

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4001-08
Bill No.: Truly Agreed To and Finally Passed SCS for HCS for HB Nos. 1524 & 2260
Subject: Education, Elementary and Secondary; Education, Higher; Elections; Funerals and Funeral Directors; Licenses - Motor Vehicles; Military Affairs; National Guard; Revenue Department; Secretary of State; State Treasurer; Veterans
Type: Original
Date: June 2, 2010

Bill Summary: This proposal revises laws concerning military forces and authorizes certain medals, badges, unit citations and ribbons for the service of certain individuals.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue Fund	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Highway Funds	\$0 to Less than \$100,000	\$0 to Less than \$100,000	\$0 to Less than \$100,000
Total Estimated Net Effect on Other State Funds	\$0 to Less than \$100,000	\$0 to Less than \$100,000	\$0 to Less than \$100,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 13 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Federal Funds	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	Less than \$100,000 to (Unknown)	Less than \$100,000 to (Unknown)	Less than \$100,000 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Veterans' Commission** assume no fiscal impact from the proposal.

In response to previous versions of this proposal, officials from the **Office of the Adjutant General (OTAG)** stated sections 41.572 through 41.588 regarding ribbons would cost an additional \$15,575. OTAG assumed this cost would be incurred in FY 2011 from the General Revenue Fund. However, in response to the Truly Agreed To and Finally Passed version of the proposal, OTAG assumes the cost of the ribbons and badges will be minimal and supported using existing funding.

Officials from the **Office of the Secretary of State - Rules (SOS - Rules)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS - Rules 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 Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS - Rules recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

Officials from the **Office of the Secretary of State - Elections (SOS - Elections)** assume this bill requires ballots for absent uniformed services voters and overseas voters to comply with federal provisions. It requires the SOS - Elections to designate a means of electronic communication for uniformed service and overseas voters to request, receive, and send voter registration applications, absentee ballot applications, and ballots. The SOS - Elections shall also develop a free access system for uniformed service and overseas voters to determine if their ballot has been received by the appropriate election authority.

SOS - Elections assume training for the local election authorities would be \$7,100.

7 training x \$1,000 (travel, lodging and meeting room)

\$100 Phone line

\$7,100 Total

ASSUMPTION (continued)

Oversight assumes that since this legislation is a federal mandate, federal funds will be received under the M.O.V.E. Act to cover costs associated with this proposal.

Officials from the **Department of Elementary and Secondary Education** state Sections 41.206 and 41.207 does not impact DESE or local schools. Regarding Section 160.545, DESE states the FY 2011 Governor's recommendations include a transfer of A+ funding (\$25,336,524 and 1.0 FTE) from DESE's budget to the Coordinating Board for Higher Education. DESE defers to the Coordinating Board regarding the fiscal impact of the proposed legislation.

DESE states they cannot determine the impact the proposed legislation will have on the A+ appropriation. DESE has no means to determine the number of students who would meet the criteria.

Officials from the **Coordinating Board for Higher Education** assume the proposal would not have a direct, foreseeable fiscal impact on their agency.

Officials from the **Office of the Governor, Department of Labor and Industrial Relations** and the **Office of the State Treasurer** each assumed the proposal would not have a fiscal impact on their respective agencies.

Officials from the **Joint Committee on Administrative Rules** state this legislation will have a fiscal impact on their agency due to the necessity to review rules promulgated under the legislation. However, any anticipated impact can be absorbed within current appropriations.

Officials from the **Office of Administration - Budget and Planning (BAP)** state Section 301.3158 will have an impact on Total State Revenues (TSR) as a result of the sale of a new specialty license plate. BAP defers to the Department of Revenue for a specific estimate.

BAP also states Section 41.207 will also have an impact on TSR. Any gifts or donations to the Missouri Youth Challenge Foundation Fund would be an increase to TSR. In FY 2011, the National Guard anticipates raising approximately \$225,000 in donations to start up the Missouri Youth Challenge Program and match available federal funds. There is the potential for additional federal funds which could increase the donations to the fund to approximately \$800,000 when fully implemented.

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

ASSUMPTION (continued)

Section 301.3158 - Legion of Merit specialty plates;

Officials from the **Department of Corrections** assumed the proposal would not fiscally impact their agency.

Officials from the **Department of Revenue** state the Missouri Veterans Commission has made repeated attempts to obtain information on number of Missouri recipients of the "Legion of Merit" award from the Department of Defense and have been unsuccessful. Therefore, the number of eligible applicants for the Legion of Merit medal plate is unknown. However, for each 100 specialty plate applications received, there will be an increase in revenue each year of \$1,500 (\$15x 100) that would be distributed 75% to Highway fund, 15% to cities, and 10% to counties from the \$15 specialty plate fee.

