

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 2789-05
Bill No.: SCS for SB 715
Subject: Counties
Type: Original
Date: January 30, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	Unknown to (Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	Unknown to (Unknown)	(Unknown)*	(Unknown)*

*** Oversight expects cost of satellite and enterprise zones to exceed income from 1% collection fee, therefore, fiscal impact will be shown as a negative unknown.**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Blind Pension Trust	(Unknown)	(Unknown)	(Unknown)
School Moneys	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 15 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Sections 48.020 and 48.030 County Classification:

In response to similar legislation the **Jasper County Commission** assume these sections could save a second class county the costs of establishing a juvenile center, medical examiner, and salary increases of elected officials until the Commission decides the county could afford the changes.

Franklin County Officials assumed no fiscal impact.

Oversight assumes the provisions of Sections 48.0202 and 48.030 are procedural in nature and should have no fiscal impact other than by raising the required assessed valuation for a classification change would possibly postpone a county from changing classification until a later date, thereby postponing a possible increase in the expenditure of money on salaries, new offices, etc. For purposes of this fiscal note, Oversight assumes this proposal could save certain counties money from postponing a classification change. **Fiscal impact to certain counties will be shown as \$0 to an Unknown savings.**

ASSUMPTION (continued)

Section 49.272 - Boone and Jasper County Counselor:

Oversight assumes this section is permissive. This proposal would allow Boone or Jasper County's governing body by ordinance, to elect to impose civil fines for violations of county ordinances, rules, and regulations. The fines could not exceed \$250 per violation. Oversight assumes this section does not require Boone or Jasper County officials to impose fines, or to appoint a County Counselor. Oversight assumes that if the Boone or Jasper County Commission would initiate the provisions of this section, then the County would realize income to its General Revenue Fund from fines allowed herein, and the county would realize a loss of income from paying the costs of enforcement of county ordinances, rules and regulations. Oversight assumes fines and costs of enforcement would equal resulting in no fiscal impact.

Sections 50.550, 50.565, and 559.021 - County Law Enforcement Restitution Fund:

Department of Corrections officials assume no fiscal impact.

Officials of the **Office of State Courts Administrator** stated that this proposal does not specify who would be responsible for receiving and accounting for what would in most cases be installment payments. Since the Sheriff and Prosecutor would be the beneficiaries of the fund, officials assume one of them would provide these services through local funds, and state-paid court clerks would not be required to perform this duty. If this assumption is valid, there would be no appreciable state cost. However, if the court clerks are required to provide this service, there would be a state cost in direct proportion to the volume of transactions.

Officials stated that traffic cases are technically misdemeanors, and if as an alternative to a traffic conviction, a defendant can get a suspended sentence for payment into the crime reduction fund, the potential volume could be in the hundreds of thousands of cases. If cases that would otherwise have resulted in a conviction are shifted to a suspended imposition or execution of sentences, it is likely to result in the loss of revenue from fines to the schools, crime victims' compensation fund, law enforcement training and other earmarked funds.

In response to similar legislation of last session, officials of the **Department of Elementary and Secondary Education** assumed no fiscal impact.

Oversight assume that fiscal impact would depend upon several factors: 1) The County Commission would need to establish the Law Enforcement Restitution Fund; and 2) The amount of fiscal impact would depend on the number of cases the Court would suspend

and require

ASSUMPTION (continued)

payment into the Law Enforcement Restitution Fund.

Oversight assumes that to the extent there is a reduction in fines on the local level, schools would receive more money in state aid due to the school aid formula. Therefore, the loss of fine revenues would be subsidized by the State's General Revenue Fund.

Section 50.740 - Third and Fourth Class County Treasurers duties:

Oversight assumes this section is procedural and would have no fiscal impact. This section would allow certain County Treasurers to issue only payroll checks before the budget estimate is filed with the County Commission.

Section 67.2000 - Allows certain counties to create a Exhibition Center and Recreational Facility District:

Officials of the **Department of Revenue** assume this proposal as written would have no fiscal impact to the department.

Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. Oversight assumes this proposal as written, does not require the counties described herein to establish a recreational district, therefore, there would be no fiscal impact.

If a district were formed the county would have election costs which is unknown. The newly formed district would realize income from a voter approved sales tax that could not exceed one-half of one percent on all retail sales within the district. The district would realize costs of funding the construction and operation of an Exhibition Center and Recreational Facility.

Oversight assumes that costs would not exceed income in a given year. **The State's General Revenue Fund would realize additional income from a 1% collection fee retained by the Department of Revenue. The amount of income realized in a given year is Unknown.**

Oversight for purposes of this fiscal note, assumes this section, as written, does not issue a mandate to the counties described herein to establish a recreational district, therefore, there would be no fiscal impact to state or local governments.

Section 115.124 Elections- Community College Districts:

Oversight assumes that section 115.124 would allow Community College Districts to not

ASSUMPTION (continued)

hold elections for the positions of Board of Trustees if the election notice were published in accordance with Section 115.127 RSMo, and if the number of candidates who have filed for a particular office is equal to the number of positions in that office to be filled by the election. Oversight assumes the Community College District would save its pro-rated costs of an election. The amount of savings is indeterminable, and will be shown as Unknown Savings.

Section 135.207 - Authorizes a Satellite Zone in Jackson County and Section - 135.261 Authorizes an Enterprise Zone in Laclede County:

Section 135.217 authorizes the Department of Economic Development to designate a rural Enterprise Zone in Douglas County.

Officials of the **Department of Economic Development** stated that this bill provides for 2 full enterprise zones in a rural area and 1 satellite zone. DED assumes, based on averages, there is **\$118,745 in costs associated with a new rural enterprise zone and \$60,000 to Unknown for the satellite zone created. These costs will not be incurred until Fiscal Year 2006.** The costs of an enterprise zone includes the costs of EZ tax credits, refunds, and income modifications (modification times tax rate to convert to dollar benefit) for a year. These figures are an average so some zones and satellites will cost more and some will cost less. DED officials stated It is not possible to predict anything more than the averages used as the cost until the zone has been created and mapped.

DED officials stated that at the present time, the volume of credits is not anticipated to be large enough to require additional personnel or equipment and expense to administer. Officials assume the volume of work would be addressed in a budget request, if necessary.

Sections 137.720 and 137.721 County Assessment Fund Withholdings:

In response to almost identical legislation of this session, the **State Tax Commission** stated that these section changes the percentage of ad valorem tax collections to be put in the County's Assessment Fund. These proposal would transfer local funds from one local political subdivision to another local political subdivision.

Jasper County officials stated that this would be a revenue enhancer to counties becoming a

county of the first class after September 1, 1997.

ASSUMPTION (continued)

Oversight assumes that any additional income would be withheld from taxing authorities and the State's Blind Pension Trust Fund. The amount of withholdings on a statewide basis, from either Sections 137.720 or Section 137.721, is indeterminable. Oversight will show Income to counties Assessment Fund in an Unknown amount, and an equal Loss of Revenue to taxing authorities. Oversight will show an estimated minimal Loss of Revenue to the State's Blind Pension Fund. The amount of loss is indeterminable.

Section 190.306 Clarifies 911 services in Christian County:

Oversight assumes this proposal clarifies existing law with regards to 911 emergency services in Christian County, and would have no state or local fiscal impact.

Section 304.010 Authorizes certain class counties to regulate speed limits on county roads:

Officials of the **Missouri Department of Transportation** and the **Department of Public Safety- Highway Patrol** assume no fiscal impact.

Oversight assumes this is enabling legislation, as written, would have no fiscal impact unless the county's governing body would elect to initiate the regulation of county road speed limits.

Oversight assumes no fiscal impact.

Sections 644.581, 644.582, 644.583 Authorizes the Board of Fund Commissioners to issue bonds for environmental purposes:

Officials of the **Office of Administration- Budget and Planning** assume no fiscal impact to their division.

