

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2196-02  
Bill No.: HCS for HB 930  
Subject: Economic Development, Economic Development Department; Roads and Highways; Telecommunications; Utilities; Water Resources and Water Districts  
Type: Original  
Date: April 26, 2013

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Bill Summary: This proposal creates the Rebuild Damaged Infrastructure Program, transfers moneys between certain funds and creates a tax exemption for disaster relief services.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
General Revenue	Less than \$2,500,000	Less than \$500,000	Less than \$500,000
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>Less than \$2,500,000</b>	<b>Less than \$500,000</b>	<b>Less than \$500,000</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 11 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
Insurance Dedicated	(\$10,500,000)	(\$500,000)	(\$500,000)
Dept of Revenue Information	(\$3,000,000)	\$0	\$0
MO Health & Educational Facilities Authority	(\$4,000,000)	\$0	\$0
Rebuild Damaged Infrastructure Fund*	\$0	\$0	\$0
Conservation	(Unknown)	(Unknown)	(Unknown)
Parks, Soil & Water	(Unknown)	(Unknown)	(Unknown)
School District	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown greater than \$17,500,000)</b>	<b>(Unknown greater than \$500,000)</b>	<b>(Unknown greater than \$500,000)</b>

\* Revenues and cost net to zero.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§ 33.080, 33.295 & 360.045 Rebuild Damaged Infrastructure Fund

Officials at the **Office of Administration - Budget and Planning (BAP)** assume this proposal would positively impact General Revenue as it requires a \$2 million transfer from the Department of Revenue Highway Information Fund to General Revenue.

Officials at the **Department of Insurance, Financial Institutions and Professional Registration** assume Section 33.080.2(1) requires a one-time transfer of funds from the Insurance Dedicated Fund in the amount of \$10 million to the Rebuild Damaged Infrastructure Fund.

In response to a previous version of this proposal, officials at the **Department of Revenue** assumed there is no fiscal impact from this proposal.

**Oversight** assumes this proposal allows the General Assembly to appropriate money for the Rebuild Damaged Infrastructure Fund. This fund has a \$15 million cap. Oversight will reflect only money coming from the three stated sources and assume the fund will not get additional appropriations from the General Revenue Fund.

**Oversight** will reflect the one time transfer from the Insurance Dedicated Fund, Department of Revenue Information Fund and the Missouri Health and Educational Facilities Authority to the Rebuild Damaged Infrastructure Fund.

**Oversight** will reflect that all money received by the Rebuild Damaged Infrastructure Fund will be used in accordance with the guidelines of the proposal.

#### §§ 67.1020, 144.030 Sales Tax Exemption

Officials from **BAP** assume this proposal would exempt non - governmental agencies congressionally mandated to provide disaster relief services from local sales taxes. This provision would have no impact on General and Total State Revenues.

The proposal would also exempt sales made to those non - governmental agencies as part of a disaster relief service from sales tax. This provision could reduce General and Total State Revenues and local revenues by an unknown amount.

ASSUMPTION (continued)

Officials at the **Department of Conservation** assume an unknown negative fiscal impact. The Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax pursuant to Article IV Section 43 (a) of the Missouri Constitution. The addition of sales tax exemptions (sales made to any person where payment is being made by a non-governmental agency as part of a disaster relief service) decreases sales and use tax collected and would decrease revenue to the Conservation Sales Tax funds. However, it is not clear if the non-governmental agency might already be an entity exempt from sales tax; the Department assumes the Department of Revenue would be better able to estimate the anticipated fiscal impact that would result from this proposal.

Officials from the **City of Kansas City** and the **City of Columbia** assume there would be a loss of revenue from this proposal if an emergency occurred, but could not provide an estimate.

In response to similar legislation filed this year, SB 441, officials from **St. Louis County** assumed there would be a minimal amount of lost revenue but could not provide an estimate.

In response to similar legislation filed this year, SB 441, officials from the **Department of Public Safety - State Emergency Management Agency** and the **Department of Revenue** each assumed the proposal would not fiscally impact their respective agencies.

**Oversight** will include an Unknown revenue reduction for the General Revenue Fund and other state funds which receive sales tax revenues, and for local governments.

**Oversight** will also include an unknown revenue reduction for local governments due to the exemption from transient guest taxes.

§374.150 Insurance Dedicated Fund transfer to General Revenue

Officials at **BAP** assume this proposal would positively impact General Revenue due to the transfer required from the Insurance Dedicated Fund.

