FUND</b>			
<u>Costs - Increased printing cost of materials</u>	(Greater than <u>\$100,000</u> )	(Greater than <u>\$100,000</u> )	(Greater than <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND</b>	<b><u>(Greater than \$100,000)</u></b>	<b><u>(Greater than \$100,000)</u></b>	<b><u>(Greater than \$100,000)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<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 proposal establishes the Taxpayer Transparency Act of 2015 that specifies requirements for certain state advertising and educational communications. Each of the communications funded by a state department for advertising must clearly state specified information. If the communication is printed, it must include a statement that it is printed and published at taxpayer expense in sufficient type size and reasonable color contrast to be clearly readable by the recipient and within a box set apart from the other contents of the communication. If the communication is transmitted through radio, television, Internet, or other means, the communication must include a statement which is conveyed in a clearly spoken manner that it is produced and disseminated at taxpayer expense. Any email communication must be of sufficient type size and reasonable color contrast to be clearly readable by the recipient and be set apart from the other contents of the communication.

Advertisements regarding information or a solicitation for a state contract, bid, grant, or state funding and an employment opportunity are exempt from these provisions.

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

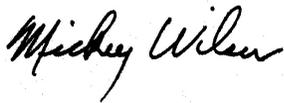
SOURCES OF INFORMATION

Department of Natural Resources  
Department of Economic Development - Division of Tourism  
Department of Labor and Industrial Relations  
Missouri Lieutenant Governor  
Attorney General's Office  
Department of Higher Education  
Missouri Gaming Commission  
Office of Administration  
Office of the State Courts Administrator  
Department of Public Safety - Division of Fire Safety  
Office of the Governor  
Office of Administration - Budget and Planning  
Administrative Hearing Commission  
Missouri Ethics Commission  
Office of the State Auditor  
Office of the State Public Defender  
Department of Insurance, Financial Institutions and Professional Registration  
Joint Committee on Administrative Rules  
Missouri Consolidated Health Care Plan  
Office of Prosecution Services  
Missouri Senate  
State Tax Commission  
Department of Mental Health  
Department of Public Safety - Capitol Police  
Office of the State Treasurer  
Department of Corrections  
Department of Social Services  
Department of Public Safety - Missouri Highway Patrol  
Department of Revenue  
Missouri Department of Conservation  
Department of Health and Senior Services  
Department of Elementary and Secondary Education  
Department of Public Safety - Office of the Director

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SOURCES OF INFORMATION (continued)

Missouri Lottery Commission  
Department of Public Safety - Missouri Veterans Commission  
Office of the Secretary of State



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Ross Strobe  
Assistant Director  
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