COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3703S.07A
Bill No.: SS for SCS for HCS for HB 1606, as amended
Subject: Counties; County Government; County Officials; Political Subdivisions; Taxation and Revenue - Property; Public Officers; Salaries
Type: Original
Date: May 1, 2022

Bill Summary: This proposal modifies provisions relating to political subdivisions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2026)
General Revenue*	(Unknown, could exceed $69,671,994)	(Unknown, could exceed $81,428,983)	(Unknown, could exceed $81,431,513)	(Unknown, could exceed $83,953,941)
Total Estimated Net Effect on General Revenue	**(Unknown, could exceed $69,671,994)**	**(Unknown, could exceed $81,428,983)**	**(Unknown, could exceed $81,431,513)**	**(Unknown, could exceed $83,953,941)**

*(SA 4) The fiscal impact to the state is the potential loss of the Department of Revenue's 2% collection fee. Oversight has ranged the impact from $0 (debt is already considered uncollectible and DOR would not have received the 2% fee even without this proposal) to $1,834,605 (which represents if DOR would have collected 100% of the $91 million of outstanding debt allowed to be reduced by this proposal). **Oversight** assumes the actual loss to the state for these provisions is on the very low end of this range**.**

*(SA 12) - The fiscal impact (per match) is ranged from $0 (Kansas City is not selected to host a FIFA World Cup Match) OR a range of roughly $105 per ticket (assuming seating capacity will remain at 76,416 as currently configured for American football) to $1,100 per ticket. If Kansas City were selected to host more than one match, the negative fiscal impact would exceed the impact estimated above.

*(SA 19) - **Oversight** notes the lower range simply represents the cost of the estimated FTE needed by the Department of Economic Development (DED) and Department of Mental Health (DMH). Additional costs (unknown) would include construction of short-term housing, grants to local political subdivisions to construct short-term housing. FY 2023 estimated costs represents 6 Mo in expenses for DED and DMH organizations as the proposal delays the implementation until January 1, 2023.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2026)
Blind Pension Fund	(Unknown, could exceed $250,000)	(Unknown, could exceed $250,000)	(Unknown, could exceed $250,000)	(Unknown, could exceed $250,000)
Parks, Soil, Water Fund	(Less than $2,257,583)	(Less than $2,709,100)	(Less than $2,709,100)	(Less than $2,793,158)
Conservation Commission Fund	(Less than $2,821,797)	(Less than $3,386,375)	(Less than $3,386,375)	(Less than $3,491,447)
School District Trust Fund	(Less than $22,575,832)	(Less than $27,090,998)	(Less than $27,090,998)	(Less than $27,931,574)
State Road Fund*	$0 or Unknown	$0 or Unknown	$0 or Unknown	$0 or Unknown
Truman State University	Unknown to (Unknown)	$0	$0	$0
Total Estimated Net Effect on <u>Other</u> State Funds	**(Unknown, could exceed $27,905,212)**	**(Unknown, could exceed $33,436,473)**	**(Unknown, could exceed $33,436,473)**	**(Unknown, could exceed $34,466,179)**

* (SA 21) Officials from the Missouri Department of Transportation (MoDOT) assume, depending upon the condemnation proceedings, the savings, if any, could be up to $1 million per year.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2026)
Federal Funds	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
Total Estimated Net Effect on <u>All</u> Federal Funds	**$0 or (Unknown)**	**$0 or (Unknown)**	**$0 or (Unknown)**	**$0 or (Unknown)**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2026)
General Revenue	2 FTE	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	**2 FTE**	**2 FTE**	**2 FTE**	**2 FTE**

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2026)
Local Government*	**(Unknown, could exceed $91,785,844)**	**(Unknown, could exceed $112,780,415)**	**(Unknown, could exceed $112,780,415)**	**(Unknown, could exceed $116,668,070)**

*(SA 4) Part of the net fiscal impact to the local political subdivision is the potential loss of the Department of Revenue's 2% collection fee. Oversight has ranged the impact from $0 (debt is already considered uncollectible and DOR would not have received the 2% fee even without this proposal) to $1,834,605 (which represents if DOR would have collected 100% of the $91 million of outstanding debt allowed to be reduced by this proposal). **Oversight** assumes the actual impact is on the very low end of this range.

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints, **Oversight** was unable to receive some agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

§§50.327 & 58.095 – Compensation for County Coroners and Salary Schedules for 3rd Class Counties

In response to similar legislation from this year, SB 1128, officials from various counties did not respond to **Oversight's** request for fiscal impact regarding this proposal.

Oversight assumes §§50.327 & 58.095 state the county commission is responsible for determining the salary for the county coroner in non-charter counties. Section 58.095 contains the base schedule of salaries as determined by the assessed valuation of the county. Section 50.327 adds an additional salary increase of up to $14,000 on top of the base schedule if approved by the county commission. Oversight is unclear of how much each county coroner receives in salary. However, there are 109 non-charter counties that could be considered for the additional funds in section 58.095 (if approved by the appropriate county commission). Oversight assumes if all of these counties approved the $14,000 increase, this could be up to $1,526,000 in increased salaries for coroners. However, Oversight assumes no increase coroner's salaries would take place without the approval by the county commission. Therefore, Oversight will assume a cost of $0 (no salary increases) or up to $1,526,000 (salary increases approved in every non-charter county) for coroners for this proposal.

Oversight also notes in similar legislation from this year, SB 704, §50.327.4 relates to the following 3rd class counties and their assessed valuations as of the 2020 census that are greater than the three hundred million dollars:

	County Classification	2020 Assessed Valuation
Adair	3	415,860,739
Andrew	3	309,826,694
Audrain	3	416,179,373
Barry	3	578,441,026
Benton	3	307,087,967
Butler	3	667,507,793
Clinton	3	353,505,104
Crawford	3	368,867,929
Dunklin	3	314,994,430
Henry	3	435,915,841
Howell	3	534,978,779
Laclede	3	490,308,053
Lawrence	3	546,241,819
Marion	3	519,654,554
McDonald	3	315,078,544
Miller	3	492,134,546
Morgan	3	572,600,385
New Madrid	3	455,255,626
Nodaway	3	399,126,552
Perry	3	404,312,108
Phelps	3	687,863,962
Pike	3	307,484,509
Polk	3	397,316,316
Pulaski	3	553,132,765
Randolph	3	526,364,813
Ray	3	393,522,956
Scott	3	536,493,885
Ste. Genevieve	3	891,214,089
Stoddard	3	522,288,378
Stone	3	749,458,097
Warren	3	674,203,668
Webster	3	508,888,557

Oversight notes the proposal does not specify how the base schedules should be amended for the computation of salaries for 3rd class county positions. Currently, the base salary for each of the positions in this section are as follows:

Section		Base Salary at $300,000,000 Assessed Valuation
49.082	County Commissioners	$ 29,700
50.334	Recorder of Deeds	$ 45,000
51.281	County Clerks	$ 45,000
51.282	County Clerk (Clay)	$ 34,500
52.269	County Collectors	$ 45,000
53.082	Assessors	$ 45,000
53.083	Assessor (Clay)	N/A
54.261	Treasurers	$ 45,000
54.320	Collector/Treasurer (Townships)	$ 45,000
55.091	Auditor	$ 45,000
56.265	Prosecuting Attorneys	$ 55,000
58.095	Coroners	$ 16,000
473.742	Public Administrators	$ 45,000

Therefore, **Oversight** will also assume a $0 (no adjustment to salaries) or unknown additional costs to 3rd class county salaries for this section of the proposal.

§§50.815 & 50.820 – County Financial Statements

Officials from the **Clay County Auditor's Office** assume the provisions from RSMo 50.815.2.8 to include salary information in the annual financial statement will cost Clay County approximately another $161.00 to publish more information in the newspaper--based on recent costs for publication.

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

In response to similar legislation from 2020, HB 1814, officials at **Henry County** assumed a savings of $1,800 annually in publication costs from this proposal.

Oversight inquired with Henry County regarding this proposal. The County currently submits a 14 page document to the newspaper which lists out every dollar by vendor. Since this proposal requires a summary of data to be published in the newspaper, Henry County's publishing costs would be reduced as the number of pages would be reduced that would be submitted to the newspaper.

In response to similar legislation from 2020, HB 1814, officials at **Lincoln County** assumed a savings of $2,000 annually in publication costs from this proposal.

In response to similar legislation from 2020, HB 1814, officials at **Livingston County** assumed a savings of $2,500 annually in publication costs from this proposal.

Oversight assumes using the counties above as an example, if the average savings of the three counties publication costs is $2,100 and 96 counties (2nd, 3rd and 4th class counties) in Missouri published their financials in the newspaper, the potential savings could be up to $201,600 ($2,100 * 96) per year. Therefore, Oversight will reflect a potential savings in publication costs for counties to post their financials through a newspaper of general circulation in their county that could exceed $100,000 annually from this proposal.

In response to similar legislation from this year, SB 845, officials from **Boone County** and **Greene County** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>§55.160 – Positions of County Auditors</u>

In response to similar legislation from this year, SB 889, officials from the **Christian County Auditor's Office** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this section.

<u>§304.022 – State Park Rangers</u>

Oversight assumes no fiscal impact from this section of the proposal.

<u>§473.742 – Salaries of Public Administrators</u>

In response to similar legislation from this year, SB 1088, officials from **Clinton County** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

In response to similar legislation from this year, HCS for HB 2450, officials from the Public Administrator's Office for the **City of St. Louis** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Oversight notes each county has a public administrator, including the City of St. Louis. Oversight also notes that, currently, an incoming public administrator may elect to receive a salary or receive fees as may be allowed by law. Under terms of this proposal every public administrator beginning a first term on or after January 1, 2023, shall be deemed to have elected to receive a salary as provided in this section. Oversight assumes this proposal would potentially increase the salaries in 2nd, 3rd and 4th class counties based on assessed valuation. Oversight took the highest salary cap at 39 letters opened of $25,000 and calculated the difference in salary that would be increased based on the assessed valuation in the chart below. Using the Total Assessed Valuation by County in the 76th Annual Report from the State Tax Commission, Oversight also organized the 2nd, 3rd, and 4th class counties into salary classifications based on the assessed valuation. From this chart, Oversight assumes there could be salary increases collectively exceeding $1,721,000. Adding additional payroll taxes and workers' compensation would yield a potential cost that could exceed $1,927,692 and Oversight will reflect this amount in the fiscal note for this proposal.

Assessed Valuation	County Class	Number of Counties*	Highest Salary	Assessed Salary	Difference in Salary	Potential Adjusted Salary
$8,000,000 to $40,999,999	3	1	$25,000	$ 29,000	$ 4,000	$ 4,000
$41,000,000 to $53,999,999	0	0	$25,000	$ 30,000	$ 5,000	$ -
$54,000,000 to $65,999,999	0	0	$25,000	$ 32,000	$ 7,000	$ -
$66,000,000 to $85,999,999	3	2	$25,000	$ 34,000	$ 9,000	$ 18,000
$86,000,000 to $99,999,999	3	2	$25,000	$ 36,000	$ 11,000	$ 22,000
$100,000,000 to $130,999,999	3	10	$25,000	$ 38,000	$ 13,000	$ 130,000
$131,000,000 to $159,999,999	3	13	$25,000	$ 40,000	$ 15,000	$ 195,000
$160,000,000 to $189,999,999	3	8	$25,000	$ 41,000	$ 16,000	$ 128,000
$190,000,000 to $249,999,999	3	12	$25,000	$ 41,500	$ 16,500	$ 198,000
$250,000,000 to $299,999,999	3	9	$25,000	$ 43,000	$ 18,000	$ 162,000
$300,000,000 to $449,999,999	3, 4	15	$25,000	$ 45,000	$ 20,000	$ 300,000
$450,000,000 to $599,999,999	3, 4	14	$25,000	$ 47,000	$ 22,000	$ 308,000
$600,000,000 to $749,999,999	3, 4	6	$25,000	$ 49,000	$ 24,000	$ 144,000
$750,000,000 to $899,999,999	3	1	$25,000	$ 51,000	$ 26,000	$ 26,000
$900,000,000 to $1,049,999,999	2	2	$25,000	$ 53,000	$ 28,000	$ 56,000
$1,050,000,000 to $1,199,999,999	2	1	$25,000	$ 55,000	$ 30,000	$ 30,000
$1,200,000,000 to $1,349,999,999	0	0	$25,000	$ 57,000	$ 32,000	$ -
$1,350,000,000 and over	0	0	$25,000	$ 59,000	$ 34,000	$ -
		96				$ 1,721,000
				Payroll taxes	7.65%	$ 131,657
				Work Comp	4.36%	$ 75,036
				Grand Total		$ 1,927,692

*Number of Counties were based off of the Total Assessed Valuation by County in the 76th Annual Report from the State Tax Commission

§137.115 Reduction of Assessment Percentage for Personal Property Tax (SA 1)

Officials from the **Department of Revenue (DOR)** note current law requires that personal property be assessed at 33.3% of its true value in money. This act requires the county assessor of St. Charles County to annually reduce such percentage such that the amount by which the revenue generated by taxes levied on such personal property is reduced is substantially equal to one hundred percent of the growth in revenue generated by real property assessment growth, as defined in the act. Annual reductions shall be made until December 31, 2073. Property tax assessments are handled by county assessors and the State Tax Commission. This provision does not impact the Department and DOR defers to the State Tax Commission for the fiscal impact.

In response to a similar proposal (SB 649), officials from the **State Tax Commission** assume the provision has an unknown fiscal impact. Assessment reductions will impact negatively the revenue for school districts, counties, cities and other taxing jurisdiction who are supported by property taxes. This bill reduces the amount of personal property tax revenues equal to the increase in real property tax revenues so this would eliminate an increase in local revenues until the percentage for personal property assessment reaches zero.

In response to similar legislation from this year, SB 743, officials from **Office of Administration - Budget and Planning (B&P)** assumed this provision would reduce the assessment percentage for personal property each year in St. Charles County, starting with tax year 2023 and ending tax year 2073. B&P notes that the assessment percentage for personal property is currently 33.3%. The reduction in the assessment percentage will be by an amount that would offset increases in assessed valuation of real property each tax year. In other words, the revenues generated under the personal property tax would be reduced by an amount to offset any revenue gains from increased real property values.

B&P notes that the reduction in the assessment percentage must only offset the increase in the real property assessed value, up to the consumer price index (inflation) between the two years. Therefore, if housing prices increased by 7%, but CPI only increased by 2%, the reduction in personal property would offset the 2% inflation limit.

B&P further notes that Section 137.115.1(4) states that the state assessment under Article III, Section 38(b) of the Missouri Constitution shall remain at 33.3%. Article III, Section 38(b) of the Missouri Constitution applies to the Blind Pension Trust Fund and the state property tax levy of $0.03 per $100 valuation. Therefore, this provision will not impact TSR or the Blind Pension Trust Fund.

B&P notes that under this provision the St. Charles County assessor would have to maintain two sets of calculations for personal property. One for the reductions on local assessments as required under this provision and another for the Blind Pension Trust Fund state assessment.

In response to similar legislation from this year, SB 743, officials from the **Department of Social Services** and **Office of the State Auditor** each assume the provision will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies for this provision.

In response to similar legislation from this year, SB 743, officials from the **Howell County Assessor's Office** state the best estimate is this could reduce local funding by $1.6 billion dollars based on the 2020 data available. Personal property comprises approximately 20% of the total assessed value in the state and total revenue generated was approximately $8.5 billion dollars.

So their local subdivisions will lose funding, their office will have increased operating costs and their potential for a lawsuit will be increased.

In response to similar legislation from this year, SB 743, officials from the **St. Francois County Assessor's Office** assume the following loss (or shift of burden) in property taxes based on different percentages:

25%	($2,240,484)
43%	($3,854,303)
61%	($5,467,732)
79%	($7,081,161)
99%	($8,873,860)

In response to similar legislation from this year, SB 743, officials from the **City of St. Louis** assume the passage of this bill would result in lost revenue to the City of St. Louis, the Collector of Revenue, and the Assessor's Office. In 2022, this loss would total more than $850,000 among the three entities. This loss would only increase yearly the next ten years.

