

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4301-01
Bill No.: HB 1281
Subject: Bonds - General Obligation and Revenue; Auditor, State
Type: Original
Date: February 28, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(\$853,001)	(\$1,023,601)	(\$1,023,601)
Total Estimated Net Effect on General Revenue Fund	(\$853,001)	(\$1,023,601)	(\$1,023,601)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$853,001	\$1,023,601	\$1,023,601

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue, Kansas City Metropolitan Community College, Lincoln University, Missouri State University, and Truman State University** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Department of Elementary and Secondary Education (DES)** assume the proposal will have no fiscal impact on their organization. However, the DES defers to the Office of State Auditor for the estimated impact on local funds.

Officials from the **Department of Higher Education (DHE)** states the proposal will not have a direct fiscal impact on their organization as the DHE does not participate directly in bonding. However, the impact of this proposal on higher education institution is unknown as the number of hours required of the state auditor to conduct examination is also unknown.

Officials from the **Moberly Area Community College** are unable to determine the fiscal impact of the proposal as they do not know how many hours a typical examination might last. However, they believe the impact would be fairly insignificant.

Officials from **Parkway Public School District** assume the proposal will not fiscally impact their organization, but state it could possibly result in a savings. They are, however, unable to determine the potential savings.

ASSUMPTION (continued)

Officials from the **University of Missouri** state they are unable to determine the costs to the University as a result of the proposal.

Officials from the **Office of State Auditor (SAU)** state in FY 05, the SAU registered 192 bond issues and collected fees totaling \$1,071,601. The number of bonds varies each year, but usually stays in the 180 - 210 range per year. Under current law, the fee for registering any issue of bonds is ten cents for each hundred dollars of the face value of the bonds registered.

The proposed legislation would change the fee to \$50 for each hour spent by the SAU in registering the bond issue. The SAO estimates it spends an average of five (5) hours to register a bond issue. Therefore, based on the number of bonds issued in FY 05 (192 bond issues), registration revenue would drop to \$48,000; an estimated decrease of \$1,023,601 per year.

This proposal will result in a reduction in total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE FUND			
<u>Loss - Office of State Auditor</u>			
Reduction in bond registration fees	<u>(\$853,001)</u>	<u>(\$1,023,601)</u>	<u>(\$1,023,601)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$853,001)</u>	<u>(\$1,023,601)</u>	<u>(\$1,023,601)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
LOCAL GOVERNMENTS - SCHOOLS AND COLLEGES			
<u>Savings - Schools and Colleges</u>			
Reduction in bond registration fees paid	<u>\$853,001</u>	<u>\$1,023,601</u>	<u>\$1,023,601</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS - SCHOOLS AND COLLEGES	<u>\$853,001</u>	<u>\$1,023,601</u>	<u>\$1,023,601</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal changes the fee to \$50 an hour for the State Auditor to register school bonds. Beginning January 1, 2010, the fee will be adjusted by the inflation rate.

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 Higher Education
Department of Elementary and Secondary Education
Department of Revenue
Office of State Auditor
Kansas City Metropolitan Community College
Lincoln University
Missouri State University
Moberly Area Community College
Parkway Public School District
Truman State University
University of Missouri



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