Officials of the **Office of Administration- Division of Accounting** assume the following:

- 1) There would be no bond issuance in FY 05 ;
- 2) There would be a \$45 million issuance in FY 06 using **existing** legislative authority;
- 3) There would be no bond issuance in FY 07; and
- 4) Bonds authorized by this proposal would not be issued prior to FY 08**

Officials of the **Department of Natural Resources** assume no fiscal impact. Officials stated that most bond issues have a 3 year lag from the date of authorization.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
BLIND PENSION TRUST FUND			
<u>Loss of Revenue</u> to Blind Pension Trust Fund (Sections 137.720 and 137.721)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO BLIND PENSION TRUST FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
GENERAL REVENUE FUND			
<u>Income-</u> to Department of Revenue 1% sales tax collection fee. (67.2000) *	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer out</u> – to State School Moneys Fund (Section 50.550 etal.)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Loss</u> - Satellite Zone in Jackson County (Section 135.207)	\$0	(\$60,000 to Unknown)	(\$60,000 to Unknown)
<u>Loss</u> - Enterprise Zone in Laclede County (Section 135.261)	\$0	(\$118,745)	(\$118,745)
<u>Loss</u> - Enterprise Zone in Douglas County (Section 135.217)	<u>\$0</u>	<u>(\$118,745)</u>	<u>(\$118,745)</u>
ESTIMATED NET EFFECT TO STATE GENERAL REVENUE FUND	<u>Unknown to (Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

SCHOOL DISTRICTS (Sec. 50.550 etal.)

Income – to Certain School Districts from State’s School Aid Formula \$0 to Unknown \$0 to Unknown \$0 to Unknown

Loss – to Certain School Districts from reduction in fines \$0 to (Unknown) \$0 to (Unknown) \$0 to (Unknown)

ESTIMATED NET EFFECT TO CERTAIN SCHOOL DISTRICTS * \$0 \$0 \$0

CERTAIN COUNTIES EXHIBITION CENTER AND RECREATION FACILITY DISTRICT FUND

Income - to Exhibition Center and Recreation Facility Fund (67.2000) \$0 or Unknown \$0 or Unknown \$0 or Unknown

Costs - to Exhibition Center and Recreation Facility Fund (67.2000) \$0 or (Unknown) \$0 or (Unknown) \$0 or (Unknown)

ESTIMATED NET EFFECT TO EXHIBITION CENTER AND RECREATION FACILITY FUND * \$0 \$0 \$0

Savings - to Certain Counties from postponing class change (Sections 48.020 and 48.030) \$0 to Unknown \$0 to Unknown \$0 to Unknown

Savings to Community College Districts from election costs (Section 115.124) Unknown Unknown Unknown

Income - to Boone and Jasper County General Revenue Fund from fines (Section 49.272) ** \$0 or Unknown \$0 or Unknown \$0 or Unknown

Costs - to Certain Counties

from speed limit signs (Section 304.010)
 **

<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0 or</u> <u>(Unknown)</u>
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COUNTIES ASSESSMENT FUND

Income to County Assessment Funds
 additional withholdings from taxing
 authorities (Sections 137.720 and
 137.721)

<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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LOCAL TAXING AUTHORITIES

Loss of Revenue to Taxing Authorities
 from additional withholdings for County
 Assessment Funds (Sections 137.720 and
 137.721)

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT TO
 LOCAL GOVERNMENT**

<u>Unknown to</u> <u>(Unknown)</u>	<u>Unknown to</u> <u>(Unknown)</u>	<u>Unknown to</u> <u>(Unknown)</u>
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*** Oversight assumes that annual costs would not exceed income resulting in an annual positive fund balance or a zero fund balance. Oversight will show balance as zero.**

**** These provisions are permissive.**

FISCAL IMPACT - Small Business

Small businesses located in certain counties, whose governing body would receive voter approval to impose a sales tax of up to .25% could expect to collect and pay the additional tax. The tax would be for an exhibition center and recreation facility. (Section 67.2000).