The calculations rest on these assumptions:

- Personal property remains steady and stable; the City has had about $1 billion assessed value of personal property for many, many years. It does not vary up or down that much over the last decade
- The tax rate remains the same as it was in 2021.
- Real estate growth is 75% due to residential and 25% due to commercial. If total growth exceeds the CPI (which has historically been 2% average over the last 5 years) there is no instruction on how much of the 2% to be used for growth comes from residential, agricultural or commercial property. That determination will make a difference in tax amounts as commercial taxes are approximately double residential taxes for the same value property.
- New construction stays consistent as it has over the past 5 years
- Assumes 6.5% growth PLUS new construction in every odd-numbered reassessment year

Note that the assessment rate change for personal property (one of the major components of this legislation) goes up in non-reassessment years. This is because personal property is about the same value every year, and new construction is about the same every year, so the calculations for even numbered, non-reassessment years are going to be very similar in what rate to charge to collect the allowable taxes. Since this legislation ends in 2073, then it will have a lower assessment rate (as assumed is intended).

If the assessment rate goes down 4%-5% per 10 years, then in 2073 (after approx. 50 years), there will still be approximately a 20%-25% decrease in the assessment rate, which would leave as assessment rate of approx. 8% to 13% in 2073.

Due to the number and nature of assumptions, and the very long time frame to 2073, there is a lot that could change if there are changes to any of the following:

- CPI
- Market increases or decreases in real estate
- New construction fluctuations in real estate
- Tax rates
- Personal property values

In response to a previous version (SB 649), officials from the City of St. Louis computed a reduction in the personal property assessment from 33.3% currently to 29.4% over a ten year period. In the tenth year, the estimated loss totaled over $2.075 million annually.

In response to similar legislation from this year, SB 743, officials from **Pattonville R-III School District** assume the elimination of personal property taxes would eliminate approximately $17 million in annual revenue to the school district, and $870 million to public schools across the state. The revenue loss will vary based on changes in real property valuation. However, the total impact to the district will be a reduction of $17 million in revenue.

In response to similar legislation from this year, SB 743, officials from the **Newton County Health Department** and the **St. Louis County Health Department** each assume the provision will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>Local Political Subdivisions</u>
Oversight assumes this provision reduces the percentage at which personal property is assessed effectively reducing the assessed value of personal property over time. Oversight notes the revenue growth in property tax is determine by the following method:

Last year's revenues plus an allowance for growth equal to either:

- Inflation;
- Growth in total assessed value, or;
- 5%, whichever is lowest

Oversight assumes **if** the growth in total assessed value is the lower of the three options, then any reduction in the percentage at which personal property is assessed would reduce the maximum allowed revenue growth (relative to current law) which could impact all taxing entities. For example:

	Assessed Value Real	Assessed Value PP	Total Assessed Value	Revenue Growth Factor	Maximum Allowed Revenue
Base Year (Assumed)	$4,250,000,000	$750,000,000	$5,000,000,000	-	$6,240,000
Current Law (Next Year)	$4,377,500,000	$772,500,000	$5,150,000,000	3.0%	$6,427,200
Next Proposed (Next Year)	$4,377,500,000	$702,272,727*	$5,079,772,727	-1.4%	$6,240,000

Oversight applied a 3% growth in real and personal property. To calculate the proposed assessed value, Oversight reduced the 33% currently applied to personal property values by the growth in real property (33% - 3% = 30%).

*Using the $750,000,000 assessed value for personal property, Oversight calculated the full value of personal property:

Full Value of Personal Property *.33 = $750,000,000
Full Value of Personal Property = $750,000,000/.33
Full Value of Personal Property = $2,272,727,273

Using the full value of personal property, Oversight applied a growth rate of 3% and calculated the different assessed values below.

$2,272,727,273 x 1.03	$2,340,909,091	Total PP Value w/Growth
$2,340,909,091 x .33	$772,500,000	Assessed Value PP (Current Law)
Or		
$2,340,909,091 x (.33-.03)	$702,272,727	Assessed Value PP (Proposed Law)

Oversight notes, in the example above, the provision functionally eliminates the allowable increase in revenues attributable to growth. Revenues become fixed in time. However, Oversight notes the maximum allowed revenue would be lower than what could have been achieved under current law.

Alternatively, **if** inflation or 5% is the lower option for determining the maximum allowed revenue, the calculation of revenue growth may not be limited by the reduction in assessed personal property. However, **Oversight** notes property tax revenues are designed to be revenue neutral from year to year. The tax rate is adjusted relative to the assessed value to produce roughly the same revenue from the prior year with an allowance for growth. Therefore, this provision may result in a higher tax rate relative to current law thus distributing more of the tax burden to real property owners (as personal property assessed values decrease).

Oversight notes some taxing entities have tax rate ceilings that are at their statutory or voter approved maximum or are at a fixed rate. For these taxing entities, any decrease in the assessed values would not be offset by a higher tax rate (relative to current law), rather it would result in an actual loss of revenue.

Based on information provided by the Office of the State Auditor, **Oversight** notes, in 2020, there were over 2,500 tax entities with 4,000 different tax rates. Of those entities, 2,980 tax rate ceilings were below the entities' statutory or voter approved maximum tax rate and 1,098 tax rate ceilings were at the entities' statutory or voter approved maximum rate. (These numbers do not include entities which use a multi-rate method and calculate a separate tax rate for each subclass of property.)

Oversight will show a range of impact of $0 (the tax burden is shifted to real property owners or no growth in real property) to an unknown loss in property tax revenue for local political subdivisions.

The next assessment cycle would not occur until calendar year 2023 with impacted revenues occurring in FY 2024 (due in December 2023). **Oversight** will show the impact local political subdivisions beginning in FY 2024.

Oversight notes section 137.115.1(4) requires assessors to continue to assess personal property at 33.3% for purposes of Article III, Section 38(b) of the Missouri Constitution. Therefore, Oversight assumes this provision will not impact the Blind Pension Fund.

Ultimately, **Oversight** is uncertain how language of the provision would be applied, but assume local political subdivisions (counties) would incur some additional costs administering these adjustments (i.e. computer programming changes). In addition, Oversight received a limited number of responses from local political subdivisions related to the fiscal impact of this provision. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

Oversight notes that this amendment only applies to St. Charles County.

<u>§137.115 Cap on Growth in Assessed Values (SA 2)</u>

Oversight assumes this proposal limits increases in the assessed values of individual residential property to 10% per year. Under the proposed legislation, Oversight assumed the assessed value would be 19% of the market value or the prior year assessed value plus ten percent growth whichever is lower. For fiscal note purposes, Oversight used a two property example to demonstrate the potential changes as a result of this proposal.

Table I: Assessed Values

	Prior Year Market Value	Prior Year Assessed Value (19%)	Current Year Market Value (Assumed)*	Assessed Value Current (19%)	**Assessed Value Proposed****
Property 1	$100,000	$19,000	$115,000	$21,850	**$20,900**
Property 2	$100,000	$19,000	$100,000	$19,000	**$19,000**
Total	$200,000	$38,000	$215,000	$40,850	**$39,900**

*For purposes of this example, Oversight assumed a 15% increase in the market value of property 1 and no change in the market value of property 2.
**Oversight assumed the assessed value would be either the market value times 19% or the prior year assessed value plus a 10% increase whichever is lower.

Oversight notes property tax revenues are designed to be revenue neutral from year to year. The tax levy is adjusted relative to the assessed value to produce roughly the same revenue from the prior year with an allowance for growth. Below is the basic formula for the tax rate-setting calculation:

<u>Growth Factor Calculation</u>

Current Year Adjusted Total Current Assessed Value	$40,850
Less Previous Year Adjusted Total Assessed Value	- $38,000
	$2,850
Divided by Previous Year Adjusted Total Assessed Value	/ $38,000
	0.75
Times 100	x 100
Actual Percentage Growth in Assessed Value	**7.5%**

*The growth factor used in the tax levy calculation is either actual growth in assessed valuation as calculated above (7.5%), inflation based on CPI (1.4%) or 5% whichever is <u>lower</u>. In this example actual growth exceeds inflation, therefore the revenue growth factor used in the tax levy calculation is capped at inflation (1.4%).

Tax Rate Calculation

Revenues Authorized Previous Year	$1,900
Times the Growth Factor*	x 1.4%
Authorized Revenue Growth	$27
Previous Year Authorized Revenues	$1,900
Plus Authorized Revenue Growth	+ $27
Current Year Authorized Revenues	$1,927
Total Current Assessed Value	$40,850
Less New Construction (assumed for simplicity)	- $0
Adjusted Total Current Assessed Value	$40,850
Current Year Authorized Revenues	$1,927
Divided by Adjusted Total Current Assessed Value	/ $40,850
	0.04717
	x 100
Maximum Authorized Levy	**$4.717**

Using the basic tax rate formula above and the Property Tax Rate Calculator (Single Rate Method) provided on the Missouri State Auditor's website, **Oversight** estimated the potential changes in the tax rate from this proposal in the table below using the two-property example.

Table II: Tax Rates

	Total Assessed Values	Growth Factor*	Maximum Allowed Revenue (Prior Year Revenue plus Growth Factor)	Tax Rate Ceiling (Maximum Revenue/ Assessed Value)*100
Prior Year (Assumed)	$38,000	N/A	$1,900.00	5.0000
Current Year Current Law	$40,850	1.9%	$1,936.00	4.7393
Current Year Proposed Law	**$39,900**	**1.9%**	**$1,936.00**	**4.8521**

*The growth factor used in the tax levy calculation is either actual growth in assessed valuation as calculated below (7.5%), inflation based on CPI (1.4%) or 5% whichever is lower. In this example actual growth exceeds inflation, therefore the growth factor used in the tax levy calculation is capped at inflation (1.9%).

Currently, growth in assessed values allows the tax rate to fall over time. In this example under the proposed legislation, the tax rate would fall at slower rate than under the current law. **Oversight** notes some taxing entities have tax rate ceilings that are at their statutory or voter approved maximum. For these taxing entities, any decrease in the assessed values would not be offset by a higher tax rate (relative to current law) rather it would result in a loss of revenue.

Based on information provided by the Office of the State Auditor, **Oversight** notes, in 2020, there were over 2,500 tax entities with 4,000 different tax rates. Of those entities, 2,980 tax rate ceilings were below the entities' statutory or voter approved maximum tax rate and 1,098 tax rate ceilings were at the entities' statutory or voter approved maximum rate. (These numbers do not include entities which use a multi-rate method and calculate a separate tax rate for each subclass of property.)

Additionally, in the example above, the growth in total assessed value was greater than inflation (as provided by STC). However, Oversight notes **if** the growth in total assessed values is less than inflation this proposal would result in a reduction of the maximum allowed revenue which would impact all taxing entities. Inflation as of December of 2021 was 6.8% (all items per BLS).

Because the tax levy would fall at a slower rate in this example as noted in Table II, the distribution of tax on individual property owners would change as noted below in Table III.

Table III: Distribution of Individual Property Tax

	Prior Year Tax Burden	Assessed Value Current (Table I)	Tax Burden Current (4.7393)	Assessed Value Proposed (Table I)	**Tax Burden Proposed (4.8521)**
Property 1	$950.00	$21,850	$1,035.53	$20,900	**$1,014.10**
Property 2	$950.00	$19,000	$900.47	$19,000	**$921.90**
Total	$1,900.00	$40,850	$1,936.00	$39,900	**$1,936.00**

Based on information from the Federal Housing Finance Agency website, **Oversight** notes there were 121 census tracts in Missouri with an annual change in the House Price Index (HPI) that exceeded 10% combined for the 2019 and 2020 period (based on a two year reassessment cycle). Because this proposal limits the assessed value of individual residential properties to a 10% increase from the previous assessment, this will result in a decrease to total assessed values (relative to current law) as a result of any property that appreciates more than 10% over the two reassessment cycle.

Oversight notes the Blind Pension Fund (0621) is calculated as an annual tax of three cents on each one hundred dollars valuation of taxable property ((Total Assessed Value/100)*.03). Because this proposal limits the assessed value portion of this equation, the Blind Pension Fund will experience a decrease in revenue relative to what it would have received under current law. Below is an example of how this proposal would impact the Blind Pension Fund using the two property example.

Table IV: Blind Pension Trust Fund

	Total Assessed Value	Blind Pension Trust Fund (Assessed Value/100)*0.03
Prior Year	$38,000	$11.40
Current Year Current Law	$40,850	$12.26
Current Year Proposed Law	**$39,900**	**$11.97**

Per the STC's website, total assessed value for residential property was $64,061,602,665 in 2020. If this proposal reduced the total assessed value by 1.5%, the loss to the blind pension fund is estimated at $288,277.

Total Assessed Value (Current)	$64,061,602,665
Total Assessed Value if reduced by 1.5% (Assumed)	$63,100,678,625
Difference	-$960,924,040
Divided by 100	-$9,609,240
Multiplied by 0.03 (Estimated Changed)	-$288,277

In response to similar legislation from 2020, **Oversight** notes OA-B&P indicated they did not anticipate a reduction in funding relative to what is currently collected because the proposal still allows for some growth in assessed values. However, Oversight will show an unknown negative fiscal impact that could exceed $250,000 to the Blind Pension Fund relative to what it would have received under current law.

Although the effective date of this proposal, if passed, would be FY 2023 (August 2022), the next re-assessment cycle would not occur until calendar year 2023 with impacted revenues occurring in FY 2024 (December 2023).

Oversight assumes there could be costs for implementation and computer programming. Oversight will show an unknown cost to county assessors to implement this proposal beginning in FY 2023 with on-going costs for assessors for additional staff and/or IT costs in FY24 & FY25.

§115.062 – Election authorities accepting funding, gifts or grants (SA 3)

In response to similar legislation from this year, SB 668, officials from the **Office of the State Courts Administrator** assumed the proposal will have no fiscal impact on their organization.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency for this provision.

O In response to similar legislation from this year, SB 668, officials from the **Jackson County Board of Elections** assumed the proposal will have no fiscal impact on their organization.

In response to similar legislation from this year, SB 668, officials from **Platte County Board of Elections** assumed the funds received from private sources in 2020 totaled about $40,000 of which $19,000 was spent and would have needed to be covered by public funds if not allowed.

In response to similar legislation from this year, SB 668, officials from the **St. Louis City Board of Elections** assumed the proposal prohibits election authorities from receiving funding from extra-governmental sources. While it is unclear what sources could be available in the future for such funding, the inability to access such a possibility would have a negative fiscal impact on the bi-partisan St. Louis City Election Board to access funds. Requiring photo ID for voters would likely increase the amount of provisional votes cast which would need to be processed by election board staff within the certification period. Increased staffing and possible overtime would have a negative fiscal impact. This provision also eliminates the duty of the SOS to inform the public of the new ID requirement; lack of information would likely lead to confusion on the part of the voter; and lead to casting of more provisional ballots.

Officials from the **St. Louis County Board of Elections** assume the proposal would prevent them from accepting private money for election administration. This could have a potential impact from $0-$2 million.

Oversight notes §115.062 prohibits election authorities from accepting funding, gifts, or grants from any source other than the governing body of a political subdivision, the state of Missouri, or the federal government. This could have a potential negative impact on local elections authorities if they are unable to replace private money with an acceptable source according to this provision. Therefore, Oversight will reflect a potential loss of $0 to Unknown that could exceed $250,000 on the fiscal note.

<u>§105.145 – Financial statements of political subdivisions (SA 4)</u>

In response to similar legislation from this year, HCS for SS for SCS for SB 724, officials from the **Office of Administration - Budget and Planning (B&P)** state §105.145 of the proposal excludes the fine for failure to submit annual financial statements for political subdivisions with gross revenues of less than $5,000, or for political subdivisions that have not levied or collected sales or use taxes in the fiscal year. This may result in a revenue loss for both the state and schools.

It also provides grace from fines if the failure to timely submit the annual financial statement is the result of fraud or other illegal conduct and allows a refund by the Department of Revenue (DOR) of any fines already paid under these circumstances. The one-time 90% downward adjustment DOR is allowed to make on outstanding fine or penalty balances after January 1, 2023 results in the amount of collections being reduced for both the state and DOR collection fees. A similar downward adjustment may be made by DOR if the outstanding fines are deemed uncollectable. These downward adjustments will likewise result in a revenue loss for both the state and schools.

Based on information from DOR, the department started imposing this fine in August 2017. B&P defers to DOR for more specific estimates of fines and actual collection costs.

Officials from the **Department of Revenue (DOR)** state §105.145- Annual Financial Statement (Effective August 28, 2022) provides that currently local political subdivisions are required to file annual financial statements with the State Auditor's Office. Failure to file those statements results in the political subdivision being assessed a fine of $500 per day per statutes, which is deposited into local school district funds. DOR notes that the Department started imposing this fine in August 2017. DOR receives notice from the State Auditor's Office if a political subdivision does not file their annual financial statement. At that time, the DOR sends a notice to the political subdivision and thirty days later the fee starts to accumulate.

