

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0804-03
Bill No.: Perfected HCS for HB 161
Subject: Cities, Towns, and Villages; Notary Public; Political Subdivisions
Type: Original
Date: April 23, 2013

Bill Summary: This proposal specifies that any voluntary annexation must only be notarized and modifies procedures regarding invalidating or challenging a previous annexation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$60,868)	(\$66,246)	(\$66,965)
Total Estimated Net Effect on General Revenue Fund	(\$60,868)	(\$66,246)	(\$66,965)

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 11 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
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

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*	\$0	\$0	\$0

* Revenues and Expenditures net to zero for Local Government Funds

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints many agencies were unable to respond to Oversight's request for fiscal impact on the amendments.

House Amendment 1

§ 247.225 - St. Charles Water District:

Oversight notes this amendment is similar to a section in HCS for HB 175 (2013).

Oversight assumes House Amendment 1 (HA1) adds section 247.225 to the proposal. This amendment requires a water district in St. Charles County to be under the auspices of the **Missouri Public Service Commission (PSC)** for rates, charges, and fees.

Oversight assumes oversight of water district rates, charges, and fees is part of the normal duties of the PSC and any costs to the PSC and to the Office of Public Counsel from this amendment could be absorbed with current and future appropriations.

Oversight assumes HA1 changes the process by which adjustments to water district rates, charges, and fees can be made in St. Charles County. The amendment does not directly change the current rates, charges, and fees assessed by St. Charles County Water Districts.

Oversight will assume no direct fiscal impact from HA1 since the amendment appears to only add an additional approval measure.

House Amendment 2

§§ 67.463 and 67.469 - Special Assessments:

Oversight assumes this part of the proposal is permissive and would not have an impact on local funds.

ASSUMPTION (continued)

§§ 67.2070, 67.2071, 67.2072 and 67.2073 - STAR Bonds:

In response to similar legislation from 2013 (HB 197), officials at the **Department of Economic Development (DED)** assumed this amendment establishes the STAR Bonds Financing Act for projects located in eligible areas such as historic theaters, river walks, major tourism areas, and major multi-sport athletic complexes that are approved by a city or county. The city/county is responsible for conducting market and feasibility studies to demonstrate the economic impact of proposed projects. The program is very similar to the tax increment financing program. DED's Division of Business and Community Services would be responsible for reviewing and approving the project plans.

DED assumed an unknown positive fiscal impact over \$100,000, which will be offset by an unknown negative impact. DED would require one additional FTE to administer the program due to the anticipated amount of administration involved. The FTE would be an Economic Development Incentive Specialist III (\$41,016) and be responsible for reviewing and approving the applications for the program to determine eligibility, establishing procedures, and ensuring compliance with the program.

House Amendment 3

§§ 184.800, 184.805, 184.810, 184.815, 184.820, 184.827, 184.830, 184.835, 184.840, 184.845, 184.847, 184.850, and 184.865 Museum Districts in Natural Disaster Areas:

In response to similar legislation from 2013 (HB 158), officials at the **City of Kansas City (KC)** assumed limiting museum districts to places where the majority of property has been declared a disaster area will impair the city's ability to form museum districts and impose a museum district sales tax if the city would choose to do so.

KC assumed that loss of revenue might be one the city would be called upon to fill, though not obligated to do so.

KC assumed no direct fiscal impact from this proposal

Oversight notes this amendment does not appear to limit the City of Kansas City's ability to form museum districts and impose a museum district sales tax but would permit a Museum District within a Natural Disaster area to be established.

ASSUMPTION (continued)

Oversight assumes the Museum District sales tax would result in additional revenues and expenditures to local governments for the locally administered sales tax which would be collected and then disbursed to the museum district if the local government chooses to impose a museum and cultural district sales tax on all retail sales made in the district.

House Amendment 4

§§ 67.1368 and 94.1060 - Transient Guest Taxes:

Oversight notes this amendment is similar to HB 416 (2013).

Oversight assumes the amendment permits Douglas and Montgomery County along with the cities of Ava and Montgomery City to authorize a transient guest tax, upon voter approval, of not more than 5% per occupied room, per night, to be used for the promotion of tourism. For fiscal note purposes only, **Oversight** will assign no direct fiscal impact to local government funds since the proposal is permissive and dependent upon voter approval.

House Amendment 5

§ 321.320 - Fire Protection Districts:

Oversight assumes this amendment will not result in a direct fiscal impact on state or local government funds.

House Amendment 6

§ 321.017 - Fire Protection and Ambulance District Board Member Qualifications:

Oversight notes this amendment is similar to HB 364 (2013).

Oversight assumes this amendment will not result in a direct fiscal impact on state or local government funds.

ASSUMPTION (continued)

House Amendment 7

§ 238.272 - Transportation Development Districts:

In response to similar legislation from 2013 (HB 909), officials from the **Office of the State Auditor** assumed the amendment will have no fiscal impact on their organization.

Oversight assumes this amendment will not result in a direct fiscal impact on state or local government funds.

§ 50.622 - County Budgets:

Oversight assumes this proposed section is enabling legislation that allows counties to amend their budgets to reflect decreases in revenues no more than twice each fiscal year when faced with an unanticipated decline in revenue of 2% or higher. This proposed section is permissive, and there will be no direct fiscal impact on counties.