DESCRIPTION

This act modifies the classification of counties. The assessed valuation necessary to qualify as a first class county is increased from the current \$450 million to \$600 million. The assessed valuation necessary to qualify as a second class county is increased from the current \$300 million to \$450 million. No county will move to a lower classification than its current

DESCRIPTION continued

classification as a result of the changes in the assessed valuation requirement, however, such a county may move to a lower classification after five years at a level below the requisite amount for the counties current classification.

This act modifies Section 48.030, RSMo, to allow any county that has the requisite assessed valuation to become a first class county to choose to do so upon an affirmative vote of the counties governing body, even though the county has not had such valuation for five successive years as required under current law (Sections 48.020 and 48.030).

This act authorizes the Boone County and Jasper County Counselor to prosecute certain misdemeanors in order to seek a civil fine of not more than \$250 per violation. Fines collected pursuant to this act shall be paid into the county general fund to be used to pay for the cost of enforcement of such offenses (Section 49.272).

This act authorizes county commissions to establish by ordinance or order a "County Law Enforcement Restitution Fund", which shall be under the supervision of a board of trustees with certain requirements for the composition of membership. The money in the fund can only be used for certain law enforcement purposes such as narcotics investigation, prevention, and intervention, the purchase of equipment, and other related expenses. The county commission may not reduce an law enforcement agency's budget as a result of money that it receives from the fund (Section 50.550, 50.565 and 559.021).

This act allows the court to order payment to a statutorily created fund for costs incurred as a result of an offender's actions. The performance of free work ordered by the court may be performed for offender treatment programs, work release programs in local facilities, and community-based residential and nonresidential programs. This act establishes that the court may specifically order payment to a county law enforcement restitution fund, but such contribution shall not exceed \$275 and can only be used for the purposes provided for in statute. A judge may only order payment to a fund if it has been created by ordinance or resolution and cannot have authority or control over the fund. This act requires a hearing before a person's probation can be revoked for failure to pay to the fund (Section 559.021).

This act authorizes county treasurers in counties of the third and fourth classification to issue payroll checks before the filing of the county budget estimates (Section 50.740).

DESCRIPTION continued

This act creates the "Exhibition Center & Recreation Facility District Act". The act enables citizens of Camden, Miller, Morgan, Jasper, Newton, Buchanan and Wright counties to petition to create an exhibition center & recreation facility district. At least fifty property owners in the county must sign the petition.

The petition must include the petitioners names, a description of the district's boundaries, and the name of the proposed district. Once the petition is filed, the governing body may approve a resolution to the create the district.

Following a public hearing, the governing body may adopt an order establishing the proposed district.

A board of trustees is created to administer any district created and the expenditure of revenue that accompanies such district. The governing body of each county within the district shall appoint four residents from the portion of the county within the district to serve on the board. At least one member of the board shall be the owner of a business in the district and at least one member shall be the owner of a lodging facility in the district. Two of the members of the board must reside in the district. The board will have the power to have a seal, sue and be sued, enter into contracts or other agreements affecting the affairs of the district, to borrow money, to issue bonds, to acquire and dispose of real and personal property, to refund bonds without an election, to manage the affairs of the district, to hire agents, and to amend and adopt bylaws.

The district may submit to its voters a sales tax of up to one-quarter of one percent. The act includes ballot language to that effect. The act also includes the creation of a fund to receive such sales tax revenue and instructs the director of revenue to authorize disbursements to the district. The tax shall be reduced automatically to a rate of one-tenth of one percent after twenty-five years unless an extension is voted upon by the voters in the district.

This act makes a technical change to delete the requirement that the treasurer make the disbursements in the case of an overpayment, as such is not required for non-state funds.

After August 28, 2004, Boone County may create a district in an unincorporated area of the county or in an incorporated area of the county upon approval of the governing body of the power to have a seal, sue and be sued, enter into contracts or other agreements affecting the affairs of the district, to borrow money, to issue bonds, to acquire and dispose of real and personal property, to refund bonds without an election, to manage the affairs of the district, to hire agents, and to amend and adopt bylaws.