DOR collects the fine by offsetting any sales or use tax distributions due to the political subdivisions. In essence, the DOR only gets to collect the fee if the political subdivision has a sales or use tax. Most of these political subdivisions do not have a sales or use tax for the Department to collect, so the DOR assumes much of what is owed is uncollectable. This is not state money but local political subdivision funds.

Currently, a transportation development district that has gross revenues of less than $5,000 in a fiscal year is not subject to this fine. This proposal adds language that any political subdivision with less than $5,000 in revenue or has not levied or collected sales or use taxes in the fiscal year in which the report is due is not subject to the fine. This will change how the DOR determines the fine.

This proposal also adds a provision that if failure to file the report is a result of fraud or other illegal conduct by an employee of the political subdivision, they will not be subject to the fine.

The DOR notes that per statute, the Department is allowed to retain 2% of the amount collected for administration. Since the program began, DOR has collected $66,621 (rounded) which has been deposited into General Revenue. All DOR collection fees are deposited into General Revenue and are not retained by the Department.

Current records of the Department show total fines assessed of $105,253,522 and that $3,331,032 (rounded) has been collected. The DOR is showing the assessment of the fines by the county in which the district that owes the fine is located.

County	Total Fine Imposed	Total Fine Collected
Adair	$751,000.00	$1,500.00
Andrew	$63,500.00	$0.00
Atchison	$855,000.00	$0.00
Audrain	$1,014,500.00	$0.00
Barry	$1,863,500.00	$16,202.57
Barton	$0.00	$0.00
Bates	$944,000.00	$30,500.00
Benton	$236,500.00	$0.00
Bollinger	$1,682,500.00	$0.00
Boone	$259,000.00	$24,588.62
Buchanan	$1,100,000.00	$53,342.38
Butler	$1,624,000.00	$35,414.25
Caldwell	$100,000.00	$15,312.17
Callaway	$493,000.00	$2,635.05
Camden	$1,002,000.00	$22,360.55
Cape Girardeau	$280,000.00	$0.00
Carroll	$3,127,000.00	$0.00
Carter	$1,908,000.00	$103,500.00
Cass	$4,128,500.00	$5,184.54
Cedar	$221,000.00	$28,500.00
Chariton	$659,500.00	$39,500.00
Christian	$2,219,500.00	$0.00
Clark	$652,000.00	$37,500.00
Clay	$1,211,000.00	$14,500.00
Clinton	$982,000.00	$16,500.00
Cole	$633,000.00	$5,097.95
Cooper	$1,220,000.00	$17,500.00
Crawford	$1,335,500.00	$15,500.00
Dade	$211,500.00	$0.00
Dallas	$1,202,500.00	$0.00
Daviess	$623,500.00	$0.00
DeKalb	$643,500.00	$0.00
Dent	$194,500.00	$0.00
Douglas	$0.00	$0.00
Dunklin	$1,790,000.00	$14,131.34
Franklin	$1,357,000.00	$1,064.01

Gasconade	$65,500.00	$5,036.88
Gentry	$1,372,000.00	$26.98
Greene	$705,500.00	$0.00
Grundy	$847,500.00	$0.00
Harrison	$588,000.00	$0.00
Henry	$786,000.00	$77,296.43
Hickory	$614,500.00	$0.00
Holt	$1,701,000.00	$10,500.00
Howard	$888,000.00	$147,500.00
Howell	$642,500.00	$11,000.00
Iron	$29,500.00	$12,000.00
Jackson	$2,060,500.00	$297,846.94
Jasper	$327,500.00	$101,100.62
Jefferson	$1,203,000.00	$19,301.01
Johnson	$589,500.00	$1,500.00
Knox	$1,168,500.00	$0.00
Laclede	$240,000.00	$12,000.00
Lafayette	$283,500.00	$34,028.54
Lawrence	$2,699,500.00	$0.00
Lewis	$1,583,000.00	$0.00
Lincoln	$1,051,500.00	$31,000.00
Linn	$795,500.00	$15,000.00
Livingston	$1,158,000.00	$0.00
Macon	$236,500.00	$0.00
Madison	$1,777,500.00	$79,389.02
Maries	$118,000.00	$0.00
Marion	$55,500.00	$0.00
McDonald	$161,500.00	$0.00
Mercer	$439,000.00	$0.00
Miller	$801,500.00	$4,598.44
Mississippi	$101,000.00	$4,977.98
Moniteau	$0.00	$0.00
Monroe	$42,000.00	$10,000.00
Montgomery	$311,000.00	$3,500.00
Morgan	$0.00	$0.00
New Madrid	$1,631,500.00	$122,693.96
Newton	$440,500.00	$25,500.00

Nodaway	$2,637,000.00	$19,500.00
Oregon	$0.00	$0.00
Osage	$610,500.00	$12,104.21
Ozark	$43,000.00	$43,000.00
Pemiscot	$2,513,000.00	$6,500.00
Perry	$1,613,500.00	$0.00
Pettis	$599,000.00	$0.00
Phelps	$333,500.00	$50,000.00
Pike	$19,500.00	$0.00
Platte	$890,000.00	$22,500.00
Polk	$507,500.00	$0.00
Pulaski	$1,327,500.00	$17,000.00
Putnam	$3,000.00	$0.00
Ralls	$177,500.00	$38,326.99
Randolph	$1,177,000.00	$10,500.00
Ray	$2,211,500.00	$0.00
Reynolds	$595,500.00	$1,184.60
Ripley	$342,500.00	$0.00
Saline	$849,500.00	$0.00
Schuyler	$449,000.00	$18,500.00
Scotland	$757,500.00	$0.00
Scott	$1,853,000.00	$620.44
Shannon	$287,000.00	$135,998.71
Shelby	$6,500.00	$6,500.00
St. Charles	$1,361,500.00	$67,084.06
St. Clair	$2,012,500.00	$265.88
St. Francois	$294,000.00	$0.00
St. Louis	$3,260,500.00	$895,058.73
St. Louis City	$5,548,000.00	$149,299.59
Ste. Genevieve	$0.00	$0.00
Stoddard	$1,346,500.00	$136,084.38
Stone	$886,022.00	$88,521.99
Sullivan	$695,500.00	$0.00
Taney	$1,453,500.00	$8,500.00
Texas	$1,096,500.00	$42,500.00
Vernon	$1,227,000.00	$12,000.00
Warren	$10,500.00	$10,500.00

Washington	$680,500.00	$12,000.00
Wayne	$1,026,000.00	$852.29
Webster	$429,000.00	$0.00
Worth	$19,000.00	$0.00
Wright	$0.00	$0.00
Grand Total	**$105,253,522.00**	**$3,331,032.10**

This proposal would result in fewer fines being assessed in the future. As stated previously, many of these current political subdivisions do not have any sales or use tax collected, so they may be able to avoid future penalties.

This proposal also allows for a one-time reduction of a political subdivisions current outstanding balance. Should a political subdivision file its reports by January 1, 2023, they will be entitled to a one-time downward adjustment of their existing fine by 90%.

The current outstanding balance is $101,922,490 ($105,253,522 owed - $3,331,032.10 collected, rounded). This is money the Department notes is owed, but most likely uncollectable. Should it be collected, it would be forwarded to the local school district funds. If all the fine money is eligible for the one-time reduction, this would result in $94,728,170 ($105,253,522 * .90, rounded) no longer being owed.

Oversight notes if all political subdivisions file their report and receive the reduction, it would be a loss of $89,895,636 to the local school districts from not receiving the fine money, a loss to the state of $1,834,605 in collection fees and a gain to the local political subdivisions of $91,730,241($101,922,490 * 90%).

Reducing the future fines would help save the local political subdivisions money; however, due to the uncollectability of most of this money, the DOR assumes no additional impact to the state.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a potential loss of fine revenue stated by DOR to the General Revenue Fund for this proposal. Also, Oversight notes that because of the new language for certain local political subdivisions who have gross revenues of less than $5,000 or who have not levied or collected a sales and use tax in the fiscal year or if the failure to file a financial statement is the result of fraud or illegal conduct by an employee or officer of the political subdivision and the political subdivision complies with filing the financial statement within thirty days of the discovery of the fraud or illegal conduct, then the fine shall not be assessed and could result in a savings to local political subdivisions on fine fees. Therefore, Oversight will also reflect a savings to local political subdivisions of $0 to unknown for this proposal.

Oversight also notes this proposal is allowing a political subdivision that files its financial statement before January 1, 2023 to receive a one-time 90% reduction of their outstanding balance of their fines owed.

Oversight also notes that the loss in fine revenue collected by DOR would result in a savings to the local political subdivisions who would no longer need to pay the fine revenue. It would also result in a loss of revenue to School Districts on these fines no longer being collected. Therefore, Oversight will reflect a savings to local political subdivisions on the fines no longer being collected and a loss of 98% of the fine revenue no longer going to the school districts for this proposal. Oversight notes that the Department of Revenue is allowed to retain two percent of the fine revenue collected (per §105.145.11). Oversight assumes a large majority of the $101,922,490 of outstanding fines to be uncollectible. Therefore, Oversight will range the fiscal impact from this proposal from $0 to DOR's estimates.

In response to similar legislation from 2021, SB 547, officials from the **City of Corder**, the **City of Hughesville** and the **City of O'Fallon** each assumed the proposal will have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these cities.

§137.103 – Property Tax Credit for Certain Senior Citizens (SA 5)

In response to similar legislation from this year, SB 715, officials from the **State Tax Commission** have determined an unknown fiscal impact on local taxing jurisdictions such as school districts, counties, cities who rely on property tax assessments as a source of revenue. The legislation allows a taxing district to exempt taxpayers sixty-five years or older from increases in the rate of property tax. Such exemption shall either be approved by the governing body of the taxing district or approved by the voters in the local taxing district. The agency would not have data to determine how many of the 1,061,775 Missourians over sixty five who meet the proposed criteria and eligibility or how many of the 2,900 taxing jurisdictions may choose to grant the exemption from increases in the rate of property tax.

In response to similar legislation from this year, SB 715, officials from **Office of Administration - Budget and Planning (B&P)** assume this proposal would grant a property tax credit on the homestead of individual age 65 and older. Qualifying individuals must own their home and have income that does not exceed $65,000 if filing single, head of household, or married filing separate and $130,000 if married filing combined.

A taxing jurisdiction must receive voter approval before granting the property tax credit. The property tax credit would be equal to the difference between the property tax liability in the current tax year versus the property tax liability the year in which the qualifying individual turned 65. The property tax credit amount must be included on the individual's property tax bill.

B&P notes that this proposal would become effective on August 28, 2022. Further, it would require public votes in all jurisdictions with a property tax levy. B&P assumes that the first potential public votes would not occur until April 2023. Therefore, B&P assumes that any potential property tax credits would not be granted until tax year 2023 at the earliest.

B&P further notes that a county assessor handles property taxes assessments and billings. However, within that county may be multiple different property tax levy districts with multiple different boundaries. Some districts within a county may approve the property tax credit, while other districts do not. In addition, the county assessor would be responsible for calculating two assessments per qualifying property each year: one assessment for the current tax year and one assessment for the tax year that the qualifying individual turned 65.

B&P also notes that this could be problematic when qualifying individuals move between taxing jurisdictions. In these instances, the county assessor would have to determine the market and assessed value of the real property when that individual turned age 65 as well as the prevailing property tax levy rates at the time in order to determine the property tax liability that all future credits would be based on.

Therefore, this proposal could create a significant administrative burden on county assessors.

This proposal requires voter approval and will therefore not impact TSR or the calculation under Article X, Section 18(e).

Officials from the **Department of Revenue (DOR)** assume this proposal would freeze any increase in the assessed valuation rates of any property taxes levied on any property owned by an individual who has attained an age of at least sixty-five years and who does not have income in excess of $65,000 if single or $130,000 if married filing combined. This proposal does not completely eliminate what is currently owed, but would slow the rate of growth of property taxes collected in the future.

This proposal would require each political subdivision wanting to freeze the property tax of these seniors to hold an election. It is assumed the first available election that local political subdivision could put this on the ballot would be the April 2023 municipal election. The Department will assume this would start October 1, 2023, the second quarter after passage of this proposal. This would change the property tax rate during the middle of a tax year.

If no local political subdivisions adopt an ordinance, this proposal will have no fiscal impact. Should any local political subdivisions choose to adopt the ordinance then that local political subdivision would receive less property tax and the state may be impacted.

The only property tax collected by the State is for the Blind Pension Fund. The Missouri Blind Pension Fund is a fund for payment of pensions for the blind. The tax, or collection for the fund, consists of 3 cents on each $100 valuation of taxable property in the State of Missouri. Should the valuation of property hold the same, then this could result in future lost revenue.

The state may also have impact to the Senior Property Tax Credit. Some seniors paying property tax are eligible to receive the senior property tax credit. Claims for the credit are based on the actual amount of property tax paid. Freezing the property tax rates will result in a savings of future lost revenue (due to increasing property tax rates).

The Department is unable to determine how much of the total valuation of real property in tax year 2020 is attributed to properties owned by individuals who would qualify for this future real property tax freeze. The Department is also not able to predict if any political subdivisions will adopt this proposal or when they may adopt it; and therefore the impact of this proposal is unknown.

In response to similar legislation from this year, SB 715, officials from the **Department of Social Services** and the **Office of the State Auditor** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies for this provision.

In response to similar legislation from this year, SB 715, officials from the **St. Louis County Department of Public Health** state their budget receives its funding from property taxes. Any reduction in property taxes would result in the department having to reduce or eliminate critical health services, such as primary health care, that their residents need and rely upon. The amount of revenue loss for years 2023, 2024 and 2025 is unknown.

In response to similar legislation from this year, SB 715, officials from the **Newton County Health Department**, **Jackson County Election Board**, **Platte County Election Board** and the **St. Charles Community College** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight assumes this proposal would grant qualifying individuals tax credits for the increases in property taxes.

Oversight notes, per Article III Section 38(b) of the Missouri Constitution, the Blind Pension Fund (0621) is calculated as an annual tax of three cents on each one hundred dollars valuation of taxable property ((Total Assessed Value/100)*.03). Oversight notes this proposal does not appear to alter a property's assessed value. Therefore, Oversight assumes this proposal would not impact the Blind Pension Fund.

However, **Oversight** notes the Blind Pension Fund receives increased property taxes from increases in assessed value. For example:

Assessed Value Year 1 = $100,000
Blind Pension Tax Liability = ($100,000 /100) * .03 = $30

Assessed Value Year 2 = $110,000
Blind Pension tax liability = ($110,000 /100) * .03 = $33

For purposes of this fiscal note, **Oversight** assumes qualifying tax payers would still pay the increases due to the Blind Pension Fund. If this assumption is incorrect, this could potentially change the fiscal impact as presented in this fiscal note.

Based on Demographic Characteristics for Occupied Housing Units from the United States Census Bureau, Oversight notes there are 517,775 owner occupied housing units where the age of the householder is 65 years of age or older. Oversight is uncertain how many of these homeowners would having qualifying income or how many taxing districts would approve the tax credits. Therefore, Oversight will show a range of impact of $0 (not voter approved) to an unknown loss in revenue to local political subdivisions.

In addition, **Oversight** assumes there could be costs to implement and monitor individual credits for local taxing entities which approve a property tax credit. Oversight will show a range of impact of $0 (no subdivision ordinance or voter approval) to an unknown cost to local political subdivisions for implementation.

The proposal states property tax credits be submitted for a vote in each jurisdiction. Oversight assumes the first available election could be April 2023. Oversight assumes there could be election costs for local taxing entities occurring in FY 2023.

Alternatively, a jurisdiction could adopt an ordinance authorizing the credits. **Oversight** assumes the earliest tax credits could be granted is calendar year 2022 with impacted revenues occurring in FY 2023 (December 2022).

Oversight will show a range of impact of $0 (not ordinance or voter approved) to an unknown savings to General Revenue from a reduction in Senior Property Tax Credit due the issuance of local property tax credits. Oversight does not anticipate the savings to exceed $250,000.

Oversight received a limited number of responses from local political subdivisions related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System database is available upon request.

