

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1363-04
Bill No.: HCS for SS for SB 226 with HA 1, HA 2, HA 3, HA 4
Subject: Ambulances and Ambulance Districts; Elections; Taxation and Revenue -
 Property; Taxation and Revenue - Sales and Use
Type: Original
Date: May 10, 2011

Bill Summary: This proposal modifies provisions relating to emergency services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(\$180,623) to Unknown	(\$178,098) to Unknown	(\$179,934) to Unknown
Total Estimated Net Effect on General Revenue Fund	(\$180,623) to Unknown	(\$178,098) to Unknown	(\$179,934) to Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Organ Donor Fund	More than \$100,000	More than \$100,000	More than \$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	More than \$100,000	More than \$100,000	More than \$100,000

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	5	5	5
Total Estimated Net Effect on FTE	5	5	5

- 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 2012	FY 2013	FY 2014
Local Government	Unknown to (Unknown to could exceed \$100,000)	Unknown to (Unknown to could exceed \$100,000)	Unknown to (Unknown to could exceed \$100,000)

FISCAL ANALYSIS

Officials from the **County of St. Louis, Office of Administration - Administrative Hearing Commission, Office of State Courts Administrator, Department of Health and Senior Services, State Treasurer's Office** and the **State Tax Commission** assume that there is no fiscal impact from this proposal.

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

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Sections 143.789 & 143.790

Officials from the **Department of Social Services - Family Support Division (DOS- FSD)** states because proposed section 143.789, RSMo, lowers child support debts in the priority for state income tax refund offset, child support collections owed to the State and to persons receiving support enforcement services may decrease. A decrease in the amount of child support collections assigned to the State could negatively impact CSEC funds. A decrease in the amount of child support collections owed to families could negatively impact federal child support enforcement performance incentive payments to the state. FSD is unable to estimate the potential decrease in support collections or federal incentive payments. Therefore, FSD is providing a fiscal impact of unknown due to a decrease in available funding from federal and CSEC funds.

Oversight assumes, a decrease in child support collections is speculative, that the DOS-FSD will not incur significant costs related to this proposal. If a fiscal impact were to result, the DOS-FSD may request additional funding through the appropriations process.

ASSUMPTION (continued)

Officials from the **Department of Revenue** (DOR) assume this proposal would grant DOR the authority to offset an income tax refund in specific situations and would provide the order of priority in which the offsets would be paid. The proposal also provides specific notification and appeals processes.

Administrative Impact

DOR officials assume that Personal Tax would require two FTE additional Revenue Processing Technician I (Range 10, Step L) to process correspondence and do appointments.

DOR officials also assume that Collections and Tax Assistance would require one additional FTE Tax Collection Technician I (Range 10, Step L) per 15,000 additional contacts annually on the delinquent tax line, one additional FTE Tax Collection Technician I (Range 10, Step L) per 24,000 additional contacts annually on the non-delinquent tax line, and one additional FTE Revenue Processing Technician I (Range 10, Step L) per 4,800 additional contacts annually in the Tax Assistance Offices.

The DOR estimate of cost to implement this proposal including five additional FTE and the related fringe benefits, equipment, and expense totaled \$203,245 for FY 2012, \$201,968 for FY 2013, and \$204,088 for FY 2014.

Oversight has, for fiscal note purposes only, changed the starting salary for the additional positions to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight has also adjusted the DOR estimate of expense and equipment cost in accordance with OA budget guidelines. Finally, Oversight assumes that a limited number of additional employees could be accommodated in existing office space. If unanticipated costs are incurred as a result the implementation of this proposal or if multiple proposals are implemented which increase DOR costs or workload, resources could be requested through the budget process.

Oversight also assumes the DOR estimate of expense and equipment cost for additional FTE could be overstated. If DOR is able to use existing equipment such as desks, file cabinets, chairs, etc., the estimate for equipment for fiscal year 2012 could be reduced by roughly \$5,000 per employee.