DOR's response to a proposal similar to, or identical to, this one in a previous session indicated the Department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the Department's motor vehicle legacy systems, changes cannot be made without significant impact to the Department's resources and budget. Therefore, the fiscal impact is:

ADMINISTRATIVE IMPACT:

Motor Vehicle Bureau:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$805 in FY 11.
- The Application for Missouri Military Personalized License Plates (DOR-4601) will need to be revised to include a new military plate type. This will require 40 hours of overtime for a Management Analyst Specialist I, at a cost of \$805 in FY 11.
- The Department's web site will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$218 in FY 11.

Total cost for FTE in FY 11: \$1,828.

ASSUMPTION (continued)

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. **Oversight** assumes DOR could absorb the personal service costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

The Department is charged \$279 for the initial set-up of a new specialty plate for passenger, truck, and RV as well as an additional charge of \$92 each to include disabled and motorcycle plates, for a total of \$463 for the initial set-up. This is a one-time fee that will be charged upon passage of this bill in FY 11.

Plate manufacturing cost:

- Currently, it costs the Department \$4.75 per plate, \$9.50 per set of plates, for manufacturing through Missouri Vocational Enterprises.
- The Missouri Veterans Commission has made repeated attempts to obtain information on number of Missouri recipients of the "Legion of Merit" award from the Department of Defense and have been unsuccessful. It is unknown how many eligible applicants there are in the state of Missouri. If 100 applicants apply for this plate in it will cost the Department of \$950 in FY 11, \$979 in FY 12, and \$1,008 in FY 13.

Total cost for plate set-up and manufacturing:

FY 11	FY 12	FY 13
\$1,413	\$979	\$1,008

Information Technology - OA-ITSD (DOR):

System Modifications:

- The Title and Registration Intranet Processing System (TRIPS) plate table would need to be updated to reflect the Vietnam Era Military Veteran plate. Existing staff will absorb the minor changes.

Revenue Impact

The Missouri Veterans Commission has made repeated attempts to obtain information on number of Missouri recipients of the "Legion of Merit" award from the Department of Defense and have been unsuccessful. It is unknown how many eligible applicants there are in the state of

ASSUMPTION (continued)

Missouri. Therefore, the number of eligible applicants for the Legion of Merit medal plate is unknown. However, for each 100 specialty plate applications received, there will be an increase in revenue each year of \$1,500 (\$15x 100) that would be distributed 75% to Highway fund, 15% to cities, and 10% to counties due to the \$15 specialty plate fee.

	FY11
75%- Highway Fund	\$1,125
15% - Cities	\$225
10% - Counties	\$150

Oversight assumes that before this specialty plate is produced and DOR would incur the associated costs, there must be at least 200 applicants committed to purchase the plate. It is unknown if there will be the required number of applicants during the scope of this fiscal note. For fiscal note purposes only, **Oversight** will estimate revenue as: \$0 to Less than \$100,000. **Oversight** will also estimate cost to General Revenue as: \$0 to (Less than \$100,000).

Section 34.074 - Three point bonus for service-disabled veterans;

Officials at the **Department of Economic Development, Department of Higher Education, Department of Mental Health, Department of Transportation, Missouri House of Representatives, Missouri Senate, Department of Insurance, Financial Institutions and Professional Registration, Department of Natural Resources, Department of Public Safety - Highway Patrol, Water Patrol and Fire Safety, Office of Administration - Division of General Services, Office of the State Courts Administrator, State Tax Commission, Office of the Lt. Governor, Administrative Hearing Commission, Missouri Ethics Commission, Office of the State Auditor, Department of Agriculture** each assumed that there is no fiscal impact from this proposal.

Officials from the **Office of Administration - Division of Purchasing and Materials Management (DPMM)** would have to revise current bid language to include the three point preference.

Officials from the **Department of Conservation** state considering the number of purchases and contracts bid by the Department, this proposed legislation could have significant impact on MDC funds. Whether or not the impact would be greater or less than \$100,000 a year depends on the number of qualified service-disabled veterans businesses bidding on requests for bids. However, the amount could potentially exceed \$100,000 annually.

ASSUMPTION (continued)

Officials from the **Department of Social Services (DOSS)** assumed this legislation will codify a three-point purchasing preference for businesses owned or operated by service-disabled veterans. The preference is a blanket preference. Current procedure is that most of DOSS contracts are run through OA. The scoring is on a 200 point basis, with 100 points allowed for cost and 100 for experience, reliability and method of performance. The three points could make a difference in a few contracts. Since the three points come into play even when the costs are not equal, DOSS could end up paying more for some goods and services. However, if 100 points are given for cost, the cost quoted by a service-disabled veteran and another vendor would have to be close in order for the three points to be the deciding factor between the two.