<u>§304.022 – (SA 6) – Emergency Vehicles for Park Rangers</u>

In response to similar legislation from this year, Perfected HB 1637, officials from the **Attorney General's Office**, the **Department of Commerce and Insurance**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the

Department of Higher Education and Workforce Development, the **Department of Mental Health**, the **Department of Public Safety – (Division of Alcohol and Tobacco Control**, **Fire Safety**, **Office of the Director**, **Missouri Gaming Commission**, **State Emergency Management Agency**, **Missouri Veterans Commission**), the **Missouri Department of Agriculture**, the **Missouri Ethics Commission**, the **Missouri Department of Transportation**, the **Missouri Lottery**, the **Department of Transportation - Patrol Employees' Retirement System**, the **Office of the State Treasurer**, the **Office of Administration - Administrative Hearing Commission**, the **Office of the Governor**, the **Missouri House of Representatives**, the **Joint Committee On Education**, the **Oversight Division**, the **Missouri Senate**, the **Missouri Consolidated Health Care Plan**, the **Missouri Higher Education Loan Authority**, the **Missouri State Employees Retirement System**, the **State Tax Commission**, the **Department of Health and Senior Services**, the **Department of Natural Resources**, the **Department of Social Services**, the **Office of the State Auditor**, the **City of Claycomo**, the **City of Hughesville**, the **City of Kansas City**, the **City of Springfield**, the **City of St. Louis**, the **Kansas City Police Department**, the **St. Joseph Police Department**, the **Phelps County Sheriff's Department**, **Gordon Parks Elementary**, the **University of Missouri**, and the **Hermann Area Hospital District** assumed the proposal will have no fiscal impact on their respective organizations.

Oversight assumes SA 6 will have no fiscal impact on state or local governments.

§§182.020 & 182.050 – (SA 7) – County Library Board of Trustees in Cass County

Oversight assumes SA 7 will have no fiscal impact on state or local governments without further action by a county commission.

§§67.457, 67.461, 67.1431, 67.1471, 99.825, 99.830, 99.865, 238.212 & 238.222 – (SA 8) – Special Taxing Districts

Officials from the **Department of Revenue (DOR)** assume this proposal requires that neighborhood improvement districts, community improvement districts, redevelopment districts and transportation authority districts send certain specified documents to the DOR. The required information includes:

Updated boundary information
Description of the boundaries and the average assessment
Copies of the establishment of the district paperwork
Copies of dissolution paperwork should a district be dissolved
Copies of all meeting notices, hearing and ordinances.

Information received by the DOR is to be posted on the website. DOR notes collecting this information is outside the scope of DOR's work. DOR notes this would require the creation of a webpage that citizens could use to view these documents. DOR staff would create and maintain the webpage. DOR would establish an email address for the acceptance of the documents. The creation of the webpage and setting up of the email will be done with existing DOR resources.

From working with numerous special districts around the state DOR knows that many of these required notices will be sent via paper instead of email. Based on the number of documents filed, DOR will need 1 FTE Public Relations Specialist FTE to handle these duties. Should additional paperwork be sent justifying additional FTE, DOR will seek those FTE through the appropriation process.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimated FTE costs s as provided by the DOR.

For informational purposes, **Oversight** notes the following number of taxing authorities for the last 5 years from the State Auditor Property Tax Rate Report.

	FY21	FY20	FY19	FY18	FY17
Ambulance Districts	106	106	106	106	105
Hospitals	11	11	12	12	13
Nursing Home Districts	30	30	30	30	30
Public Water Supply Districts	1	1	1	1	1
Soil & Water Conservation Subdistricts	27	27	27	27	27
Drainage and Levee Districts	2	2	2	2	2
Special Road Districts	206	207	208	206	208
Municipalities	757	756	757	754	753
Tax Supported Public Libraries	79	79	79	79	79
Townships	283	283	283	283	283
Fire Protection Districts	391	388	384	380	376
Sewer Districts	7	7	7	7	7
Special Business Districts	17	17	18	18	20
Regional Recreational Districts	1	1	1	1	1
Community Improvement Districts	11	11	12	12	8
Health Centers	90	90	90	90	90
Special Road District Subdistrict	1	1	1	1	1
Extension Districts	2	1	1	1	1
Transportation Development District	1	1	1	1	1
Developmental Disabilities	0	0	0	0	4
Junior Colleges	12	12	12	12	12
Museum District	1	1	1	1	1
School Districts	495	495	495	495	495
Special School Districts	2	2	2	2	2
Counties	114	114	114	114	114
Total Types of Taxing Authorities	2647	2643	2644	2635	2634
Source: State Auditor Property Tax Rate Report					

In response to similar legislation from this year, HCS for SCS for SB 908, officials from the **Office of the State Auditor**, the **City of Springfield,** the **City of Hughesville** and the **City of O'Fallon** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

§57.317 – (SA 9) – Sheriff Salaries – Boone County

Oversight notes in similar legislation to SB 1036 from this year, county commissions were asked to respond to Oversight's request for fiscal impact, but did not provide any information. Oversight notes this amendment pertains to the Boone County Sheriff's salary. Oversight assumes this amendment does not place a limitation on the salary of the Boone County Sheriff and, therefore, there could be a potential increase from the in salary that would be higher than what current statute dictates. Because Oversight is unclear on how much of an increase could be received by the Boone County Sheriff, Oversight will assume a $0 or unknown cost to the Boone County Sheriff's Office for this amendment.

§1 – (SA 10) – Property Conveyance for City of Kirksville to Kirksville R-III School District

In response to similar legislation from this year, HCS for HB 1597, officials from the **Office of Administration, Division of Facilities Management, Design and Construction** stated they do not make public the appraisal values for property that may be sold or conveyed because public knowledge of such information may hinder the State's ability to gain the best value for the property. Additionally, since the terms of conveyances are yet to be determined, the fiscal impact, if any, cannot be calculated. Therefore, the fiscal impact is $0 to unknown.

In response to similar legislation from this year, HCS for HB 1597, officials from the **Office of the Governor** and the **Attorney General's Office** each assumed the proposal would not fiscally impact their respective offices.

In response to similar legislation from this year, HCS for HB 1597, officials from the **Department of Public Safety – Missouri National Guard (MONG)** assumed the proposal would not fiscally impact their organization.

Officials from the City of Kirksville did not respond to Oversight's request for fiscal impact.

As this parcel appears to be material in size (square city block contained by West Scott Street, West Fillmore Street, South Main Street and South Elson Street; which currently contains the Missouri National Guard Armory building), **Oversight** will reflect the transaction of the conveyance of state property in Adair County to the Kirksville R-III school district as 1) a loss of the value of the state property, 2) the proceeds (if any) of the sale/conveyance, and 3) the annual savings (if any) to the state no longer maintaining the property. Oversight will assume a fiscal impact of less than $250,000.

§2 – (SA 10) – Property Conveyance for City of Kirksville to Truman State University

In response to similar legislation from this year, HCS for HB 1597, officials from the **Office of Administration, Division of Facilities Management, Design and Construction (FMDC)** stated they do not make public the appraisal values for property that may be sold or conveyed because public knowledge of such information may hinder the State's ability to gain the best value for the property. Additionally, since the terms of conveyances are yet to be determined, the fiscal impact, if any, cannot be calculated. Therefore, the fiscal impact is $0 to unknown.

In response to similar legislation from this year, HCS for HB 1597, officials from the **Office of the Governor** and the **Attorney General's Office** each assumed the proposal would not fiscally impact their respective offices.

Officials from Truman State University did not respond to **Oversight's** request for fiscal impact.

§§3, 4, 5 – (SA 10) – Property Conveyance for City of Rolla to Edgewood Investments, the City of St. Louis and St. Louis County

Oversight is unclear how the sections in this amendment will impact state and local governments but assumes there will be a similar impact as stated in §1 & §2 above. Therefore, Oversight will reflect a similar fiscal impact to what was stated in §1 & §2 above.

§164.450 – (SA 11) – Bonded Indebtedness of School Districts

In response to similar legislation from this year, SB 1034, officials from the **Office of the State Courts Administrator** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Oversight will reflect a zero impact in the fiscal note for this agency.

Oversight assumes this amendment relates to certain school districts within St. Charles County only, and may create a fiscal impact to such districts. Therefore, Oversight will reflect a $0 or Unknown cost to these school districts.

§144.051 – (SA 12) – 2026 FIFA World Cup Tickets Sales Tax Exemption

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal may impact the calculation under Article X, Section 18(e).

B&P states this proposal would exempt all tickets sold to the 2026 FIFA World Cup in Jackson County between 6/1/2026 and 7/31/2026 from sales and use taxes.

B&P notes that Kansas City, MO is currently in the host city selection for the 2026 FIFA World Cup. B&P further notes that the final U.S. host cities have not yet been determined. As of 12/19/2021, there are currently 17 cities competing to host 11 U.S. FIFA World Cup Games.

B&P further notes that, if selected, Kansas City would host a 2026 FIFA World Cup game at Arrowhead Stadium, which has a capacity of 76,416. Therefore, B&P will assume that 76,416 tickets would be sold and qualify under this exemption.

In addition, the 2026 game ticket prices are still unknown. However, tickets for the 2022 FIFA World cup ranged from $105 to $210 for regular group matches and $455 to $1,100 for the finals. It is currently unknown which game would be hosted in Kansas City. Table 1 shows the estimated ticket sales under both game hosting scenarios.

Table 1: Estimated Total Ticket Sales

Total Estimated Ticket Sales	Low	High
Group Match	$8,023,680	$16,047,360
Finals	$34,769,280	$84,057,600

*Site selection is still occurring. It is unknown if Kansas City will be selected or what game may be hosted in the city.

B&P notes that while the exemption would cover both FY26 (6/2026) and FY27 (7/2026), ticket sales for the 2022 games typically sold out within hours of release. Therefore, B&P will reflect the total potential loss as occurring in FY26 (6/2026).

For the purpose of this fiscal note, B&P will reflect three potential impacts. First, that Kansas City is not selected. Second, that Kansas City is selected to host a group match. Third, that Kansas City is selected to host the finals. Table 2 shows the potential revenue impact under all three scenarios.

State Funds	FY 2026 Low Price	High Price
Not Selected	$0	
OR		
Group Match		
General Revenue	($240,710)	($481,421)
Education	($80,237)	($160,474)
Conservation	($10,030)	($20,059)
DNR	($8,024)	($16,047)
Total State Revenues	($339,000)	($678,001)
OR		
Finals Match		
General Revenue	($1,043,078)	($2,521,728)
Education	($347,693)	($840,576)
Conservation	($43,462)	($105,072)
DNR	($34,769)	($84,058)
Total State Revenues	($1,469,002)	($3,551,434)

Therefore, B&P estimates that if Kansas City is not selected to host a 2026 FIFA World Cup game, there will be no TSR or local sales tax impact. If Kansas City is selected to host a group match, GR could be reduced by ($240,710 to $481,421) and TSR could be reduced by ($339,000 to $678,001). If Kansas City is selected to host a final match, GR could be reduced by ($1,043,078 to $2,521,728) and TSR could be reduced by ($1,469,002 to $3,551,434).

Table 3: Estimated Local Sales Tax Impact

Local Sales Tax	FY 2026 Low Price	 High Price
Not Selected	$0	$0
OR		
Group Match		
• Jackson County	($100,296)	($200,592)
• Kansas City	($260,770)	($521,539)
• Kansas City Zoological District	($10,030)	($20,059)
Group Match Total	($371,095)	($742,190)
OR		
Finals		
• Jackson County	($434,616)	($1,050,720)
• Kansas City	($1,130,002)	($2,731,872)
• Kansas City Zoological District	($43,462)	($105,072)
Finals Total	($1,608,079)	($3,887,664)

For the purpose of this fiscal note, B&P assumes that the sales tax rate for the Arrowhead Stadium would be applied to all ticket sales (in-person and online). B&P notes that the sales tax rate for the Arrowhead Stadium is 4.625%, with 1.25% for Jackson County, 3.25% for Kansas City, and 0.125% for the Kansas City Zoological District.

Therefore, B&P estimates that local sales tax could be reduced by ($371,095 to $742,190) if Kansas City hosts a group match game or by ($1,608,079 to $3,887,664) if Kansas City hosts a final match.

Officials from the **Department of Revenue (DOR)** state this proposal grants a state and local sales and use tax exemption for admission tickets to the 2026 FIFA World Cup soccer tournament. The tournament is scheduled to be played in July 2026. Historically tickets go on sale the month before and are sold out within hours. The FIFA association is in the process of choosing a site. The City of Kansas City is under consideration as one of the sites. It is unknown if they will get chosen and if chosen whether they would host a group match or final match.

This sales tax exemption would be limited to June 1, 2026- July 31, 2026 in Kansas City for the tickets sales of the event. If Kansas City is not chosen then this proposal will not have a fiscal impact. If Kansas City is chosen, they are expected to play at Arrowhead Stadium; which has a seating capacity of 76,416. The average ticket prices for the 2022 World Cup show that group match tickets are between $105- $210, while final matches sell for $455-$1,100. Using this information they calculated:

Total Estimated Ticket Sales	Low	High
Group Match	$8,023,680	$16,047,360
Finals	$34,769,280	$84,057,600

The state sales and use tax rate is 4.225% broken down:
General Revenue 3%
School District Trust 1%
Conservation Commission .125%
Park, Soil & Water .1%

The impact will be either $0 (not selected as a site) or the amounts projected below:

Estimated Impact by State Fund

Group Match	FY 2026	
State Fund	Low Price	High Price
General Revenue	($240,710.00)	($481,421.00)
Education	($80,237.00)	($160,474.00)
Conservation	($10,030.00)	($20,059.00)
DNR	($8,024.00)	($16,047.00)
Total State Revenues	($339,000.00)	($678,001.00)

OR

Estimated Impact by State Fund

Finals Match	FY 2026	
State Fund	Low Price	High Price
General Revenue	($1,043,078.00)	($2,521,728.00)
Education	($347,693.00)	($840,576.00)
Conservation	($43,462.00)	($105,072.00)
DNR	($34,769.00)	($84,058.00)
Total State Revenues	($1,469,002.00)	($3,551,434.00)

Arrowhead Stadium is in the following taxing jurisdictions. Jackson County has a local sales tax rate of 1.25%, Kansas City has a 3.25% rate and the Kansas City Zoological District has a .0125% rate for a total of 4.625%. We will use the 4.625% for the fiscal note.

Estimated Local Sales Tax Impact FY 2026	Local Sales Tax	
Group Match	Low Price	High Price
Jackson County	($100,296.00)	($200,592.00)
Kansas City	($260,770.00)	($521,539.00)
Kansas City Zoological District	($10,030.00)	($20,059.00)
Group Match Total	($371,095.00)	($742,190.00)

OR

Estimated Local Sales Tax Impact FY 2026	Local Sales Tax	
Final Match	Low Price	High Price
Jackson County	($434,616.00)	($1,050,720.00)
Kansas City	($1,130,002.00)	($2,731,872.00)
Kansas City Zoological District	($43,462.00)	($105,072.00)
Final Match Total	($1,608,079.00)	($3,887,664.00)

DOR assumes this proposal will require programming changes estimated to be $3,596.

Oversight notes that **DOR** assumes this proposal will require programming changes with an estimated cost of $3,596. **Oversight** assumes the **Department of Revenue** is provided with core funding to handle a certain amount of activity each year. Oversight assumes **DOR** could absorb the 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. Officials from the **DOR** assume the proposal will have no fiscal impact on their organization.

Oversight notes that both **B&P** and **DOR** assume the proposal will have a negative fiscal impact on state revenue and local funds. Therefore, Oversight will reflect B&P's and the DOR's estimates and range their high and low impacts per match on the fiscal note as summarized in table below.

Estimated Fiscal Impact to General Revenue

	FY 2023		FY 2024		FY 2025		FY 2026	
	Low	High	Low	High	Low	High	Low	High
No Match	$0	$0	$0	$0	$0	$0	$0	$0
Group Match	$0	$0	$0	$0	$0	$0	($240,710)	($481,421)
Final Match	$0	$0	$0	$0	$0	$0	($1,043,078)	($2,521,728)

Officials from the **City of Kansas City** assume the proposal would have a negative fiscal impact on Kansas City as a result of lost sales tax revenue.

Oversight notes the above local political subdivision stated this proposal would have negative fiscal impact on their respective local subdivision of an indeterminate amount. Therefore, Oversight will note B&P and DOR's estimates for impact to local political subdivisions on the fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions. Officials from Jackson County were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

Oversight notes Arrowhead stadium is not configured for soccer and assume adjustments will need to be made regarding the width of the field to accommodate a FIFA match. Oversight is unsure if this will impact seating capacity. Oversight will range the fiscal impact per match from $0 (Kansas City not selected) OR a range from $105 per ticket to $1,100 per ticket.

§260.295 – (SA 13) – Regulating of Refrigerants

In response to similar legislation from this year, Perfected HB 2593, officials from the **City of Springfield** and **City of St. Louis** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for this section.