ASSUMPTION (continued)

IT Impact

DOR's response to proposals similar to, or identical to, this one in previous session indicated DOR planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff, and the limitations within the DOR tax systems, changes cannot be made without significant impact to DOR resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$26,712. The value of the level of effort is calculated on 1,008 FTE hours.

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

Oversight assumes that the proposed DOR collection assistance fee would generate additional revenue but cannot determine whether the revenue generated would offset the expected DOR costs to operate the notification, appeal, hearing, and transaction costs which implementing this proposal would involve. Oversight will use the DOR estimate of cost to their organization and will indicate an unknown amount for collection assistance fee revenue.

Although **Oversight** is not able to estimate the number or amount of unpaid ambulance service accounts which might be collected, Oversight assumes that the numbers and amount of uncollected accounts would be significant. Oversight also notes that a significant number of ambulance service providers are local government agencies. For fiscal note purposes, Oversight will indicate unknown additional revenue to local governments for this proposal.

In response to a similar proposal from this session (1285-07, HB 889), officials from the **Missouri Lottery (Lottery)** assumed that this proposal could negatively impact player behavior by allowing offset of lottery prize payouts for public and private ambulance services. Lottery officials stated that staff resources would be necessary to process the offsets, and the proposal would also require IT programming costs and ongoing accounting resources.

Lottery officials provided an estimate of \$100,000 for IT programming to the Lottery check writing system to accommodate for the new offset category, and an unknown cost for administering the offset process.

Oversight assumes that any impact to the Missouri Lottery from this proposal will be minimal; therefore, Oversight will not reflect a direct fiscal impact as a result of this proposal.

ASSUMPTION (continued)

Section 190.040

Officials from the **Department of Revenue (DOR)** state the response to a proposal similar to or identical to this one in a previous session indicated DOR planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within DOR tax systems, changes cannot be made without significant impact to DOR resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$4,452 (168 FTE hours X \$26.50 per hour).

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

Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.

Section 190.056

In response to a previous version of the bill (1363-01), officials from the **Platte County Board of Elections** stated the costs related to a recall election would be borne by the Ambulance District in question and not directly by the Board of Elections/County Clerk conducting the election or verifying the petitions.

In response to a previous version of the bill (1363-01), officials from the **St. Charles County Ambulance District** stated the District would incur election expenses of \$35,000 per year if a petition is filed.

No other board of election commission, local election authorities or ambulance district responded to **Oversight's** request for fiscal impact.

Oversight assumes this proposal could have fiscal impact to ambulance districts if one would have a board member recalled and an election were held to replace the member recalled. The amount of costs would be unknown and would depend upon the size of the district, how many other political subdivisions are holding an election at the same time and other variables.

Oversight will show fiscal impact to ambulance districts as \$0 to unknown costs for an election.

ASSUMPTION (continued)

House Amendment 1 - Section 143.789

Officials from the **Department of Social Services, Family Support Division (FSD)** state in the previous version of this fiscal note (1363-04), FSD had an unknown fiscal impact because of concern about the priority order. Debts owed to a Missouri state agency and child support debts owed to a person receiving support enforcement services under section 454.425m RSMo, would have been third in debt setoff priority behind: (1) delinquent federal taxes; and (2) delinquent state taxes, thereby lowering all child support debts (assigned to the State and owed to persons receiving support enforcement services) in priority for state tax refund offset.

The language in House Amendment No. 1 “corrects” this problem. Therefore, there is no longer any fiscal impact to the Family Support Division.

Oversight assumes this amendment changes the priority order in which debts are to be paid; therefore, Oversight assumes the impact will not change.

House Amendment 2 - Section 143.1016

In response to a similar proposal from this session (HB 151, 579-01), officials from the **Office of Administration, Division of Budget and Planning (BAP)** assumed this proposal would not result in additional costs or savings for their organization.

BAP officials stated that this proposal would create an income tax check-off which taxpayers may use to designate a portion of their refund to the Organ Donor Program Fund, an existing state fund. Taxpayers could also write a check for donations to the fund. In addition, BAP officials assume that to the extent the check-off is used, this proposal would increase total state revenues. BAP officials noted that \$324,327 in designations were made via income tax check-offs in FY 2010.