DESCRIPTION continued

The district may submit to its voters a sales tax of up to one-quarter of one percent. The act includes ballot language to that effect. The act also includes the creation of a fund to receive such sales tax revenue and instructs the director of revenue to authorize disbursements to the district. The tax shall be reduced automatically to a rate of one-tenth of one percent after twenty-five years unless an extension is voted upon by the voters in the district.

This act makes a technical change to delete the requirement that the treasurer make the disbursements in the case of an overpayment, as such is not required for non-state funds.

After August 28, 2004, Boone County may create a district in an unincorporated area of the county or in an incorporated area of the county upon approval of the governing body of the area. It is necessary to file a petition, signed by all the property owners in the district, with the governing body of the county. There must be unanimous approval by all the property owners within the district of the order creating the district and the proposed sales tax ballot question. If there are no voters in the area, the question will be submitted to the qualified voters of the county (Section 67.2000).

This act removes boards of trustees of community college districts from the exception authorizing candidates in certain situations to assume responsibilities of a position without an election (Section 115.124).

This act authorizes the Department of Economic Development to designate an enterprise zone in Douglas County (Section 135.217).

This act authorizes the Department of Economic Development to designate an area within Jackson County as a satellite zone. The governing body of the county must submit a plan describing how the zone corresponds to the county's overall enterprise zone strategy. The Department of Economic Development is also authorized to designate an enterprise zone in Laclede County. The zones must be approved by the Director of Department of Economic Development and meet all statutory requirements (Section 135.207 and 135.261).

This act modifies the percentage of property tax collections that are deposited in the county assessment fund. It increases the percentage from one-half of one percent to three-quarter of one percent in first and second counties and St. Louis City. For third and fourth class counties the percentage becomes one and one-quarter percent, up from one percent in third and fourth class counties (Section 137.720).

DESCRIPTION continued

This act provides that in any county which becomes a first classification county after September 1, 1997 and Jasper County, one percent of all ad valorem taxes allocable to the county and each taxing authority in the county shall be deducted from taxes collected on the first five hundred million dollars of assessed valuation. The one-percent fee will be assigned among the political subdivisions. Beyond the five hundred million dollars of assessed valuation the amount of the deduction shall be one half of one percent, consistent with the current law. Currently, the law provides for such counties which become first classification counties after September 1, 1998 (Section 137.721).

The act clarifies that a municipality in Christian County may continue to operate an emergency telephone service in the event the county also establishes a service or has been reclassified into a higher classification (Section 190.306).

The act authorizes counties of the second, third, or fourth classification to set by ordinance countywide speed limits on roads within the county which are maintained by the county (Section 304.010).

The act authorizes the use of money from the "Inmate Security Fund" to be used for security measures to ensure that inmates can be properly identified and tracked within the system. Currently, the fund may be used for "biometric measures" only (Section 488.5026).

In addition to amounts authorized prior to August 28, 2004, this act authorizes the Board of Fund Commissioners to issue bonds for grants and loans pursuant to several sections of Article III of the Missouri Constitution. The authorizations are for:

- (1) \$10 million of bonds for waste water pollution control, drinking water systems improvements, and storm water control pursuant to Section 37(e);
- (2) \$10 million of bonds for rural water and sewer projects pursuant to Section 37(g); and
- (3) \$20 million of bonds for storm water control plans, studies, and projects in first classification counties and the City of St. Louis pursuant to Section 37(h). (Sections 644.581, 644.582, 644.583).

Sections 48.020 and 48.030 have an emergency clause.

DESCRIPTION continued

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
Department of Economic Development
Department of Revenue
Department of Transportation
Department of Natural Resources
Department of Public Safety-State Highway Patrol
Jasper County Commission
Franklin County Commission

NOT RESPONDING

Boone County Commission
Miller County Commission
Camden County Commission
Jefferson County Commission
Buchanan County Commission
Morgan County Commission
Newton County Commission
Laclede County Commission
Christian County Commission
Johnson County Commission
Pettis County Commission



Mickey Wilson, CPA
Director
January 30, 2004