In response to similar legislation from this year, Perfected HB 2593, officials from the **Department of Commerce and Insurance**, the **Department of Natural Resources**, the **Department of Public Safety's Office of the Director**, the **Department of Health and Senior Services**, the **Department of Revenue**, the **Joint Committee on Administrative Rules**, the **City of Claycomo**, the **City of O'Fallon** and the **Newton County Health Department** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

§144.064 – (SA 14) - Firearm and ammunition sales tax exemption

Officials from the **City of Kansas City** and the **City of Springfield** each assume a negative fiscal impact from this proposal.

In response to a similar proposal (HB 1577), officials from the **Office of Administration - Budget and Planning (BAP)** notes this provision would exempt firearms, firearm components, ammunition, and the components of making ammunition from sales tax beginning August 28, 2022.

B&P notes that firearm components include the action, stock, and barrel. Ammunition components include the cartridge case, primer cap, propellant powder, and projectile. B&P was unable to determine how much of any such items are sold within Missouri.

For the purpose of this fiscal note, B&P assumes that bullet manufactures located within Missouri are already receiving a sales tax exemption under Section 144.054 (manufacturing sales tax exemption).

<u>Firearms</u>
For the purpose of this fiscal note, B&P will use the number of FBI background checks to estimate the number of guns purchases per year. B&P notes that not every background check will result in the purchase of a firearm and some background checks will result in the purchase of multiple firearms.

Based on data published by the FBI, the average number of background checks was 592,972 for 2019-2021. Based on research, B&P determined that the average price of a firearm is $650. Therefore, B&P estimates that this provision will exempt approximately $385,431,800 (592,972 x $650) in taxable sales from state and local sales taxes.

<u>Ammunition</u>
Based on price research, B&P estimates that the average price of ammunition for the following types of firearms:

- Handguns - $0.45 per round
- Rifles - $2.00 per round
- Shotguns - $1.07 per round
- Specialty guns (antiques) - $1.18 per round

Based on further research, B&P found that the average gun owner also purchases the following amounts of ammunition rounds:

- Handguns – 500 to 1,500 rounds
- Rifles – 500 to 2,000 rounds
- Shotguns – 250 to 1,000 rounds
- Specialty guns (antiques) – 50 to 250 rounds

Therefore, B&P estimates that the average gun owner spends the following amount on ammunition:

- Handguns - $225 to $675
- Rifles - $1,000 to $4,000
- Shotguns - $268 to $1,070
- Specialty guns (antiques) - $59 to $295

B&P notes that based on additional data, 74% of ammunition purchases are made for handguns.

Using the FBI background data (discussed above), B&P estimates that this provision could exempt $189,620,586 to $660,452,241 in taxable sales from state and local sales taxes. B&P notes that this estimate only includes ammunitions purchases for new guns and does not include additional purchases for firearms that were bought in previous years.

Summary
Once fully implemented in FY24, B&P estimates that this provision could reduce TSR by $24,295,963 to $44,188,599 and GR by $17,251,572 to $31,376,520. Using the population weighted sales tax rate of 4.03% for 2021, B&P estimates that this provision may reduce local sales tax collections by $23,174,611 to $42,149,126 once fully implemented in FY24.

Table 1: Impact by Fund

	FY23		FY24	
State Funds	Low	High	Low	High
General Revenue	($14,376,310)	($26,147,100)	($17,251,572)	($31,376,520)
Education (SDTF)	($4,792,103)	($8,715,700)	($5,750,524)	($10,458,840)
Conservation	($599,013)	($1,089,463)	($718,815)	($1,307,355)
DNR	($479,210)	($871,570)	($575,052)	($1,045,884)
Total State Loss	($20,246,636)	($36,823,833)	($24,295,963)	($44,188,599)
Local Funds				
Local Sales Tax	($19,312,176)	($35,124,272)	($23,174,611)	($42,149,126)

In response to a similar proposal (HB 1577), officials from the **Department of Revenue (DOR)** stated this proposal would grant a state and local sales tax exemption for firearms sold in this state. The current sales tax rate on firearms and ammunition is 4.225%. This would remove the tax on these purchases starting August 28, 2022, the effective date of this proposal.

The Department notes the current state sales tax is 4.225%:

General Revenue is	3%
School District Trust Fund is	1%
Conservation Commission is	0.125%
Parks, Soil & Water Funds are	0.1%
Total	4.225%

The state uses a 4.03% weighted average for the local sales tax.

DOR researched the price of various firearms. DOR found that no single source maintains data on the amount of firearms that are sold annually. DOR found that prices varied on the different types of firearms:

Rifles $500-$10,000
Shotguns $400-$2,000
Handguns $250-$2,500
Revolvers $200-$1,500

The FBI background check report for Missouri in 2021 showed 634,191 background checks were completed but does not record the price of a firearm. The Department used a $500 cost for a firearm to estimate the impact of this proposal.

DOR determined this would be a loss to the state and locals of approximately $26,176,234.

DOR notes this proposal becomes effective August 28, 2022. For the simplicity of the fiscal note, DOR will show an impact of 10 months in FY 2023. The lost revenue would be distributed among the funds as follows:

Firearms	FY 2023 (10 months)	FY 2024	FY 2025
General Revenue	($7,927,388)	($9,512,865)	($9,512,865)
School District	($2,642,463)	($3,170,955)	($3,170,955)
Conservation	($330,308)	($396,369)	($396,369)
Park Soil	($264,246)	($317,096)	($317,096)
Locals	($10,649,124)	($12,778,949)	($12,778,949)

DOR was unable to find information on the amount of ammunition sold in Missouri. However, the National Shooting Sports Foundation estimates at least 12 billion rounds of ammunition are manufactured in the United States annually. Given that Missouri's population is 1.8% of the total population, DOR assumes that as much as 216,000,000 rounds of ammunition are sold in Missouri annually.

DOR notes just like the firearms that vary in price based on the size of the weapon, so does the ammunition. The current price is anywhere from $15 to $60 per box, with anywhere from 20 rounds to 50 rounds per box. Assuming all the ammunition in Missouri were sold as 50 rounds per box it would result in 4.32 million boxes of ammunition being sold. At the minimum price of $15 per box this would result in taxable sales of $64,800,000. At the state sales tax rate of 4.225% this proposal would result in a loss of $2,737,800 in state sales tax and another $2,611,440 in local sales tax being exempt. Using this information there could be a loss of:

Ammunition	tax rate	FY 2023 (10 months)	FY 2024+
General Revenue	0.03	($1,620,000)	($1,944,000)
School District	0.01	($540,000)	($648,000)
Conservation	0.00125	($67,500)	($81,000)
Park Soil	0.001	($54,000)	($64,800)
Locals	0.0403	($2,176,200)	($2,611,440)

The Bureau of Economic Analysis maintains records on the amount of sporting equipment, supplies, guns and ammunition that are sold annually. However, these items are lumped together and not segregated for just firearms or ammunition. According to their July 1, 2020 report there was $79.9 billion in goods sold in this category. Since Missouri is 1.8% of the population, DOR could assume that $1,438,200,000 of that category is sold here.

Sporting Goods	FY 2023 (10 months)	FY 2024
General Revenue	($35,955,000)	($43,146,000)
School District	($11,985,000)	($14,382,000)
Conservation	($1,498,125)	($1,797,750)
Park Soil	($1,198,500)	($1,438,200)
Locals	($48,299,550)	($57,959,460)

For the purpose of the fiscal note, DOR will range the impact from the firearms and ammunition combined amount (low range) to the sporting goods amount (high range).

	FY 2023 (10 months)		FY 2024	
	Low	High	Low	High
General Revenue	($9,547,388)	($35,955,000)	($11,456,865)	($43,146,000)
School District	($3,182,463)	($11,985,000)	($3,818,955)	($14,382,000)
Conservation	($397,808)	($1,498,125)	($477,369)	($1,797,750)
Park Soil	($318,246)	($1,198,500)	($381,896)	($1,438,200)
Locals	($12,825,324)	($48,299,550)	($15,390,389)	($57,959,460)

DOR notes this proposal will require updates to the sales tax system of $3,596. This proposal has the potential to increase the number of refund requests. DOR will need 1 Associate Customer Service Representative for every increase of 1,100 refund requests. At this time DOR believes it can absorb the impact, however, should DOR get enough refunds claims to justify new FTE, it will seek them through the appropriations process.

Oversight assumes the Department of Revenue is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the 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. Officials from the DOR assume the proposal will have no fiscal impact on their organization.

<u>§144.030.2(46) – (SA 17) – Exempting Diapers from Sales Tax</u>

Officials from the DOR note this section removes the state and local sales tax on diapers, including both diapers worn by children as well as adults. The current state sales tax rate of is 4.225%. DOR used a 4.03% weighted average local tax rate. The current state tax rate is distributed as:

General Revenue is	3.000%	
School District Trust Fund is	1.000%	(Section 144.701)
Conservation Commission Fund is	0.125%	(Article IV, Section 43(a))
Parks, Soil & Water Funds	0.100%	(Article IV, Section 47(a))

<u>Kids Diapers</u>
DOR notes that the average child wears diapers for three years before becoming fully toilet trained. DOR found the price of diapers vary from $0.20 per diaper for generics to $0.42 for name brand. Prices of diapers also depend on the size of the diaper. Estimates by various children's organizations indicate that an infant in the first year of life goes through 2,500 diapers. The next two years as toddlers, they go through 1,500 diapers annually.

Year	Wearing Diaper How Many	Low Price per Diaper	High Price per Diaper	Total Cost Low	Total Cost High
First Year	2,500	0.2	0.27	$500	$675
Second Year	1,500	0.3	0.41	$450	$615
Third Year	1,500	0.32	0.42	$480	$630

Based on the Department of Health and Senior Services, the average number of resident births from 2017-2019 was 72,800. Given that 3 years' worth of children are wearing diapers in any one year (1 set of infants and 2 sets of toddlers) DOR estimates the following:

Births Annually	72,800
# of kids in Diapers Annually	218,400

# of Diapers Annually	
Infant	182,000,000
toddler (2yrs)	218,400,000
total (kids * diapers)	400,400,000

DOR notes this proposal would result in a loss to the state and locals of the following.

Diapers Taxable Sales		$104,104,000	$139,776,000
Fund	Tax Rate	Full Year - Low	Full Year - High
TSR	0.04225	$4,398,394	$5,905,536
GR	0.03	$3,123,120	$4,193,280
Education	0.01	$1,041,040	$1,397,760
DNR	0.001	$104,104	$139,776
Conservation	0.00125	$130,130	$174,720
Locals	0.0403	$4,195,391	$5,632,973

DOR assumes this proposal would become effective August 28, 2022. Therefore, there will be two months of tax collected in FY 2023 before the products become exempt. DOR will show 10 months of impact in FY 2023.

	FY 2023 (10 months) Low	FY 2023 High	FY 2024 Low	FY 2024 High
General Revenue	($2,602,600)	($3,494,400)	($3,123,120)	($4,193,280)
Education	($867,533)	($1,164,800)	($1,041,040)	($1,397,760)
Park, Soil & Water	($86,753)	($116,480)	($104,104)	($139,776)
Conservation	($108,442)	($145,600)	($130,130)	($174,720)
Locals	($3,496,159)	($4,694,144)	($4,195,391)	($5,632,973)

Adult Diapers
Approximately one third of adults age 65 and older have moderate to severe urinary incontinence and 6 percent had moderate to severe bowl incontinence. According the United State Census Bureau 2019 population report, 1,057,943 individuals residing in Missouri were 65 or over. The DOR notes that it is estimated that people with minor to moderate incontinence wear approximately 4 diapers per day while those with those with full urinary or fecal incontinence wear 6 diapers per day. The Department estimates that approximately 285,645 individuals aged 65 and over would utilize the four adult urinary incontinence diapers while 63,477 would wear 6 adult diapers daily.

The average cost for urinary incontinence diapers is $1.31 per diaper.

Number of people	# of Diapers	Days per year	Total Diapers per person	Price per diaper	Total Sales
285,645	4	365	1460	$1.31	$546,324,627
63,477	6	365	2190	$1.31	$182,109,166
					$728,433,793

DOR expects this proposal to result in a loss to General Revenue and locals.

Diapers Taxable Sales	$728,433,793

	Tax Rate	Full Year
TSR	0.04225	$30,776,248
GR	0.03	$21,852,955
Education	0.01	$7,284,318
DNR	0.001	$728,432
Conservation	0.00125	$910,540
Locals	0.0403	$29,355,803

DOR assumes this proposal would become effective August 28, 2022. Therefore, there will be two months of tax collected in FY 2023 before the products become exempt. DOR will show 10 months of impact in FY 2023.

	FY 2023 (10 months)	FY 2024
General Revenue	($18,210,796)	($21,852,955)
Education	($6,070,265)	($7,284,318)
Park, Soil & Water	($607,027)	($728,432)
Conservation	($758,783)	($910,540)
Locals	($24,463,169)	($29,355,803)

DOR does not expect this proposal to have an administrative impact on the Department.

Officials from the **Office of Administration - Budget and Planning** assume this proposal would exempt all sales of diapers from sales tax beginning August 28, 2022.

Diaper (Child) Sales Tax Reduction
Based on research, B&P found that the average amount spent on diapers was $550 to $840 per year. Based on information from the University of Michigan Hospital, the average age until children are toilet trained is 2.5 years. Based on information provided by the United State Census 2019 population estimates (the most recent complete year available), there were approximately 217,232 children living in Missouri ages 0-2 years old.

Therefore, B&P estimates total sales of $119,477,600 (217,232 children x $550) up to $182,474,880 (217,232 children x $840) may be become exempt from sales tax by this proposal. B&P estimates that this provision could reduce TSR by $5,047,929 to $7,709,564 annually. Using the population weighted average sales tax rate of 4.03% for 2021, B&P further estimates that this provision could reduce local sales tax collections by $4,814,947 to $7,353,738 annually.

Diaper (Adult) Sales Tax Reduction
According to research completed by the CDC, approximately 25% of adults age 65 and up had moderate to severe urinary incontinence and 8% had moderate to severe bowel incontinence. B&P notes that according the United State Census 2019 population (the most recent complete year available) estimates there were approximately 1,062,037 individuals residing in Missouri age 65 and over.

Based on these numbers, B&P estimates that approximately 265,509 individual age 65 and over would utilize adult urinary incontinence diapers. B&P further estimates that approximately 84,963 individuals residing in Missouri age 65 and over would utilize adult bowel incontinence diapers.

Based on information from a budgeting website, the average cost for urinary incontinence diapers is $160 to $240 per month, for a yearly cost of $1,920 to $2,880. Further information from the budgeting website lists the average monthly bowel incontinence diapers is $60 to $180 per month, for a yearly cost of $720 to $2,160.

B&P estimates that total annual sales for urinary incontinence adult diapers would be approximately $509,777,760 (265,509 people x $1,920 annual cost) up to $764,666,640 (265,509 people x $2,880 annual cost).

B&P further estimates that the total annual sales for bowel incontinence adult diapers would be $61,173,331 (84,963 people x $720 annual cost) up to $183,519,994 (84,963 people x $2,160 annual cost).

Therefore, B&P estimates total sales of $570,951,091 ($509,777,760 + $61,173,331) up to $948,186,634 ($764,666,640 + $183,519,994) may be become exempt from sales tax by this proposal. B&P estimates that this provision could reduce TSR by $24,122,684 to $40,060,885 annually. Using the population weighted average sales tax rate of 4.03% for 2021, B&P further estimates that this provision could reduce local sales tax collections by $23,009,329 to $38,211,921 annually.

Summary
B&P estimates that this proposal may reduce TSR by $24,308,844 to $39,808,707 during FY23. Once fully implemented in FY24, this proposal may reduce TSR by $29,170,612 to $47,770,449 annually. Table 1 shows the estimated impact by provision and fund.

Table 1: Loss by Provision and Fund

State Fund	FY23		FY24	
General Revenue				
Diapers - Child	(2,986,940)	(4,561,872)	(3,584,328)	(5,474,246)
Diapers - Adult	(14,273,777)	(23,704,666)	(17,128,533)	(28,445,599)
Total GR Loss	**(17,260,717)**	**(28,266,538)**	**(20,712,861)**	**(33,919,845)**
Education				
Diapers - Child	(995,647)	(1,520,624)	(1,194,776)	(1,824,749)
Diapers - Adult	(4,757,926)	(7,901,555)	(5,709,511)	(9,481,866)
Total Education Loss	(5,753,572)	(9,422,179)	(6,904,287)	(11,306,615)
Conservation				
Diapers - Child	(124,456)	(190,078)	(149,347)	(228,094)
Diapers - Adult	(594,741)	(987,694)	(713,689)	(1,185,233)
Total Conservation Loss	(719,197)	(1,177,772)	(863,036)	(1,413,327)
DNR				
Diapers - Child	(99,565)	(152,062)	(119,478)	(182,475)
Diapers - Adult	(475,793)	(790,156)	(570,951)	(948,187)
Total DNR Loss	(575,357)	(942,218)	(690,429)	(1,130,662)
Total TSR Loss	**(24,308,844)**	**(39,808,707)**	**(29,170,612)**	**(47,770,449)**
Local Funds				
Diapers - Child	(4,012,456)	(6,128,115)	(4,814,947)	(7,353,738)

Diapers - Adult	(19,174,441)	(31,843,268)	(23,009,329)	(38,211,921)
Total Local Loss	**(23,186,897)**	**(37,971,382)**	**(27,824,276)**	**(45,565,659)**

Oversight notes both DOR & B&P assume this proposal will have a negative fiscal impact to both state and local funds. Therefore, Oversight will show B&P's and DOR's lowest and highest projected fiscal estimates to show the minimum low and maximum impact of this proposal.