§ 64.170 - County Building Codes:

Oversight assumes this proposed section permits the county commission of any county to adopt building codes, including permits, license and inspection fees. This proposed section is permissive, and there will be no direct fiscal impact on counties.

§§ 71.012, 71.014, 71.015, 72.401 - Annexation:

Oversight assumes these sections specify that a petition requesting a voluntary annexation only needs to be notarized instead of verified and exempts certain voluntary annexations from boundary commission review in St. Louis County. There is no direct fiscal impact from these proposed sections on state or local government funds.

§ 77.675 - Passage of Ordinances in the City of Farmington:

Oversight assumes since this section permits the City of Farmington to adopt or repeal any ordinance by submitting the proposed ordinance to the registered voters of the city at the next municipal election. This proposed section is permissive, and there will be no direct fiscal impact on the City of Farmington.

ASSUMPTION (continued)

§ 321.690 - Audits of fire protection districts in Greene County:

In response to similar legislation from 2012 (HB 1945), officials from the **Battlefield Fire Protection District** stated larger fire districts in Greene County have annual audits performed but only the biennial audit is forwarded to the State Auditor. Removal of the biennial audit requirement would result in some savings to the district.

Oversight notes according to Section 321.690.2 (2), RSMo, any fire protection district with less than fifty thousand dollars in annual revenue in Greene County may already be exempted from the biennial audit requirement with the approval of the State Auditor.

Oversight assumes any larger fire protection district with revenues greater than fifty thousand dollars already has an annual audit performed.

Oversight assumes this proposed section may result in minimal savings to Greene County Fire Protection Districts. For the purpose of the fiscal note, will show no direct fiscal impact to local fire protection districts in Greene County.

Bill as a Whole:

Officials from the **Office of the Secretary of State (SOS)** stated 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.

ASSUMPTION (continued)

Officials from the **Department of Natural Resources, Department of Transportation, Department of Agriculture, Office of the State Auditor, Department of Labor and Industrial Relations, Department of Public Safety - Division of Fire Safety, Missouri Public Service Commission, Department of Economic Development - Office of Public Counsel, Department of Insurance, Financial Institutions and Professional Registration, Office of State Courts Administrator, City of Columbia, City of Kansas City, St. Louis County, and Metropolitan St. Louis Sewer District** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
House Amendment 2 - §§ 67.2070, 67.2071, 67.2072 and 67.2073			
<u>Cost - Dept of Economic Development</u>			
Personal Service	(\$34,180)	(\$41,426)	(\$41,840)
Fringe Benefits	(\$17,345)	(\$21,022)	(\$21,232)
Equipment and Expenses	<u>(\$9,343)</u>	<u>(\$3,798)</u>	<u>(\$3,893)</u>
<u>Total Cost- DED</u>	(\$60,868)	(\$66,246)	(\$66,965)
FTE Change - DED	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$60,868)</u>	<u>(\$66,246)</u>	<u>(\$66,965)</u>
Estimated Net FTE Change on General Revenue	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
LOCAL GOVERNMENT FUNDS			
House Amendment 3 - §§ 184.800, 184.805, 184.810, 184.815, 184.820, 184.827, 184.830, 184.835 184.840, 184.845, 184.847, 184.850, and 184.865			
<u>Revenue</u> - Museum District Sales Tax	Unknown	Unknown	Unknown
<u>Transfer In</u> - Sales Tax from DED	Unknown	Unknown	Unknown
Approved Projects in Disaster Zones			
<u>Cost</u> - Disaster Zone Development Cost	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

§ 64.170 - County Building Codes:

Indirect fiscal impact to small businesses could be expected as a result of this proposal if an affected county adopts and requires updated building codes.

FISCAL DESCRIPTION

House Amendment 2 - §§ 67.2070, 67.2071, 67.2072 and 67.2073:

This amendment relates to sales tax and creates STAR bonds.

House Amendment 3 - §§ 184.800, 184.805, 184.810, 184.815, 184.820, 184.827, 184.830, 184.835, 184.840, 184.845, 184.847, 184.850, and 184.865:

This amendment expands the scope of museum districts to include buildings or areas used for promoting culture and the arts, including theater, music, entertainment, public places, libraries, and other public assets.

FISCAL DESCRIPTION (continued)

The amendment restricts the creation of museum and cultural districts under these provisions to situations where the majority of the property is located within a disaster area.

The amendment requires that petitions to create museum and cultural districts be filed within five years of the Presidential declaration establishing the disaster area.

The amendment permits the General Assembly to authorize appropriations from General Revenue to a district created under this proposal for a period of twenty years after January 1, 2013.

The amendment permits the museum district board to impose a sales tax and a fee of up to one dollar on any person or entity that offers or manages an event in the district and charges admission for the event with the approval of qualified voters. The district will not be required to contract only with a not-for-profit or governmental entity to operate and manage any museum or cultural asset in the district.

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
Department of Economic Development -
Missouri Public Service Commission
Office of Public Counsel
Department of Insurance, Financial Institutions and Professional Registration
Department of Labor and Industrial Relations
Department of Transportation
Department of Agriculture
Department of Natural Resources
Department of Public Safety -
Division of Fire Safety
Missouri Tax Commission
Office of State Courts Administrator
Office of the State Auditor
St. Louis County
City of Columbia
City of Kansas City
Metropolitan St. Louis Sewer District
Battlefield Fire Protection District



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