

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1848-01
Bill No.: HB 834
Subject: Property, Real and Personal; Boards, Commissions, Committees, Councils;
 General Assembly
Type: Original
Date: April 8, 2015

Bill Summary: This proposal prohibits state agencies or entities from purchasing or receiving donated land without the approval of the General Assembly.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Conservation Commission	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on Other State Funds	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

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 of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

§ 8.298 - Acquisition of Land by State Agencies:

Officials from the **Office of Administration - Division of Facilities Management Design and Construction (FMDC)** assumes this proposal would require prior legislative approval before land can be purchased or received.

FMDC notes the prior identification of property which the state is interested in purchasing could be impacted by this proposal and the state's ability to gain the most value for its dollars.

FMDC assumes this proposal could increase the cost of property to the state. Each real estate transaction is unique and the amount of increase in purchase price for any particular piece of property due to its prior identification as a parcel of interest to the state is unknowable.

FMDC is unable to estimate a fiscal impact for this proposal.

Officials from the **Department of Corrections (DOC)** assume an unknown fiscal impact on the future site selection process for new correctional institutions, community supervision center, and any other correctional facility that may be built on land received as a gift, donation, or bequest to the state.

Officials from the **Department of Economic Development - Missouri Development Finance Board (MDFB)** assume this proposal could pose a negative fiscal impact to MDFB operations and its economic and infrastructure development missions by causing the delay of, or preventing MDFB from acquiring land for major public/private redevelopment projects it has caused to occur; from acquiring land on which office buildings were constructed and leased or sold to the state for state use; and delaying or preventing the contribution of real property to the MDFB for tax credits which, although uncommon, has happened.

ASSUMPTION (continued)

MDFB assumes it is not possible to predict or quantify what the fiscal impact to the MDFB's financial operations would be, or what level the Board's economic and infrastructure development missions enactment would be impacted by this proposal.

In response to similar legislation from 2015 (HJR 39), Officials from the **Department of Conservation (MDC)** assumed this proposal would result in no direct fiscal impact to MDC. However, the legislation would eliminate the opportunity for citizens and various entities from gifting land to the Commission, which as a consequence would prevent such land being placed in public trust. The value of such land varies based on acreage, location, and characteristics.

MDC assumed this proposal would impact the Commission's ability to accept donations of money from citizens and organizations made for the purpose of assisting with the purchase of land and placing such land in public trust.

MDC assumed this proposal would eliminate the opportunity to acquire land via land exchanges with private landowners, which sometime occur to resolve boundary matters. The proposal would also eliminate the opportunity for willing sellers to work with MDC for their land to be purchased and placed in public trust. MDC incurs miscellaneous costs such as title insurance, appraisal fees, and closing costs when a land purchase or donation occurs.

Oversight notes the following MDC land acquisitions by donation for FY12-14.

Table 1: MDC Land Acquisitions FY12-FY14

Fiscal Year	Acres	Donation Value
2012	782.61	\$2,821,390
2013	454.86	\$1,174,000
<u>2014</u>	<u>246.00</u>	<u>\$323,300</u>
Grand Total	1483.47	\$4,318,690

Source: Department of Conservation

Oversight assumes the donated land value to MDC can vary each year and the donation value could be higher than those land values reported by MDC.

ASSUMPTION (continued)

For the purpose of the fiscal note, **Oversight** will show an (Unknown) fiscal impact to the General Revenue Fund and the Conservation Commission Fund due to the potential for increased real estate costs to the state and an (Unknown) loss to the General Revenue Fund due to the potential loss of donations of land to the state.

Oversight assumes local political subdivisions may see higher property tax revenues from any land that could not be sold or donated to the Department of Conservation for placement in public trust. However, Oversight considers this an indirect fiscal impact and any additional property tax revenue will not be reflected in the fiscal note.

Officials from the **Department of Higher Education, Department of Corrections, Office of Administration - Division of Budget and Planning, Department of Public Safety - Division of Fire Safety, Department of Economic Development - Division of Energy, Department of Economic Development - Office of Public Counsel, Missouri Public Service Commission, Department of Labor and Industrial Relations, Department of Insurance, Financial Institutions and Professional Registration, and the Office of State Courts Administrator** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Cost - Multiple Agencies</u>			
§ 8.298 - Higher real estate prices for land purchased by state agencies	(Unknown)	(Unknown)	(Unknown)
<u>Loss - Multiple Agencies</u>			
§ 8.298 - Land donated to state agencies	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
CONSERVATION COMMISSION FUND			
<u>Cost - MDC</u>			
§ 8.298 - Higher real estate prices for land purchased by MDC	(Unknown)	(Unknown)	(Unknown)
<u>Loss - MDC</u>			
§ 8.298 - Donated land & gifts of money to purchase land	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE CONSERVATION COMMISSION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
 <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

§ 8.298 - Acquisition of Land by State Agencies:

Direct fiscal impact to small businesses attempting to sell or donate land to the State of Missouri could be expected as a result of this proposal.

FISCAL DESCRIPTION

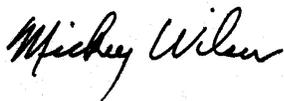
§ 8.298 - Acquisition of Land by State Agencies:

This proposal prohibits state agencies from purchasing or receiving donated land without approval of the General Assembly. The provisions of this proposal do not apply to the Missouri Department of Transportation.

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

Office of Administration - Division of Facilities Management Design and Construction
Office of Administration - Division of Budget and Planning
Department of Economic Development - Missouri Development Finance Board (MDFB)
Department of Economic Development - Division of Energy
Department of Economic Development - Office of Public Counsel
Missouri Public Service Commission
Department of Insurance, Financial Institutions and Professional Registration
Department of Corrections
Department of Conservation
Department of Higher Education
Department of Public Safety - Division of Fire Safety
Department of Labor and Industrial Relations
Office of State Courts Administrator



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