Officials from the **Missouri Department of Conservation** state this proposal will have an unknown fiscal impact but greater than $250,000. 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. Any increase in sales and use tax collected would increase revenue to the Conservation Sales Tax funds. However, the initiative is very complex and may require adjustments to Missouri sales tax law which could cause some downside risk to the Conservation 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.

Oversight notes that 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, thus MDC=s sales taxes are constitutional mandates. Therefore, Oversight will reflect the B&P's and DOR's fiscal impact estimates for MDC's funds.

Officials from the **City of Kansas City,** the **City of Springfield,** and the **City of Sikeston** assume the proposal could have a negative fiscal impact on their respective cities in an indeterminate amount.

Oversight notes the above local political subdivisions stated the proposal would have negative fiscal impact on their respective subdivisions of an indeterminate amount. Therefore, Oversight will note B&P's and DOR's estimate for local political subdivisions on the fiscal note

Officials from the **Department of Natural Resources** and the **Department of Elementary and Secondary Education** each defer to the **Department of Revenue** for the potential fiscal impact of this proposal.

Officials from the **Department of Social Services** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

<u>§144.030.2(47) – (SA 17) – Exempting Feminine Hygiene Products from Sales Tax</u>

In response to similar legislation from this year, SB 897, officials from the **Office of Administration - Budget and Planning (B&P)** assumed this proposal may reduce TSR by $3,871,045 to $5,925,068 annually once fully implemented.

B&P notes this proposal would exempt all sales of feminine hygiene products from sales tax beginning August 28, 2022.

Feminine Hygiene Products
Based on information from multiple sites, B&P estimates that women purchase an average of 6.8 to 7.2 boxes of tampons and 1.7 to 1.8 boxes of pads and liners per year (using the average cycle length of 28 to 30 days), with an average price of $7 to $10 per box. B&P was also able to determine that the average age for menstruation is 12-51, and based on data provided by the United State Census 2019 population estimates (the most recent complete year available), there are approximately 1,549,453 woman between those ages residing in Missouri.

Therefore, B&P estimates total sales of $91,622,359 to $140,238,305 may be become exempt from sales tax by this proposal. B&P estimates that this provision could reduce TSR by $3,871,045 to $5,925,068 annually. Using the population weighted average sales tax rate of 4.03% for 2021, B&P further estimates that this provision could reduce local sales tax collections by $3,692,381 to $5,651,604 annually. Table 1 shows the estimated impact by fund.

Table 1: Estimated Loss by Fund

State Fund	FY23		FY24	
General Revenue	**($2,290,559)**	**($3,505,958)**	**($2,748,671)**	**($4,207,149)**
Education	($763,520)	($1,168,653)	($916,224)	($1,402,383)
Conservation	($95,440)	($146,082)	($114,528)	($175,298)
DNR	($76,352)	($116,865)	($91,622)	($140,238)
Total TSR Loss	**($3,225,871)**	**($4,937,557)**	**($3,871,045)**	**($5,925,068)**
Local Funds	**($3,076,984)**	**($4,709,670)**	**($3,692,381)**	**($5,651,604)**

In response to similar legislation from this year, SB 897, officials from the **Department of Revenue (DOR)** stated beginning August 28, 2022, there shall be no state or local sales or use tax levied and imposed under Chapter 144 on the retail sales of feminine hygiene products. The current state sales tax rate is 4.225% and the current weighted average for local sales tax is 4.03%. The current sales tax rate is distributed as:

General Revenue 3%
School District Trust Fund 1%
Parks, Soil and Water Funds 0.1%
Conservation Commission Fund 0.125%
Local Sales Tax 4.03%

Information from numerous sources indicates that a women menstruates 500 times in her lifetime, usually between the ages of 13-51. The average length of a period is 3-7 days. Sources indicate that a woman uses the following:

	Number per cycle	Number per year	Number in Box	Boxes per year
Tampons	20	260	36	7.2
Pads/Panty Liners	5	65	36	1.8

Note a woman has 13 cycles a year (28 day cycle)/352 days a year.

The price per tampons and pads vary. DOR used a low and high price when determining the fiscal impact.

	Price Low	Price High	Total Cost Low	Total Cost High
Tampons	$7.00	$10.00	$50.56	$72.22
Pads/Panty Liners	$7.00	$10.00	$12.64	$18.06
Total			$63.20	$90.28

Using information from the US Census Bureau (2019 ACS 1 year estimates), DOR calculated the number of women having a period in Missouri (those between 13and 51) as 1,515,420.

This proposal begins August 28, 2022 (FY 2023). The Department will show a lesser loss to Fiscal Year 2023 because there are two months in Fiscal Year 2023 in which feminine products would remain applicable to have the full amount of state sales tax collected. This would result in the following loss:

Fund	Tax Rate Full Year	Low	High
TSR	0.04225	$4,046,119	$5,780,170
General Revenue	0.03	$2,872,984	$4,104,263
School District	0.01	$957,661	$1,368,088
Park, Soil & Water	0.001	$95,766	$136,809
Conservation	0.00125	$119,708	$171,011
Locals	0.0403	$3,859,375	$5,513,393

DOR notes this would require one time computer programming and form changes. This is estimated to cost $3,596.

Oversight notes **DOR** assumes this proposal will require form and programming changes at an estimated cost of $3,596. **Oversight** assumes **DOR** is provided with core funding to handle a certain amount of activity each year. Oversight assumes **DOR** could absorb the 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.

Oversight notes this proposal would exempt feminine hygiene products, from sales tax beginning August 28, 2022 (Fiscal Year 2023). Oversight will use the B&P's and DOR's lowest and highest projected fiscal estimates to show the maximum low and high impact.

In response to similar legislation from this year, SB 897, officials from the **Department of Natural Resources** deferred to the **Department of Revenue** for the potential fiscal impact of this proposal.

In response to similar legislation from this year, SB 897, officials from the **Missouri Department of Conservation (MDC)** assumed the proposal will have an unknown fiscal impact but greater than $250,000. 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. Any decrease in sales and use tax collected would decrease revenue to the Conservation Sales Tax funds. However, the initiative is very complex and may require adjustments to Missouri sales tax law which could cause some downside risk to the Conservation Sales Tax. MDC assumes the Department of Revenue would be better able to estimate the anticipated fiscal impact that would result from this proposal.

Oversight notes that the Conservation and Park, Soil, and Water Sales Tax funds are derived from the one-eighth of one percent sales and use tax pursuant to Article IV Section 43 (a) of the Missouri Constitution and the one-tenth of one percent sales and use tax pursuant to Article IV Section 47 (a) of the Missouri Constitution thus MDC and DNR sales taxes are constitutional mandates. Therefore, Oversight will reflect the B&P's and DOR's estimates of impact on the fiscal note.

In response to similar legislation from this year, SB 897, officials from the **Department of Elementary and Secondary Education** and the **Missouri Department of Transportation** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>§1 – (SA 17) – Right to refuse the COVID-19 vaccine and medical treatment</u>

In response to similar legislation from this year, Perfected HCS for HB 1686, officials from the **Department of Labor and Industrial Relations** assumed the proposal would not have a direct fiscal impact on their organization.

Officials from the **Department of Mental Health (DMH)** noted:

This proposal prohibits a political subdivision from requiring a public employee to receive a COVID-19 vaccination. DMH is not excluded from the definition of "political subdivision" and therefore would be subject to this provision**.**

Section 191.230.3 of this version of the proposal exempts from the prohibition health facilities that must have a requirement to participate in federal programs. This presumably includes Department of Mental Health (DMH) and its agencies. This version also adds workers compensation eligibility for individuals who are injured by required medical treatment. This provision does not define how causation from immunization or treatment to injury will be traced. Further, the provision does not identify which entity is responsible for determining whether an injury was caused by an immunization or medical treatment. Further clarification is needed in the proposed language to address these issues.

The language also will hinder DMH's ability to protect the population served by DMH in a congregate setting. For example, DMH currently requires staff at certain DMH inpatient facilities to undergo tuberculosis testing. The patient population served by DMH has higher rates of comorbidities and demographic factors that make those patients more vulnerable to infectious disease. Given the vulnerable population served by DMH, it is critical for DMH to set required working conditions in DMH operated congregate settings for both the safety of staff and patients. Due to the vulnerable population served in DMH congregate care inpatient settings, when DMH deems it necessary, all employees are required to test for certain infectious diseases regardless of vaccination status.

Due to the uncertainty surrounding a federal vaccination mandate, DMH cannot calculate a fiscal impact on the Department at this stage; therefore, the fiscal impact to the Department is unknown at this time.

In response to similar legislation from this year, Perfected HCS for HB 1686, officials from the **Attorney General's Office** (AGO) noted that there is a theoretical possibility that this proposal could have an impact on the Legal Expense Fund (LEF) for various agencies throughout the state.

Oversight notes most LEF costs are reimbursed from the General Revenue Fund (GR). GR has paid for the majority of payments from the LEF since payments on LEF cases for agencies with designated reimbursable funds have been relatively small. According to Office of Administration - Risk Management (OARM), broader budget authority to transfer from Federal and Other Funds beginning in FY 18 allowed for an increase of percentage of payments from Federal and Other Funds.

Oversight notes that the HCS specifically excludes any health care facilities, in Missouri, receiving federal funding in order to sustain current or future operations while staying in compliance with various federal guidelines. Therefore, for purpose of this fiscal note, **Oversight** will note zero impact to the state agencies, or political subdivisions receiving federal funds who provides any such services.

In response to similar legislation from this year, Perfected HCS for HB 1686, officials from the **Northwest Missouri State University** assumed they are unable to determine fiscal impact at this time. Impact is contingent upon Federal mandates affecting grants and government grant fund recipients.

In response to similar legislation from this year, Perfected HCS for HB 1686, officials from the **University of Central Missouri** assume the proposal will have an indeterminate fiscal impact on their organization.

In response to similar legislation from this year, Perfected HCS for HB 1686, officials from the **Missouri University System** stated the proposal will not have a significant impact on the UM System. **Oversight** notes that the HCS specifically exclude any organizations receiving federal funding in order to sustain current or future operations while staying in compliance with various federal guidelines. Therefore, for purpose of this fiscal note, **Oversight** will note zero impact for colleges and universities.

Excludes Certain Facilities

In response to similar legislation from this year, Perfected HCS for HB 1686, officials from the **Department of Social Services (DSS)** noted:

The United States Supreme Court held in *Biden v. Missouri* on January 13, 2022, that the Secretary did not exceed his statutory authority in requiring that, in order to remain eligible for Medicare and Medicaid dollars, the facilities covered by the interim rule must ensure that their employees be vaccinated against COVID-19.

If the definition of "healthcare institutions" as used in 199.170 does not include all healthcare providers subject to the requirements of the interim rule (86 FR 61555), which include Ambulatory Surgical Centers; Hospices; Psychiatric Residential Treatment Facilities; Programs of All-Inclusive Care for the Elderly (PACE); Hospitals; Long Term Care (LTC) Facilities; Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICFs-IID); Home Health Agencies; Comprehensive Outpatient Rehabilitation Facilities; Critical Access Hospitals; Clinics, Rehabilitation Agencies, and Public Health Agencies as Providers of Outpatient Physical Therapy and Speech-Language Pathology Services (organizations); Community Mental Health Centers (CMHCs); Home Infusion Therapy (HIT) Suppliers; Rural Health Clinics (RHCs) / Federally Qualified Health Centers (FQHCs); and End-Stage Renal Disease (ESRD) Facilities, implementing this bill could have an unknown impact of a loss of federal funding.

Oversight notes that DSS assumes that HA 1 to HCS for HB 1686 could have potentially unknown impact of a loss of federal funding due to the uncertainty which facilities are excluded or not under this specific proposal. **Oversight** does not have any information to the contrary. Therefore, **Oversight** will reflect a range from zero (the statute is sufficient to exclude all facilities dependent on federal funding) or negative Unknown (statue is not sufficient to exclude all long term facility dependent on federal funding) impact in the fiscal note.

Rule Promulgation

In response to similar legislation from this year, Perfected HCS for HB 1686, officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to similar legislation from this year, Perfected HCS for HB 1686, officials from the **Office of the Secretary of State (SOS)** assumed that 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 $5,000. 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 its 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 assumed SOS is provided with core funding to handle a certain amount of activity each year. Oversight assumes SOS could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs.

Officials from the **City of Kansas City** and the **City of Springfield** each assume a negative fiscal impact from this proposal.

§§59.310, 92.720, 92.740, 92.750, 92.760, 92.765, 92.770, 92.775, 92.810, 92.815, 92.817, 92.825, 92.835, 92.840, 92.852, 92.855, & 442.130 – (SA 18) – Certain Property Regulations

In response to similar legislation from this year, Perfected HCS for HB 2218, officials from the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Office of the State Courts Administrator**, the **St. Louis County Police Department** and the **Metropolitan St. Louis Sewer District** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies for these sections.

In response to similar legislation from this year, Perfected HCS for HB 2218, officials from the **Department of Commerce and Insurance**, the **Department of Economic Development**, the **Missouri Department of Transportation**, the **State Tax Commission**, the **City of Kansas City** and the **City of O'Fallon** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies for these sections.

Officials from the City of St. Louis and the St. Louis Metropolitan Police Department did not respond to **Oversight's** request for fiscal impact for this proposal.

<u>§67.2300 – (SA 19) - Homelessness</u>

Officials from the **Department of Economic Development (DED)** assume §67.2300 creates a short-term housing construction program for the homeless to be funded from state funds. The DED is required to provide bonuses of up to ten percent for such programs that meet guidelines as established by the DED. Also requires the DED to promulgate rules and regulations. The fiscal impact is unknown at this time.

However, DED will require one FTE (Economic Development Specialist at $53,447 annually) to administer the program.

Officials from the **Department of Mental Health (DMH)** assume this amendment authorizes use of state funds to particular homelessness programs, but excludes funds that cannot be directed to those programs based on state or federal restrictions or regulations. While many DMH funds are restricted and would be unaffected by this legislation. DMH still have funds not subject to these restrictions; therefore, this would direct funds away from best practice services such as permanent supportive housing and into surveys and performance incentives to subdivisions. This would have a detrimental effect for the individuals in need of services and reducing DMH's ability to provide effective services. This would negative effect individuals experiencing homelessness, mental health disorders, and substance use disorders.

Due to the uncertainty surrounding a federal vaccination mandate, DMH cannot calculate a fiscal impact on the DMH at this stage.

Oversight notes Section 37.2300. 4. notes "The department shall provide up to twenty-five percent of the base allocation of such funds as performance payments to political subdivisions or not-for-profit organizations providing such services as rewards for meeting predetermined goals on reductions of:

(a) Days unhoused;
(b) Days in jail or prison; and
(c) Days hospitalized, with the weights of such days to be determined by the department."

Additionally, 67.2300 1. (1), notes the term "Department", any department authorized to allocate funds raised by the state or federal funds received by the state for housing or homelessness. **Oversight** notes the DED, Missouri Housing Development Commission, is currently responsible for issuing tax credits for Low Income Housing.

Oversight assumes DED request for additional FTE is probable, providing the Department must access and compile all necessary data from various institution within state and outside of the agency to ensure compliance within the proposal. Oversight does not have any information to the contrary. Therefore**, Oversight** will reflect DED's estimated impact in the fiscal note.

Oversight notes the proposal states that any construction of short-term housing for the homeless that is funded using state funds, including parking areas, camping facilities, and shelters, shall comply with certain requirements as specified in the proposal.