In response to a similar proposal from this session (HB 151, 579-01), officials from the **Department of Revenue (DOR)** assumed this proposal would create a trust fund designation effective for tax years beginning January 1, 2011, for the donation of income tax overpayments to the Organ Donor Program. DOR officials stated that the Department would need to make form changes, and the Department and ITSD-DOR would need to make programming changes to various tax processing systems. DOR officials did not provide an estimate of the DOR cost to make these changes.

Oversight assumes that DOR could implement this proposal with existing resources.

ASSUMPTION (continued)

DOR officials also provided an estimate of the IT cost to implement this proposal of \$26,712 based on 1,008 hours to make programming changes to the individual income tax processing system and the corporate income tax processing system.

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

In response to a similar proposal from this session (HB 151, 579-01), officials from the **Department of Health and Senior Services** (DOHSS) assumed this proposal would allow taxpayers to designate a portion of their state tax refund to be credited to the Organ Donor Program fund.

DOHSS officials assume an unknown amount of revenue from the donations made by taxpayers would be deposited in the Organ Donor Program fund to be used to help administer the Organ Donor Fund. In addition, DOHSS officials assumed that up to five percent of the donations would be used by the Department of Revenue to implement the bill.

Oversight assumes that the participation rate and the amount of revenue which could be provided for the Organ Donor Fund in this proposed check-off program are unknown.

According to the Department of Revenue annual report for the year ended June 30, 2009, a total of \$147,719 was collected for the Organ Donor Program Fund from a voluntary \$1 donation made at the time of issuance or renewal of a driver license. That amount would represent 147,719 donations from a total of 1,245,392 licenses issued during FY 2009. If the same percentage ($147,719/1,245,392 = 11.9\%$) was applied to the 1.9 million personal income tax refunds made in FY 2009, a total in excess of ($11.9\% \times 1,900,000 \times \$2 = \$452,200$) would be donated.

Oversight notes that the Office of Administration, Division of Budget and Planning response indicated a total of \$324,327 in donations were made for all income tax check-off programs during FY 2010. For fiscal note purposes, Oversight will indicate annual revenue in excess of \$100,000 for the Organ Donor Program Fund. The program would be effective for tax years beginning January 1, 2011, and Oversight assumes the donations would be made from refunds beginning in January, 2012 (FY 2012). Since the Department of Revenue did not indicate any fiscal impact from this proposal, Oversight will not indicate a fiscal impact to the General Revenue Fund for revenue or expenses related to this proposal.

ASSUMPTION (continued)

House Amendment 3 - Section 66.620

Oversight assumes this proposal would have no fiscal impact to the state and no net fiscal impact to local governments. Oversight assumes that, with regard to provisions of law requiring distributions of pooled sales tax revenues, all portions of the City of Fenton to be included in the Group A classification for the period beginning August 28, 2011 and ending August 28, 2013. Oversight will indicate no fiscal impact for this proposal.

House Amendment 4 - Section 170.310

In response to a similar proposal from this session (SB 147, 1033-03), officials from the **Department of Social Services - Division of Youth Services (DYS)** stated that most education programs operated by DYS include this type of instruction in their health curriculum. If this proposal passes, DYS would review its current practice to ensure universal participation; however, DYS does not anticipate any significant additional cost.

In response to a similar proposal from this session (SB 147, 1033-03), officials from **Department of Elementary and Secondary Education (DESE)** assumed there is insufficient staff at American Heart Association or American Red Cross agencies to train every student enrolled in Missouri schools. The most appropriate way to deliver the training would require local school personnel, most likely the health teacher, to enroll in and pass a "Train the Trainer" workshop by the agencies. For the American Heart Association, a session would cost approximately \$165 for each trainer involved. DESE cannot estimate how many trainers the local school districts will choose to involve in this training.

If classroom health teachers are delivering the instruction, schools could purchase a kit with lesson plans from the American Heart Association called "CPR for Everyone." These kits cost approximately \$10.00 each and students could practice chest compression but not mouth-to-mouth resuscitation. The recommended ration for these kits is 1 kit for every 2 students. The Missouri School Directory lists fall enrollment for 2009-2010 at 892,291. Assuming 1 kit for every 2 students equates to \$4,461,455.

