

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0597-02
Bill No.: HB 224
Subject: Buses; Education, Elementary and Secondary; Merchandising Practices; Boards, Commissions, Committees, Councils
Type: Original
Date: February 15, 2013

Bill Summary: This proposal requires the State Board of Education to establish rules to authorize school boards to lease advertising on school buses.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000

FISCAL ANALYSIS

ASSUMPTION

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office 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 Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, 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 their office can sustain with their core budget. Therefore, 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 with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Elementary and Secondary Education** stated there would be no fiscal impact on the state. If passed, local school districts could receive some additional revenue.

Officials from the **Special School District of St Louis County (SSD)** assume this proposed legislation would have a significant favorable fiscal impact on their district. Based on information from other states, SSD could earn \$300,000 - \$400,000 per year from bus advertising on their 150 buses.

In response to a similar proposal from last year (HB 1273), officials from the **Mexico School District** stated that exact fiscal impact cannot be determined, although the proposal would create an additional revenue stream to the district.

Officials from the **Department of Transportation (DHT)** did not respond to a request for fiscal impact; however, in response to a similar proposal from last year (HB 1273), DHT assumed no fiscal impact related to the proposal.

Officials from the **Office of Attorney General, Joint Committee on Administrative Rules,**

ASSUMPTION (continued)

Parkway School District, and the **Independence School District** each assume the proposal would not fiscally impact their respective agencies and school districts.

Oversight assumes this proposal is permissive. It is unknown how many districts might participate as a result of this proposal. Based on responses received from school districts, Oversight assumes the cumulative revenue to schools could exceed \$100,000 per year.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
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LOCAL POLITICAL SUBDIVISIONS

<u>Income</u> - School Districts - Advertising revenue	Could exceed <u>\$100,000</u>	Could exceed <u>\$100,000</u>	Could exceed <u>\$100,000</u>
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	Could exceed <u>\$100,000</u>	Could exceed <u>\$100,000</u>	Could exceed <u>\$100,000</u>
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FISCAL IMPACT - Small Business

A small business could have a positive fiscal impact from the revenue for a percentage of bus advertising contracts.

FISCAL DESCRIPTION

This bill requires the State Board of Education within the Department of Elementary and Secondary Education to promulgate rules and regulations authorizing local school boards to lease advertising space on the interior and exterior of school buses.

A school board may adopt a policy for advertising which must be consistent with the rules and regulations adopted by the state board.

Private owners of school buses with title to their vehicles may lease space to the school district

FISCAL DESCRIPTION (continued)

for the purpose of selling commercial advertisements and receive 10% of the total value of the advertising contract.

A school district may solicit offers from commercial advertisers for advertisements. The bill specifies the required contents of contracts and lease agreements, the permitted size and placement for an advertisement, and limitations on the message of interior advertisements. The commercial advertiser must pay the cost of affixing and removing the advertisement upon the expiration of the contract's term.

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 Attorney General
Department of Elementary and Secondary Education
Joint Committee on Administrative Rules
Office of Secretary of State
 Administrative Rules Division
Department of Transportation
School Districts
 Independence
 Special School District of St. Louis County
 Parkway
 Mexico



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Acting Director
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