Oversight notes that the Missouri Housing Trust Fund, currently maintains a grant program helping the homeless, or the near homeless population in the State. **Oversight** notes the Trust Fund provided disbursement as follows:

Total Funded by Grant Type			
	2019	**2020**	**2021**
Housing Assistance	$ 988,313	$ 917,767	$ 934,302
Emergency Assistance	$ 1,069,520	$ 1,097,248	$1,206,525
Operating Funds	$ 633,267	$ 497,004	$ 416,877
Home Repair/ Modification	$ 410,400	$ 430,950	$ 325,000
Construction / Rehabilitation	$ 97,500	$ 126,121	$ 103,000
Administration	$ -	$ -	$ 242,781
Total	**$ 3,199,000**	**$ 3,069,087**	**$3,228,485**

Total Funded By Regions			
	2019	**2020**	**2021**
North	$ 543,830	$ 521,745	$ 516,558
Central	$ 639,800	$ 613,817	$ 613,412
South	$ 895,720	$ 859,344	$ 903,975
Kansas City	$ 447,860	$ 460,364	$ 516,558
St. Louis	$ 671,790	$ 613,817	$ 677,982
Total	**$ 3,199,000**	**$ 3,069,087**	**$3,228,485**

Source: http://mhdc.com/housing_trust_fund/documents/FY2021/2021%20MHTF%20Funding%20Approvals.pdf

Oversight notes that the Missouri Housing Trust Fund distributes $3.165M, on average, in grant funds annually to combat homelessness. Additionally, there are 40 to 45 non-profit companies receiving funds annually to assist the affected population.

Allocation Area of Grant Money	Distribution Percentage
St. Louis Metropolitan Area: Franklin, Jefferson, Lincoln, St. Charles, St. Louis City, St. Louis County, and Warren Counties	20%
South Region: Barry, Barton, Butler, Carter, Cedar, Christian, Dade, Dallas, Dent, Douglas, Dunklin, Greene, Hickory, Howell, Jasper, Laclede, Lawrence, McDonald, Mississippi, New Madrid, Newton, Oregon, Ozark, Pemiscot, Polk, Reynolds, Ripley, Scott, Shannon, Stoddard, Stone, Taney, Texas, Vernon, Wayne, Webster, and Wright Counties	28%
Kansas City Metropolitan Area: Caldwell, Cass, Clay, Clinton, Jackson, Lafayette, Platte, and Ray Counties	15%
Central Region: Audrain, Bates, Benton, Bollinger, Boone, Callaway, Camden, Cape Girardeau, Cole, Cooper, Crawford, Gasconade, Henry, Howard, Iron, Johnson, Madison, Maries, Miller, Moniteau, Montgomery, Morgan, Osage, Perry, Pettis, Phelps, Pulaski, Saline, St. Clair, St. Francois, Ste. Genevieve, and Washington Counties	20%
North Region: Adair, Andrew, Atchison, Buchanan, Carroll, Chariton, Clark, Daviess, DeKalb, Gentry, Grundy, Harrison, Holt, Knox, Lewis, Linn, Livingston, Macon, Marion, Mercer, Monroe, Nodaway, Pike, Putnam, Ralls, Randolph, Schuyler, Scotland, Shelby, Sullivan, and Worth Counties	17%

Oversight notes the above table provides a regional breakdown of the funds.

Oversight notes that DED currently does not provide any guidance or tax credit affecting the overall funding above. The proposal suggest a new program funded by State or Federal moneys that are not currently associated with any particular funding of any agency in Missouri.

For informational purposes**, Oversight** will show the United States Interagency on Homelessness (USICH) statistics of the Missouri homeless population in 2016-2019 period as shown below in the Table 1:

Table 1. Homeless statistics

Homeless Statistics Missouri State	**2017**	**2018**	**2019**	**3 Year Average**
Total Homeless Population	6,037	5,883	6,179	**6,033**
Total Family Households Experiencing Homelessness	765	706	707	**726**
Veterans	538	507	488	**511**
Chronic Homeless Persons	1,087	1,043	1,062	**1,064**
Unaccompanied Young Adults (age 18-24)	548	534	477	**520**
Students/FY	2017	2018	2019	**Average**
Total # of Homeless Students	32,133	36,006	34,029	**34,056**
Total # of Unaccompanied Students	3,944	4,254	4,241	**4,146**
Nighttime Residence - Unsheltered	578	611	643	**611**
Nighttime Residence - Sheltered	2,827	2,752	2,396	**2,658**
Nighttime Residence - Hotels/motels	2,021	2,409	1,921	**2,117**
Nighttime Residence Doubled up	26,707	30,234	26,069	**27,670**

Source: https://www.usich.gov/homelessness-statistics/mo/#:~:text=As%20of%20January%202020%2C%20Missouri,and%20Urban%20Development%20(HUD)

Oversight notes that Table 1 shows there are on average 1064 chronically homeless persons and 34,056 homeless students at any given time throughout the 2017-2019 period and prior 2020 Census. The proposal allows for individuals experiencing homelessness access to Missouri campgrounds and their respective facilities.

Oversight notes according to the Department of Natural Resources website, Missouri State Parks, there are 39 State Parks throughout Missouri which have running water, showers, bathroom, and access to electricity and, therefore, possibly able to support the homeless. The proposal also allows for such an individual to use the sites for a maximum of six months at a time and excludes the owners, or people who maintain the sites, from various regulations. **Oversight** notes the HCS removes the requirement where DED is not allowed to disburse any funds to local political subdivisions or non-profit companies constructing any short-term housing that costs more than fifty-five thousand dollars per bed to construct, excluding the price of land, or that costs more than twenty thousand dollars a year to maintain at a basic level of habitability.

Oversight notes there are currently an estimated 1,064 chronic homeless persons, on average, in any given year in need of sustainable and habitable housing. By taking the population and multiplying it by the allowable maximum level of funding of previous bill ($55,000) to construct such a housing, DED would need $58.52M to construct temporary housing just for the chronic homeless population. However, the HCS removes the $55,000 cap; therefore, the cost could be higher just to house the chronically homeless. Consequently, **Oversight** will note an Unknown negative cost to the general revenues, but exceeding the minimum of $250,000.

In response to similar legislation from this year, HCS for HB 2614, officials from the **Department of Mental Health (DMH)** assumed this proposal creates provisions relating to homelessness. Section 67.2300 adds requirements for state funded construction of short-term housing for the homeless. It includes guidelines for parking areas, camping facilities, individual shelters, and congregate shelters. This bill makes engaging in "unauthorized sleeping" on state-owned land a class C misdemeanor. The proposal also adds a requirement for the Department of Mental Health (DMH) to maintain a homelessness management information system.

This proposal requires mental health and substance use evaluation only apply to individuals in camping settings, not the other living circumstances. If the assessments are going to be required, DMH recommends the evaluation should apply to the entire population, not just a subset based on location. While there is no indication who is responsible for developing or following up on the evaluation, DMH assumes the department would be involved in the development of an evaluation tool and follow up services through community providers.

Currently, the U.S. Department of Housing and Urban Development (HUD) mandates the Homeless Management Information System (HMIS) be managed by Continuums of Care (CoCs) throughout the state. If DMH is to maintain the HMIS, it may conflict with the federal mandate in place. DMH Housing Unit staff have access to HMIS and use it routinely for data entry for all of HUD Continuum of Care participants and coordinated entry. Coordinated Entry includes the assessment process for all individuals experiencing homelessness who “touch” the system. There are numerous agencies which use this coordinated entry assessment around the state outside of DMH and their providers. This assessment process is also governed by the CoCs. DMH assumes this language requires the department to maintain a separate homelessness management system for the various agencies which may result in creating a homeless management system and continued maintenance. Total cost would be unknown as it would be based on how many new users would be needed.

DMH anticipates a fiscal impact of $0 to Unknown for the proposed legislation.

Oversight notes the proposal, Section 67.2300 2. (4), requires that the DMH maintain a homelessness management information system and Section 67.2300 2. (2) (b), requires that the Department potentially provides the homeless population with mental health and substance use evaluations.

Oversight notes the DMH assumes the proposal will have a direct fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a range from zero to Unknown impact in the fiscal note.

In response to similar legislation from this year, HCS for HB 2614, officials from the **Department of Corrections (DOC)** assumed misdemeanors do not fall under the purview of the DOC, those will not have a fiscal impact on the department.

Oversight notes that any violation of this subsection is a class C misdemeanor; however, for the first offense such individual shall be given a warning, and no citation shall be issued unless that individual refuses to move to any offered services or shelter. Therefore, **Oversight** will reflect a zero impact in the fiscal note.

In response to similar legislation from this year, HCS for HB 2614, officials from the **Attorney General's Office**, the **Department of Health and Senior Services**, the **Department of Social Services**, the **Missouri Office of Prosecution Services**, the **Office of the State Courts Administrator**, the **Department of Public Safety – Fire Safety**, and the **Missouri Department of Conservation** each assumed the proposal will have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies. For this section.

In response to similar legislation from this year, HCS for HB 2614, officials from the **City of Kansas City** and the **City of O'Fallon** both assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact in the fiscal note for these agencies.

Oversight notes the HCS for HB 2614 removes the requirement, from previous version of the bill, that local police departments and Department of Social Services personal create homeless outreach teams to deal with homeless enforcement. Therefore, Oversight will not note reduction in local political revenues.

SEQ CHAPTER \h \r 1 SEQ CHAPTER \h \r 1§523.061 – (SA 21) – Condemnation Proceedings

In response to similar legislation from this year, HCS for HB 2443, officials from the **Missouri Department of Transportation (MoDOT)** stated any condemnator, MoDOT included, has the potential to see a cost savings if the property that otherwise would have been subject to heritage value no longer qualifies because it falls within one of the listed exceptions in this proposal. **Oversight** does not have information to the contrary and therefore, Oversight will reflect a $0 to unknown savings for this proposal.

Oversight inquired MoDOT regarding the cost savings to property that no longer qualifies as an exception for heritage value. MoDOT states the cost savings could be up to $1 million per year. **Oversight** does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the MoDOT.

In response to similar legislation from this year, HCS for HB 2443, officials from the **Office of Administration - Budget and Planning**, the **Department of Commerce and Insurance**, the **Department of Economic Development**, the **Department of Natural Resources**, the **Office of**

Administration, the **State Tax Commission**, the **City of Claycomo**, the **Missouri Department of Conservation** and the **City of Kansas City** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies for this section.

In response to similar legislation from this year, HCS for HB 2443, officials from the **Office of the State Courts Administrator** and the **City of Springfield** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies for this section.

§70.631 – (SA 23) - Public Safety Personnel

In response to similar legislation from this year, Perfected HB 1473, officials from the **Joint Committee on Public Employee Retirement (JCPER)** assume the proposal has no direct fiscal impact to the Joint Committee on Public Employee Retirement. The JCPER's review of this legislation indicates it would not create a "substantial proposed change" in future plan benefits as defined in Section 105.660(10).

Current Status of the LAGERS as of February 28, 2021 (most recent actuarial valuation):

Number of participating employers as of February 28, 2021: 801

Active Members:

General: 25,974

Police: 6,591

Fire: 2,715

Public Safety: 100

Total Actives: 35,380

Inactive Members: 16,413

Total membership: 51,793

		Funded Ratio
Market Value of Assets:	$9,246,453,190	100.7%
Actuarial Value of Assets:	$8,777,019,738	95.6%
Liabilities:	$9,182,065,489	

In response to similar legislation from this year, Perfected HB 1473, officials from the **Local Government Employees Retirement System (LAGERS)** assume this proposal will have no fiscal impact on their organization.

Oversight notes this proposal removes language that limits the provisions in section 70.631 to specific local political subdivisions.

Oversight notes the minimum retirement age for general employees is 60 years of age. Oversight assumes this proposal lowers the minimum retirement age to 55 years of age for certain employees defined as public safety personnel. Oversight assumes there could be an increase in employer contributions for local political subdivisions for employees they elect to cover under the retirement system as public safety personnel who retire at the age of 55 instead of 60.

Oversight notes each individual employer electing to add certain employees as public safety personnel would have an actuarial cost statement done to determine if the change would require an increase in the employers' contribution rate.

Oversight notes the limitation on increases in employer contribution rates does not appear to apply to any contribution increase resulting from this proposal. Additionally, Oversight notes the board can set different rates of contributions employers having policeman members or having fireman members (70.730.4, RSMo). Oversight is uncertain if "public safety personnel" would qualify as policeman members or fireman members which would allow for a different contribution rate than general employees.

Oversight will show a range of $0 (no local political subdivisions elect to cover additional employees as public safety personnel) to an unknown cost to local political subdivisions if an increase in employer contributions were needed. Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.

<u>Bill as a Whole</u>

In response to a previous version, officials from the **Department of Commerce and Insurance**, the **Office of the State Courts Administrator**, the **Office of the State Auditor**, the **Department of Economic Development**, the **Department of Social Services** and the **State Tax Commission** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a previous version, officials from the **Phelps County Sheriff's Department** assumed the proposal will have no fiscal impact on their organization.

Oversight does not have any information to the contrary in §58.200. Should the sheriff's position become vacant and the county coroner becomes acting sheriff until the position is filled, the salary of the coroner should be increased by the difference between the sheriff's salary and the coroner's salary. Oversight assumes this would occur on an infrequent basis and would have a minimal fiscal impact on counties. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities, counties, county recorders, auditors, collectors, treasurers, public administrators and sheriffs were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System database is available upon request.

<u>Bill as a Whole As Amended</u>

Officials from the **State Tax Commission (STC)** assume SA 1 has an unknown fiscal impact. Assessment reductions will impact negatively the revenue for school districts, county, cities and other taxing jurisdiction who are supported by property taxes in county designated by the restriction. This bill reduces the amount of personal property tax assessment percentage that would equal the revenue generated by the increase in real property taxes collected so this would eliminate an increase in local revenues until the percentage for personal property assessment reaches 0. It is also unclear how the over 30 taxing districts located in the described county are to calculate the increase in taxes collected and then have that applied to the personal property decreases since not all levies are at their voted capped amount. Revenue increases are calculated at the end of the year while assessments are made at the beginning of the year so there may be a timing issue for the assessors to be able to reduce the percentage on personal property. Amendment #2 proposes that no residential property (Class 1) shall be assessed by more than the previous year's assessment, exclusive of new construction or improvements, by a percentage increase greater than the consumer price index (7.0% 2021) or ten percent, whichever is greater. The amendment has an unknown fiscal impact, however the limitation on assessment growth does not reduce the assessment but may limit the increases in revenues for school districts, counties, cities, fire districts and other local taxing jurisdictions supported by property tax revenues.

Officials from the **Attorney General's Office**, the **Department of Elementary and Secondary Education**, the **Department of Commerce and Insurance**, the **Department of Natural Resources**, the **Department of Public Safety (Fire Safety, Office of the Director, Missouri National Guard, Missouri Highway Patrol, State Emergency Management Agency, Missouri Veterans Commission)**, the **Department of Social Services**, the **Missouri Ethics Commission**, the **Missouri Department of Transportation**, the **Office of the State Public Defender**, the **University of Missouri Systems**, the **City of Claycomo**, the **City of O'Fallon**, the **Kansas City Board of Elections**, the **Platte County Board of Elections**, the **Kansas City Health Department**, the **Newton County Health Department**, the **St. Louis County Health Department**, the **Phelps County Sheriff's Office**, the **Kansas City Police Department**, the **St.**

Joseph Police Department, the **St. Louis County Police Department**, the **Cole Camp Ambulance District**, the **Crawford County 911 Board**, the **Lake West Ambulance District**, the **Metropolitan St. Louis Sewer District**, the **South River Drainage District**, the **Viburnum Water/Wastewater**, the **Office of the Governor**, the **Joint Committee on Administrative Rules**, **Department of Health and Senior Services** and the **Missouri Office of Prosecution Services** each assume the proposal, as amended, will have no fiscal impact on their organizations.

Officials from the **Office of the Secretary of State (SOS)** note 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 $5,000. 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 its 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.