DESE also assumes that to bring in a trained American Red Cross or American Heart Association trainer could cost up to \$15.00 per student, once expenses, materials and training mannequins are rented. This potential cost based on an enrollment of 892,291 equals \$13,384,365.

DESE assumes the cost will likely fall somewhere between the range of \$4,461,455 to \$13,384,365.

KG:LR:OD

ASSUMPTION (continued)

In response to a similar proposal from this session (SB 147, 1033-03), officials from the **University of Missouri - Kansas City** Charter School Center anticipated a cost of approximately \$5,000 per year to bring in a licensed Red Cross Trainer or to update staff member licensure.

Oversight assumes the proposal only relates to grades 9 to 12. According to the Missouri School Directory for 2010-2011, the fall enrollment in secondary schools for 2009-2010 was 279,797. **Oversight** also assumes that instruction shall be through a program developed by either the American Heart Association or the American Red Cross, or through a nationally recognized program and that staff from these organizations will not be required to do the instruction. Since schools may develop agreements with any local chapter of a voluntary organization of first responders for the “hands-on” training, costs associated with this proposal would be limited to training for health instructors and materials. Based on 623 high schools and charter high schools at \$165 per instructor, the cost could be \$102,595. For fiscal note purposes only, Oversight assumes fiscal impact to school districts of (Unknown - Could exceed \$100,000)

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE FUND			
<u>Revenue - Department of Revenue</u>			
Collection assistance fees (\$143.789, 143.790)	Unknown	Unknown	Unknown
<u>Cost - Department of Revenue</u> (\$143.789, 143.790)			
Salaries (5 FTE)	(\$94,500)	(\$114,534)	(\$115,679)
Benefits	(\$49,461)	(\$59,947)	(\$60,547)
Expense and equipment	<u>(\$36,662)</u>	<u>(\$3,617)</u>	<u>(\$3,708)</u>
Total Costs - DOR	<u>(\$180,623)</u>	<u>(\$178,098)</u>	<u>(\$179,934)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$180,623) to Unknown</u>	<u>(\$178,098) to Unknown</u>	<u>(\$179,934) to Unknown</u>

ORGAN DONOR PROGRAM FUND

<u>Revenue</u> - donations (§143.1016 - HA 2)	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>
---	--------------------------------------	--------------------------------------	--------------------------------------

**ESTIMATED NET EFFECT ON
 ORGAN DONOR FUND**

<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>
--------------------------------------	--------------------------------------	--------------------------------------

FISCAL IMPACT - Local Government

FY 2012 (10 Mo.)	FY 2013	FY 2014
---------------------	---------	---------

LOCAL POLITICAL SUBDIVISIONS

<u>Revenue</u> - collection of unpaid ambulance service bills (§143.789, 143.790)	Unknown	Unknown	Unknown
--	---------	---------	---------

<u>Cost</u> - cost of recall election (§190.056)	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
--	-----------------------------------	-----------------------------------	-----------------------------------

<u>Cost</u> - School Districts - Training costs associated with cardiopulmonary resuscitation (§170.310 - HA 4)	(Unknown to could exceed \$100,000)	(Unknown to could exceed \$100,000)	(Unknown to could exceed \$100,000)
---	---	---	---

**ESTIMATED NET EFFECT ON
 LOCAL POLITICAL SUBDIVISIONS**

<u>Unknown to</u> <u>(Unknown to</u> <u>could exceed</u> <u>\$100,000)</u>	<u>Unknown to</u> <u>(Unknown to</u> <u>could exceed</u> <u>\$100,000)</u>	<u>Unknown to</u> <u>(Unknown to</u> <u>could exceed</u> <u>\$100,000)</u>
---	---	---

FISCAL IMPACT - Small Business

Sections 143.789 & 143.790

This proposal would have a direct fiscal impact to small businesses which provide ambulance services.