Officials at **DIFP** assume an annual transfer of \$500,000 from the Insurance Dedicated Fund to General Revenue.

**Oversight** assumes this proposal requires a yearly transfer of \$500,000 from the Insurance Dedicated Fund to General Revenue. Oversight will reflect that transfer in the fiscal note.

ASSUMPTION (continued)

Bill as a Whole

Officials at the **Department of Economic Development, Joint Committee on Administrative Rules** and the **Office of State Treasurer** each assume there is no fiscal impact to their organization 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.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>GENERAL REVENUE</b>			
<u>Transfer In</u> - from Department of Revenue Information Fund	\$2,000,000	\$0	\$0
<u>Transfer In</u> - from the Insurance Dedicated Fund	\$500,000	\$500,000	\$500,000
<u>Revenue reduction</u> - DOR Sales tax exemption § 144.030	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>Less than \$2,500,000</u></b>	<b><u>Less than \$500,000</u></b>	<b><u>Less than \$500,000</u></b>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>INSURANCE DEDICATED FUND</b>			
<u>Transfer Out</u> - to Rebuild Damaged Infrastructure Program	(\$10,000,000)	\$0	\$0
<u>Transfer Out</u> - to General Revenue	<u>(\$500,000)</u>	<u>(\$500,000)</u>	<u>(\$500,000)</u>
<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>(\$10,500,000)</u></b>	<b><u>(\$500,000)</u></b>	<b><u>(\$500,000)</u></b>
<b>DEPARTMENT OF REVENUE INFORMATION FUND</b>			
<u>Transfer Out</u> - to Rebuild Damaged Infrastructure Program	(\$1,000,000)	\$0	\$0
<u>Transfer Out</u> - to General Revenue	<u>(\$2,000,000)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON DEPARTMENT OF REVENUE INFORMATION FUND</b>	<b><u>(\$3,000,000)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>MISSOURI HEALTH &amp; EDUCATIONAL FACILITIES AUTHORITY</b>			
<u>Transfer Out</u> - to Rebuild Damaged Infrastructure Fund	<u>(\$4,000,000)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON MISSOURI HEALTH &amp; EDUCATIONAL FACILITIES AUTHORITY</b>	<b><u>(\$4,000,000)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>REBUILD DAMAGED INFRASTRUCTURE FUND</b>			
<u>Transfer In</u> - from the Insurance Dedicated Fund	\$10,000,000	\$0	\$0
<u>Transfer In</u> - from the Department of Revenue Information Fund	\$1,000,000	\$0	\$0
<u>Transfer In</u> - from MO Health & Educational Facilities Authority	\$4,000,000	\$0	\$0
<u>Cost</u> - Infrastructure repair	(Less than <u>\$15,000,000</u> )	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT REBUILD DAMAGED INFRASTRUCTURE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>CONSERVATION COMMISSION FUND</b>			
<u>Revenue reduction</u> - DOR Sales tax exemption § 144.030	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>PARKS, AND SOIL AND WATER FUND</b>			
<u>Revenue reduction - DOR</u> Sales tax exemption § 144.030	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<b>SCHOOL DISTRICT TRUST FUND</b>			
<u>Revenue reduction - DOR</u> Sales tax exemption § 144.030	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
 <b>FISCAL IMPACT - Local Government</b>			
	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>LOCAL GOVERNMENTS</b>			
<u>Revenue reduction - DOR</u> Sales tax exemption § 144.030	(Unknown)	(Unknown)	(Unknown)
<u>Revenue reduction - Local governments</u> Transient guest tax exemption § 67.1020	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

FISCAL IMPACT - Small Business

Small businesses in disaster areas could be positively impacted by this proposal.

FISCAL DESCRIPTION

This proposal creates the Rebuild Damaged Infrastructure Program. The General Assembly may appropriate money into the newly created Rebuild Damaged Infrastructure Program Fund. Moneys from other state funds will also be transferred to the new Fund.

The proposed legislation would exempt non - governmental agencies congressionally mandated to provide disaster relief services from transient guest taxes. The proposal would also exempt from state sales tax, local sales tax, and transient guest tax sales to any person when payment is made by those non - governmental agencies as part of a disaster relief service.

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

City of Columbia  
City of Kansas City  
Department of Conservation  
Department of Economic Development  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Revenue  
Joint Committee on Administrative Rules  
Office of Administration  
    Budget and Planning  
Office of the Secretary of State  
Office of the State Treasurer  
Parkway School District  
St. Louis County



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