FISCAL IMPACT – State Government	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2026)
GENERAL REVENUE				
Costs – DOR (§§67.457, 67.461, 67.1431, 67.1471, 99.825, 99.830, 99.865, 238.212 & 238.222) (SA 8) pg. 28-29				Could Exceed
Personal Service	($29,008)	($35,505)	($36,215)	($36,215)
Fringe Benefits	($22,054)	($26,698)	($26,936)	($26,936)
Equipment and Expense	($9,711)	($491)	($503)	($503)
Total Costs – DOR	($60,773)	($62,694)	($63,654)	($63,654)
FTE Change - DOR	1 FTE	1 FTE	1 FTE	1 FTE
Loss – DOR – 2% of collection fee on future potential fines no longer assessed because LPS no longer required to file due to changes in the bill (§105.145) (SA 4) p. 18-23	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
Loss – DOR – 2% collection fee that may have been collected if not for the one-time decrease of 90% of the outstanding balance from the local political subdivision if they submit a timely financial statement by 1/01/23 (§105.145) (SA 4) p. 18-23	$0 or up to ($1,834,605)	$0	$0	$0
Savings - reduction in Senior Property Tax Credits due the issuance of local property tax credits - §137.103 – SA 5 p. 23-27	$0 or Unknown	$0 or Unknown	$0 or Unknown	$0 or Unknown
Sale Proceeds – conveyance proceeds of properties (if any) §§1,2,3,4,5 (SA 10) p. 30-31	$0 or Unknown	$0	$0	$0

Property value – loss of FMV of properties §§1,2,3,4,5 (SA 10) p. 30-31	(Unknown)	$0	$0	$0
Savings – for annual maintenance / upkeep of properties §§1,2,3,4,5 (SA 10) p. 30-31	$0 or Unknown	$0 or Unknown	$0 or Unknown	$0 or Unknown
Revenue loss - § 144.051 exemption of sales tax for FIFA World Cup Admission (SA 12) pg. 31-36	$0	$0	$0	$0 or ($240,710) to ($2,521,728)
Revenue Reduction - §144.064 Firearms and Ammunition Sales Tax Exemption SA 14	($9,547,388 - $35,955,000)	($11,456,865 - $43,146,000)	($11,456,865 - $43,146,000)	($11,456,865 - $43,146,000)
Revenue Reduction - §144.030.2(46) - Exemption of sales tax on child diapers (SA 17) p. 36-47	($2,602,600 - $4,561,872)	($3,123,120 - $5,474,246)	($3,123,120 - $5,474,246)	($3,123,120 - $5,474,246)
Revenue Reduction - §144.030.2(46) - Exemption of sales tax on adult diapers (SA 17) p. 36-47	($14,273,777 - $23,704,666)	($17,128,533 - $28,445,599)	($17,128,533 - $28,445,599)	($17,128,533 - $28,445,599)
Revenue Reduction - §144.030.2(47) - Exemption of sales tax on feminine hygiene products (SA 17) pg. 36-47	($2,290,559) to ($3,505,958)	($2,748,671) to ($4,207,149)	($2,748,671) to ($4,207,149)	($2,748,671) to ($4,207,149)
Cost – DED – Section 67.2300 Homeless Program Implementation (SA 19) pg. 48-54				
Salary	($26,724)	($54,516)	($55,607)	($55,607)
Fringe Benefits	($16,356)	($33,071)	($33,436)	($33,436)
Equipment & Expense	($6,040)	($5,708)	($5,822)	($5,822)
Total Cost - DED	($49,120)	($93,295)	($94.865)	($94.865)
FTE change - DED	1 FTE	1 FTE	1 FTE	1 FTE

Cost – DMH – Section 67.2300 – FTE - requires mental health and substance use evaluations (SA 19) pg. 48-54	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
Cost – funds for construction of housing for homeless population (SA 19) pg. 48-54	(Unknown)	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	**(Unknown, could exceed $69,671,994)**	**(Unknown, could exceed $81,428,983)**	**(Unknown, could exceed $81,431,513)**	**(Unknown, could exceed $83,953,241)**
Estimated Net FTE Change to the General Revenue Fund	2 FTE	2 FTE	2 FTE	2 FTE
BLIND PENSION FUND				
Cost – Cap on Growth of Assessed Values §137.115 (SA 1) pg. 8-13, 56-57	(Unknown, could exceed $250,000)	(Unknown, could exceed $250,000)	(Unknown, could exceed $250,000)	(Unknown, could exceed $250,000)
ESTIMATED NET EFFECT ON THE BLIND PENSION FUND	**(Unknown, could exceed $250,000)**	**(Unknown, could exceed $250,000)**	**(Unknown, could exceed $250,000)**	**(Unknown, could exceed $250,000)**

PARK, SOIL, WATER FUNDS (0614)				
Revenue loss - § 144.051 exemption of sales tax for FIFA World Cup Admission (SA 12) 31-36	$0	$0	$0	$0 or ($8,024) to ($84,058)
Revenue Reduction - §144.064 Firearms and Ammunition Sales Tax Exemption (SA 14)	($318,246 - $1,198,500)	($381,896 - $1,438,200)	($381,896 - $1,438,200)	($381,896 - $1,438,200)
Revenue Reduction - §144.030.2(46) - Exemption of sales tax on child diapers (SA 17) p. 36-47	($86,753 – $152,062)	($104,104 - $182,475)	($104,104 - $182,475)	($104,104 - $182,475)
Revenue Reduction - §144.030.2(46) - Exemption of sales tax on adult diapers (SA 17) p. 36-47	($475,793 – $790,156)	($570,951 - $948,187)	($570,951 - $948,187)	($570,951 - $948,187)
Revenue Reduction - §144.030.2(47) - Exemption of sales tax on feminine hygiene products (SA 17) p. 36-47	($76,352 - $116,865)	($91,622 - $140,238)	($91,622 - $140,238)	($91,622 - $140,238)
ESTIMATED NET EFFECT ON PARK , SOIL AND WATER FUNDS	**(Less than $2,257,583)**	**(Less than $2,709,100)**	**(Less than $2,709,100)**	**(Less than $2,793,158)**
CONSERVATION COMMISSION FUNDS (0609)				
Revenue loss - § 144.051 exemption of sales tax for FIFA World Cup Admission (SA 12) 31-36	$0	$0	$0	$0 or ($10,030) to ($105,072)
Revenue Reduction - §144.064 Firearms and Ammunition Sales Tax Exemption (SA 14)	($397,808 - $1,498,125)	($477,369 - $1,797,750)	($477,369 - $1,797,750)	($477,369 - $1,797,750)

Revenue Reduction - §144.030.2(46) - Exemption of sales tax on child diapers (SA 17) p. 36-47	($108,442 – $190,078)	($130,130 - $228,094)	($130,130 - $228,094)	($130,130 - $228,094)

Revenue Reduction - §144.030.2(46) - Exemption of sales tax on adult diapers (SA 17) p. 36-47	($594,741 -$987,694)	($713,689 - $1,185,233)	($713,689 - $1,185,233)	($713,689 - $1,185,233)
Revenue Reduction - §144.030.2(47) - Exemption of sales tax on feminine hygiene products (SA 17) p. 36-47	($95,440 - $146,082)	($114,528 - $175,298)	($114,528 - $175,298)	($114,528 - $175,298)
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUNDS	**(Less than $2,821,979)**	**(Less than $3,386,375)**	**(Less than $3,386,375)**	**(Less than $3,491,447)**
SCHOOL DISTRICT TRUST FUND (0688)				
Revenue loss - § 144.051 exemption of sales tax for FIFA World Cup Admission (SA 12) p. 31-36	$0	$0	$0	$0 or ($80,237) to ($840,576)
Revenue Reduction - §144.064 Firearms and Ammunition Sales Tax Exemption (SA 14)	($3,182,463 - $11,985,000)	($3,818,955 - $14,382,000)	($3,818,955 - $14,382,000)	($3,818,955 - $14,382,000)
Revenue Reduction - §144.030.2(46) - Exemption of sales tax on child diapers (SA 17) p. 36-47	($867,533 – $1,520,624)	($1,041,040 - $1,824,749)	($1,041,040 - $1,824,749)	($1,041,040 - $1,824,749)
Revenue Reduction - §144.030.2(46) - Exemption of sales tax on adult diapers (SA 17) p. 36-47	($4,757,926 - $7,901,555)	($5,709,511 - $9,481,866)	($5,709,511 - $9,481,866)	($5,709,511 - $9,481,866)
Revenue Reduction - §144.030.2(47) - Exemption of sales tax on feminine hygiene products (SA 17) p. 36-47	($763,520 - $1,168,653)	($916,224 - $1,402,383)	($916,224 - $1,402,383)	($916,224 - $1,402,383)

ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	**(Less than $22,575,832)**	**(Less than $27,090,998)**	**(Less than $27,090,998)**	**(Less than $27,931,574)**
STATE ROAD FUND				
Savings – MODOT – potential cost savings to property that no longer qualifies as an exception for heritage value (§523.061) (SA 21) p. 54	$0 or Unknown	$0 or Unknown	$0 or Unknown	$0 or Unknown
ESTIMATED NET EFFECT ON THE STATE ROAD FUND	**$0 or Unknown**	**$0 or Unknown**	**$0 or Unknown**	**$0 or Unknown**
TRUMAN STATE UNIVERSITY				
Cost - of acquiring the property from the state (§2) (SA 10) p. 30-31	$0 or (Unknown)	$0	$0	$0
Property increase – acquired property's value (§2) (SA 10) p. 30-31	Unknown	$0	$0	$0
ESTIMATED NET EFFECT TO TRUMAN STATE UNIVERSITY	**Unknown to (Unknown)**	**$0**	**$0**	**$0**
FEDERAL FUNDS				
Cost – DSS – Potential loss of Federal Funding if	$0 or			

Missouri is deemed to be non-compliant §1 (SA 17) p. 36-47	(Unknown)	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
ESTIMATED NET EFFECT TO FEDERAL FUNDS	**$0 or (Unknown)**	**$0 or (Unknown)**	**$0 or (Unknown)**	**$0 or (Unknown)**

FISCAL IMPACT – Local Government	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2026)
LOCAL POLITICAL SUBDIVISIONS				
Savings – in publication costs on financials posted in a newspaper of general circulation (§§50.815 & 50.820) pg. 6-7	Could exceed $100,000	Could exceed $100,000	Could exceed $100,000	Could exceed $100,000
Cost – potential salary increases for county coroners (§§50.327 & 58.095) pg. 4-6	$0 or up to ($1,526,000)	$0 or up to ($1,526,000)	$0 or up to ($1,526,000)	$0 or up to ($1,526,000)
Costs – adjustment on base schedules for county officials (§50.327.4) pg. 4-6	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
Savings – on potential fines for certain LPS (§105.145) (SA 4) p. 18-23	$0 to Unknown	$0 to Unknown	$0 to Unknown	$0 to Unknown
Loss – School districts receiving less fine revenue (from savings above) (§105.145) (SA 4) p. 18-23	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
Savings – on fine revenue that is reduced with a one-time reduction of 90% on the outstanding balance due if they submit a timely financial statement by	$0 or up to $91,730,241	$0	$0	$0

1/1/23 (§105.145) (SA 4) p. 18-23				
Loss – School Districts – reduction in fine revenue from one-time adjustment of fine revenue (§105.145) (SA 4) p. 18-23	$0 or up to ($89,895,636)	$0	$0	$0
Costs – Boone County Sheriff – potential increase in salary. §57.317 (SA 9) p. 29-30	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
Loss – §115.062 - LEAs Loss of election funding by private sources (SA 3) p. 17-18	$0 to (Unknown Could exceed $250,000)	$0 to (Unknown Could exceed $250,000)	$0 to (Unknown Could exceed $250,000)	$0 to (Unknown Could exceed $250,000)
Costs – vote on implementing property tax credits - §137.103 – SA 5 p. 23-27	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
Costs – implementation and monitoring of property credits - §137.103 – SA 5 p. 23-27	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
Revenue Loss – from property tax credit - §137.103 – SA 5 p. 23-27	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
Costs – Counties – to administer the changes in assessment from this provision -	$0	(Unknown)	(Unknown)	(Unknown)

§137.115 (SA 1) pg. 8-13, 56-57				
Revenue Loss - loss of property tax from reduction in personal property assessed value - §137.115 (SA 1) pg. 8-13, 56-57	$0	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
Cost – County Assessors – implementation & computer programming and on-going staffing costs and/or IT costs §137.115 (SA 2) Pg. 13-17, 56-57	(Unknown)	(Unknown)	(Unknown)	(Unknown)
Cost – Kirksville R-III School District -of acquiring the property from the state (§1) (SA 10) p. 30-31	$0 or (Unknown)	$0	$0	$0
Property increase – Kirksville R-III School District - acquired property's value (§1) (SA 10) p. 30-31	Unknown	$0	$0	$0
Costs – Certain school districts in St. Charles County (§164.450) (SA 11) pg. 31	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
Revenue loss - § 144.051 exemption of sales tax for FIFA World	$0	$0	$0	$0 or ($371,095) to ($3,887,664)

Cup Admission (SA 12) p. 31-36				
Revenue Reduction - §144.064 Firearms and Ammunition Sales Tax Exemption (SA 14)	($12,825,324 - $48,299,550)	($15,390,389 - $57,959,460)	($15,390,389 - $57,959,460)	($15,390,389 - $57,959,460)
Revenue Reduction - §144.030.2(46) - Exemption of sales tax on child diapers (SA 17) p. 36-47	($3,496,159 - $6,128,115)	($4,195,391 - $7,353,738)	($4,195,391 - $7,353,738)	($4,195,391 - $7,353,738)
Revenue Reduction - §144.030.2(46) - Exemption of sales tax on adult diapers (SA 17) p. 36-47	($19,174,441 - $31,843,268)	($23,009,329 - $38,211,921)	($23,009,329 - $38,211,921)	($23,009,329 - $38,211,921)
Revenue Reduction - §144.030.2(47) - Exemption of sales tax on feminine hygiene products (SA 17) p. 36-47	($1,771,283 - $4,709,670)	($2,125,540 - $5,651,604)	($2,125,540 - $5,651,604)	($2,125,540 - $5,651,604)
Cost – potential increase in employer contribution rates for employers who elect to cover certain positions as public safety personnel - §70.631 (SA 23) p. 55-56	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown
Cost – Potential salary increases for public administrators (§473.742) pg.7-8	$0 to (Could exceed $963,846)	$0 to (Could exceed $1,927,692)	$0 to (Could exceed $1,927,692)	$0 to (Could exceed $1,927,692)

ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	**(Unknown, could exceed $91,785,844)**	**(Unknown, could exceed $112,780,415)**	**(Unknown, could exceed $112,780,415)**	**(Unknown, could exceed $116,668,070)**

FISCAL IMPACT – Small Business

Various sections of this proposal could impact small businesses.

FISCAL DESCRIPTION

This proposal modifies provisions relating to local political subdivisions.

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 the State Auditor
Boone County
Greene County
Henry County
Lincoln County
Livingston County
Office of the State Courts Administrator
Department of Commerce and Insurance
Christian County Auditor's Office
Clinton County
City of St. Louis
Department of Economic Development
Department of Social Services
State Tax Commission
Phelps County Sheriff's Department
Department of Revenue
Office of Administration
    Budget and Planning
    Administrative Hearing Commission
    FMDC
Attorney General's Office
Department of Elementary and Secondary Education

Department of Higher Education and Workforce Development
Department of Mental Health
Department of Public Safety
    Division of Alcohol and Tobacco Control
    Fire Safety
    Office of the Director
    Missouri Gaming Commission
    State Emergency Management Agency
    Missouri Veterans Commission
Missouri Department of Agriculture
Missouri Ethics Commission
Missouri Department of Transportation
Missouri Lottery Commission
MoDOT & Patrol Employees' Retirement System
Office of the State Treasurer
Office of the Governor
Missouri House of Representatives
Joint Committee on Education
Missouri Senate
Missouri Consolidated Health Care Plan
Missouri Higher Education Loan Authority
Missouri State Employee's Retirement System
Department of Health and Senior Services
Department of Natural Resources
Joint Committee on Administrative Rules
Missouri Department of Conservation
Department of Labor and Industrial Relations
Office of the Secretary of State
Department of Corrections
Missouri Office of Prosecution Services
Joint Committee on Public Employee Retirement
Local Government Employees Retirement System
Howell County Assessor's Office
St. Francois County Assessor's Office
Pattonville R-III School District
Newton County Health Department
St. Louis County Health Department
Jackson County Board of Elections
Platte County Board of Elections
St. Louis City Board of Elections
St. Louis County Board of Elections
City of Corder
City of Hughesville
City of O'Fallon

St. Charles Community College
City of Claycomo
Kansas City
City of Springfield
Kansas City Police Department
St. Joseph Police Department
Gordon Parks Elementary School
University of Missouri System
Hermann Area Hospital District
City of Sikeston
Northwest Missouri State University
University of Central Missouri
St. Louis County Police Department
Metropolitan St. Louis Sewer District
St. Louis County Police Department
Cole Camp Ambulance District
Crawford County 911 Board
Lake West Ambulance District
South River Drainage District
Viburnum Water/Wastewater
Clay County Auditor's Office

Julie Morff
Director
May 1, 2022

Ross Strope
Assistant Director
May 1, 2022

NM:LR:OD