Sections 190.035 & 190.040

Small business located in a new ambulance district that elects to impose a sales tax will be required to collect and remit the additional sales tax.

FISCAL DESCRIPTION

Sections 143.789 & 143.790

Currently, the Department of Health and Senior Services processes claims submitted by hospitals and health care providers requesting an offset of income tax refunds to satisfy an outstanding debt owed by a taxpayer. This bill repeals the provisions regarding the process by which the department requests offsets and authorizes an entity designated as a claim clearinghouse to process and verify requests for an offset for ambulance service providers of taxpayer income tax refunds and lottery winnings to satisfy outstanding debts for ambulance services received. Prior to utilizing the clearinghouse, an ambulance service provider must give certain notices to patients and allow for various levels of review and appeals of their claims. A collection assistance fee allocated between the clearinghouse and the Department of Revenue is assessed to each offset for the costs of collecting the debt. Claims for debts owed to ambulance service providers requesting an offset will receive the least priority as specified in Section 143.789, RSMo.

Section 190.056

Under this act, each member of an ambulance district board of directors shall be subject to recall from office by the registered voters of the election district from which he or she was elected. Proceedings for the recall are commenced by the filing of a notice of intention to circulate a recall petition.

The notice must be served personally, or by certified mail, on the board member and filed with the election authority. A separate notice is needed for each member sought to be recalled and must contain information explaining the reason for the recall. It must list at least one but not more than five proponents of the recall.

FISCAL DESCRIPTION (continued)

Within seven days, the board member may file a statement answering the statement of the proponents. The answer must be served on at least one proponent. The statement and answer are for the voters' informational purposes only.

A member cannot be recalled if he or she: 1) has not held office during the current term for more than 180 days; 2) has 180 days or less remaining on his or her current term; or 3) has had a recall election determined in his or her favor within the current term.

The person circulating the petition must sign an affidavit verifying certain information. A recall petition must be filed with the election authority not more than 180 days after the filing of the notice of intention. The number of signatures needed shall equal at least 25% of the number of voters who voted in the most recent gubernatorial election in the election district.

The election authority has twenty days from the date of filing the petition to determine if enough voters signed the petition. It must file a certificate showing whether there are enough signatures. If the election authority certifies the petition does not have enough signatures, it may be supplemented within ten days of the date of certificate. The election authority must then certify the supplemented petition. If it is insufficient, no further action shall be taken.

If the petition is sufficient, the election authority shall submit its certificate to the board of directors and order an election within a certain amount of time. Nominations for board membership openings shall be made by filing a statement of candidacy with the election authority.

Any time prior to forty-two days before the election, the member sought to be recalled may offer his or her resignation and the recall question shall be removed from the ballot and the office declared vacant.

House Amendment 2 - Section 143.1016

The proposed legislation would allow taxpayers to donate part of their income tax refund to the organ donor program fund, and would allow taxpayers to make separate donations to the fund.

FISCAL DESCRIPTION (continued)

House Amendment 4 - Section 170.310

CARDIOPULMONARY RESUSCITATION INSTRUCTION: Each school district that operates a high school and each charter school offering grades nine through twelve must provide instruction in CPR. Instruction may be embedded in any health education course in grades nine through twelve. Parameters for instruction are included in the act. Instruction will be required for high school graduation for students graduating in the 2014-2015 school year.

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 Revenue
Office of Secretary of State
Platte County Board of Elections
St. Charles County Ambulance District
State Treasurer's Office
County of St. Louis
Office of Administration
 Division of Budget and Planning
 Administrative Hearing Commission
Office of State Courts Administrator
Department of Health and Senior Services
Department of Social Services
 Division of Youth Services
 Family Support Division
Department of Elementary and Secondary Education
Department of Health and Senior Services
State Tax Commission
Missouri Lottery
Charter School Sponsors
 University of Missouri - Kansas City



L.R. No. 1363-04
Bill No. HCS for SS for SB 226 with HA 1, HA 2, HA 3, HA 4
Page 15 of 15
May 10, 2011

Mickey Wilson, CPA
Director
May 10, 2011

KG:LR:OD