Because there are a number of unknowns (whether service-disabled veteran businesses will bid, the proximity of costs between vendors, the responsiveness of vendors, the experience, reliability and method of performance, whether the same 200-point method will be used to evaluate bids, etc.) the full impact of this bill is unknown.

In response to a similar proposal from this year (HB 2344), officials at the **Missouri State University** assumed increased administrative and labor cost to source, solicit, tract and generally manage the program to increase participation. Overall scope of service, and thus value could also decrease when using localized and/or smaller businesses.

Oversight assumes this section could increase the cost of letting contracts of jobs or services in the state. Oversight assumes with a three-point bonus preference, a service-disabled veteran could be awarded the job even though they are not the lowest/best bidder for the job. Oversight will reflect this potential cost to the state and local political subdivisions as \$0 to (Unknown). Oversight will show the impact to the General Revenue fund, but the impact could be to several state funds.

This proposal could increase Total State Revenues.

FISCAL DESCRIPTION

This bill changes the laws regarding military forces and authorizes certain medals, badges, and ribbons for outstanding military performance and for service in direct support of several military campaigns. In its main provisions, the bill:

- (1) Defines "primary next of kin" as in order of precedence, surviving spouse, eldest child, father or mother, eldest brother or sister, or eldest grandchild as it relates to the Uniform Code of Military Justice;
- (2) Authorizes the Governor, upon the recommendation of the Adjutant General, to present a Legion of Merit Medal to individuals who have exceptionally meritorious conduct in the performance of outstanding military service and achievement reflecting honorably and creditably upon the state;
- (3) Authorizes the Adjutant General to present a Missouri Adjutant General Staff Identification Badge to an individual based on demonstrated outstanding performance of duty; and
- (4) Authorizes the Governor, upon the recommendation of the Adjutant General, to present a campaign ribbon to individuals who have served in direct support of several military campaigns.

The ribbons include a Missouri Iraq Campaign Ribbon, a Missouri Afghanistan Campaign Ribbon, a Missouri Kosovo Campaign Ribbon, and a Missouri Vietnam Campaign Ribbon.

Sections 115.156 - 115.292 requires the Secretary of State to establish procedures for absent uniformed services voters and overseas voters to request voter registration applications and absentee ballot applications. At least one form of electronic communication for use by absent uniformed services and overseas voters must be designated for requesting voter registration applications and absentee ballots. These voters may request and designate a preferred method of electronic transmission of these applications and ballots or request receipt by mail. The Secretary of State must also develop, in coordination with local election authorities, a free access system by which these voters may determine whether an absentee ballot has been received by the appropriate election authority.

A sufficient quantity of paper ballots for federal elections must be printed and available for these voters within 45 days prior to the election. Registration applications and paper ballots cannot be rejected by an election authority because of any restriction on the paper or envelope type. Missouri is required to use the special write-in absentee ballot provided in Section 115.292, RSMo, for all elections for federal office as authorized by federal law.

FISCAL DESCRIPTION (continued)

The proposal allows for a special license plate designated "LEGION OF MERIT" and bearing an image of the Legion of Merit medal for any person who has been awarded this military service award. To obtain the special license plate, a person must make application, furnish proof as a recipient of the Legion of Merit medal, and pay a \$15 fee to the Department of Revenue in addition to the registration fee and any other documents required by law.

Section 34.074 - Currently, all agencies and political subdivisions of this state must give preference to a disabled veteran business operating as a Missouri business when letting a contract for the performance of any job or service if the quality of performance is equal or better and the price quoted is the same or less. This section requires agencies and political subdivisions to give a three-point bonus preference to a service-disabled veteran business. If no or an insufficient number of veteran businesses submits a bid or proposal for a contract, the provision requiring the Commissioner of the Office of Administration to have a goal of 3% of all contracts to be let to service-disabled veteran businesses will not apply.

A portion of this legislation is federally mandated (HR 2647). The proposal would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety
Department of Elementary and Secondary Education
Office of the Secretary of State
Office of the State Treasurer
Department of Labor and Industrial Relations
Office of the Attorney General
Office of Administration
Office of the Governor
Department of Higher Education
Department of Revenue
Department of Corrections
Department of Economic Development
Department of Mental Health
Office of the State Auditor
Office of the State Courts Administrator
Office of Administration
Department of Conservation
Department of Social Services

L.R. No. 4001-08

Bill No. Truly Agreed To and Finally Passed SCS for HCS for HB Nos. 1524 & 2260

Page 13 of 13

June 2, 2010

SOURCES OF INFORMATION (continued)

Department of Transportation

Missouri House of Representatives

Missouri Senate

Department of Insurance, Financial Institutions and Professional Registration

Department of Natural Resources

State Tax Commission

Office of the Lt. Governor

Missouri Ethics Commission

Department of Agriculture

Missouri State University



Mickey Wilson, CPA

Director

June 2, 2010