

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3517-01  
Bill No.: HB 1649  
Subject: Boards, Commissions, Committees, Councils; Cities, Towns, and Villages;  
 Economic Development  
Type: Original  
Date: February 15, 2002

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Urban Conservation Commission Fund	(\$226,705)	(\$219,289)	(\$225,085)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$226,705)</b>	<b>(\$219,289)</b>	<b>(\$225,085)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<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 LOCAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 6 pages.

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**FISCAL ANALYSIS**

ASSUMPTION

Officials from the **Office of Administration (COA) - Division of Accounting, COA - Assistant Commissioner's Office, Department of Revenue, Office of the Governor, and State Auditor's Office** assume the proposed legislation will have no fiscal impact on their organizations.

Officials from the **COA -Division of Budget and Planning (BAP)** stated the proposed legislation should not result in additional costs or savings to the BAP. The proposed legislation would increase total state revenue.

**Oversight** assumes an increase in total state revenue would happen only if the Commission was successful.

Officials from the **COA - Division of Facilities Management (DFM)** stated the fiscal impact for DFM would be contingent upon DFM's responsibility for the Urban Conservation's leases and the number of FTE's employed. The bill to create the commission does not specifically determine either factor. However, the space and equipment costs for DFM and associated costs per FTE can be factored as the following:

Salary	To be paid by Agency/Commission
Fringe Benefits	To be paid by Agency/Commission
Rent/Space	\$200 per square foot per FTE x \$13.50 = \$2,700 per FTE for rent/space
One-Time E&E	\$7,230
On-Going E&E	\$1,340

The first year costs per FTE are estimated at \$11,270. On-going costs per FTE are estimated at \$4,040.

The fiscal impact for the DFM is undetermined at this time as there is insufficient information and lack of assumptions to provide a determined statement.

Officials from the **Department of Economic Development (DED)** stated the DED assumes the Urban Conservation Commission (UCC) would be assigned to the DED. The DED would have to provide meeting space for the 9 UCC members plus expenses. Eight (8) meetings are projected for the first year and six (6) each year thereafter with overnight lodging (\$70), mileage (\$0.315 x 240 round-trip = \$75.60), and one meal (\$42.45 for 3) plus miscellaneous expenses for printing, meeting room, etc. for each meeting (\$250). Therefore, the total cost is 9 members x \$188.05 each plus \$250 or \$1,942,45 for each meeting (includes any cost for State Auditor and Treasurer).

ASSUMPTION (continued)

The DED anticipates the board would need the assistance of an attorney one-half time for the first year and one-quarter time thereafter. The Commission can also appoint an advisory committee. The DED assumes an advisory committee of eight (8) with related expenses for travel and other expenses (same as the Commission) with six (6) meetings per year. The total cost per meeting is \$1,942.45.

The DED would be required to provide support to the UCC and the Advisory Committee. This would require an Executive Director, Economic Development Incentive Specialist II, a Clerk Typist II, and a part-time Computer Information Technician I. Staff would also be required to carry out directives from the UCC and Advisory Committee. This is similar to staffing for the Women's Council even though more UCC and Advisory Committee meetings are required.

The DED estimates total costs of the proposed legislation to be \$259,864 for FY 03, \$255,142 for FY 04, and \$261,883 for FY 05.

Officials from the **Office of the State Treasurer (STO)** stated the impact of the proposed legislation is unknown as no agency is specified as the administrator of the fund. If the administrator is to be the STO, then the STO will need an FTE of the classification Accounting Analyst II.

**Oversight** assumes the Urban Conservation Commission and any employees working for the Commission will be assigned to the DED.

**The proposed legislation may result in an increase in Total State Revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<b>URBAN CONSERVATION COMMISSION FUND</b>			
<u>Costs - Department of Economic Development</u>			
Personal Service Costs (3.5 FTE)	(\$103,567)	(\$114,010)	(\$116,860)
Fringe Benefits	(\$37,294)	(\$41,055)	(\$42,081)
Equipment and Expense	(\$85,844)	(\$64,224)	(\$66,144)
Total <u>Costs</u> - Department of Economic Development	<u>(\$226,705)</u>	<u>(\$219,289)</u>	<u>(\$225,085)</u>
<b>ESTIMATED NET EFFECT ON URBAN CONSERVATION COMMISSION FUND</b>	<b><u>(\$226,705)</u></b>	<b><u>(\$219,289)</u></b>	<b><u>(\$225,085)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposed legislation may have a positive fiscal impact on small businesses. The net estimated effect is unknown.

DESCRIPTION

The bill creates the Urban Conservation Commission. The commission is established to promote and effect the conservation, restoration, redevelopment, and revitalization of the urban resources of the state, including the acquisition of property for these purposes. The commission is responsible for creating a comprehensive 10-year plan to address the problems associated with distressed urban areas.

The commission will have authority over state programs designed to remedy blight and deterioration in urban areas, as well as the authority to facilitate the revitalization of distressed urban areas. It will also be responsible for reversing the decline of property values in distressed urban areas.

### DESCRIPTION (continued)

The commission will have nine members. All appointed members will be knowledgeable and interested in the conservation, restoration, redevelopment, and revitalization of urban areas. Seven members will be appointed by the Governor. No more than four of these seven can be of the same political party as the Governor. At least two of the members will be residents of the City of Kansas City, at least two members will be residents of the City of St. Louis, and at least one member will be a resident of the City of Springfield. In addition to these members, the State Treasurer and State Auditor will also serve as members of the commission.

The members of the commission will hold office for a term of six years beginning on July 1 of consecutive odd years. However, for the original seven members appointed by the Governor, three will have terms which expire on June 30, 2004; two will have terms which expire on June 30, 2006; and two will have terms which expire on June 30, 2007. Members of the commission will receive no salary or other compensation; however, they will be reimbursed for expenses incurred in the performance of their duties.

The bill outlines the powers and duties of the commission.

The commission will write a comprehensive plan that will contain initial proposals for addressing the revitalization of each area in the state that is identified as a distressed urban area and will propose a time line in which the revitalization of each area will occur. The commission will update the comprehensive plan periodically.

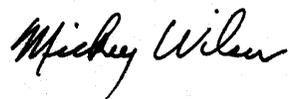
The bill requires the commission to submit a full report of its findings to the General Assembly by January 15 of each year.

The bill creates the Urban Conservation Commission Fund. Upon appropriation, money in the fund will be used solely for the administration of the Urban Conservation Commission.

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 Accounting  
    Assistant Commissioner's Office  
    Division of Budget and Planning  
    Division of Facilities Management  
Department of Revenue  
Office of the Governor  
Department of Economic Development  
State Auditor's Office  
Office of State Treasurer

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a prominent loop at the end of the last name.

Mickey Wilson, CPA  
Acting Director  
February 15, 2002