

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4411H.01I
 Bill No.: HJR 100
 Subject: Law Enforcement Officers and Agencies; Kansas City
 Type: Original
 Date: January 18, 2022

Bill Summary: This proposal modifies constitutional provisions relating to funding for the Kansas City Police Department.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|---|------------|------------|
| FUND AFFECTED | FY 2023 | FY 2024 | FY 2025 |
| General Revenue* | \$0 or (More than \$7,000,000) | \$0 | \$0 |
| Total Estimated Net Effect on General Revenue | \$0 or (More than \$7,000,000) | \$0 | \$0 |

*The potential fiscal impact of “(More than \$7,000,000)” would be realized **only** if a special election were called by the Governor to submit this joint resolution to voters.

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2023 | FY 2024 | FY 2025 |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2023 | FY 2024 | FY 2025 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2023 | FY 2024 | FY 2025 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

- 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 |
| | | | |
| Local Government* | \$0 | \$0 | \$0 |

*Transfers and costs net to zero **if** the Governor calls a special election. Also, Oversight assumes potential offsetting increases in appropriations from the City of Kansas City (negative) to the Kansas City Police Department (positive) if this joint resolution is approved by voters **and** statutes are changed (i.e. HB 1994 or SB 678).

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume, each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Joint Resolutions proposing a constitutional amendment are submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a Joint Resolution to a vote of the people, section 115.063.2 RSMo requires the state to pay the costs. The cost of the special election has been estimated to be \$7 million based on the cost of the 2020 Presidential Preference Primary.

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

For the FY22 petition cycle, The SOS estimates publication costs at \$70,000 per page. The amount is subject to change based on the number of petitions received, length of those petitions and rates charged by newspaper publishers.

The SOS will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, the SOS reserves the right to request funding to meet the cost of the publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Oversight has reflected, in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2023. This reflects the decision made by the Joint Committee on Legislative Research that the cost of the elections should be shown in the fiscal note. The next scheduled statewide primary election is in August 2022 and the next scheduled general election is in November 2022 (both in FY 2023). It is assumed the subject within this proposal could be on one of these ballots; however, it could also be on a special election called for by the Governor (a different date).

Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2023.

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.

Officials from the **City of Kansas City** assume this proposal could have a negative fiscal impact on the City if the minimum required funding is increased pursuant to the authority of this legislation.

Officials from the **Kansas City Police Department (KCPD)** state in §84.730 it shall be the duty of the board, on the fifteenth day of January of each year, to prepare, in writing, a budget estimating the sum of money which will be necessary for the next fiscal year, to enable the board to discharge the duties hereby imposed upon it, and to meet the expenses of the police department, which it shall forthwith certify to the governing body of such city, and the budget shall itemize purposes of expenditure by organization units, activities, functions, and character classes in not less detail than "personal services", "contractual services", "commodities", and "capital outlays", and shall in any event be prepared in form and detail similar to the form and detail in which budgets for the various departments of such city government are prepared. The governing body of the city is hereby required to appropriate the total amount so certified, payable out of the revenue of the city after first having deducted the amount necessary to pay the interest on the indebtedness of the city, the amount necessary for lighting the city, and any sum required by law to be placed to the credit of the sinking fund of the city, and if the board shall be required to call out extra police force and the expense thereof shall not have been contemplated in their estimate for the fiscal year during which the extra police force is called out, it shall immediately certify the expense of such additional force, and the additional amount so required shall be appropriated for that purpose, except that in no event shall the governing body of the city be required to appropriate for the use of the police board in any fiscal year an amount in excess of one-fifth of the general revenue fund of such year.

Based on information provided to Kansas City, Missouri Police Department by the Kansas City, Missouri Finance Department, FY 2021-22 revenues, all sources, are \$1,763,471,697. The City excludes over \$1 Billion of total revenues when applying the current one-fifth statutory limitation in 84.730, making it appear that the City is funding the KCPD at a higher percentage.

The change proposed in this legislation would require the percentage limitation to be applied to all City revenue sources, not just the revenue sources the City identifies as GR. This statutory change is consistent with Spink V Kemp, 365 Mo. 368, 283 S.W. 2d 502 which determined that all City revenue sources had to be used in applying the percentage limitation.

Oversight assumes the City of Kansas City and the KCPD could be impacted from this proposal, but only if the voters adopt the potential language at the next general election or a special election called by the Governor. Therefore, Oversight will reflect a \$0 or unknown costs to the City of Kansas City for this proposal. Oversight will reflect a corresponding increase to the Kansas City Police Department.

SEQ CHAPTER 110 Officials from the **Missouri Highway Patrol** and the **Office of Administration - Budget and Planning** assume 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.

Officials from the **City of Springfield**, the **Phelps County Sheriff's Department** and the **St. Louis County Police Department** 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.

SEQ CHAPTER 110

| <u>FISCAL IMPACT – State Government</u> | FY 2023 (10 Mo.) | FY 2024 | FY 2025 |
|--|--|-------------------|-------------------|
| GENERAL REVENUE | | | |
| <u>Transfer Out - SOS - reimbursement of local election authority election costs if a special election is called by the Governor</u> | \$0 or (More than <u>\$7,000,000</u>) | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | \$0 or (More than <u>\$7,000,000</u>) | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT – Local Government</u> | FY 2023 (10 Mo.) | FY 2024 | FY 2025 |
|--|--------------------------------|-----------------------|-----------------------|
| LOCAL POLITICAL SUBDIVISIONS | | | |
| <u>Transfer In</u> - Local Election Authorities - reimbursement of election costs by the State for a special election | \$0 or More than \$7,000,000 | \$0 | \$0 |
| <u>Costs</u> - Local Election Authorities - cost of a special election if called for by the Governor | \$0 or (More than \$7,000,000) | \$0 | \$0 |
| <u>Costs</u> – City of Kansas City – potential costs if the joint resolution passes AND RSMo is changed | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |
| <u>Additional appropriations</u> – Kansas City Police Department – potential increase if the joint resolution passes AND RSMo is changed | <u>\$0 or Unknown</u> | <u>\$0 or Unknown</u> | <u>\$0 or Unknown</u> |
| ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Currently, the General Assembly cannot require a city to increase an activity or service beyond that required by existing law, unless a state appropriation is made to pay the city for any increased costs. This proposed Constitutional amendment, if approved by the voters, provides an exception for the establishment of minimum funding for law enforcement agencies so as to prevent the defunding of law enforcement.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Office of the Secretary of State

City of Kansas City

Kansas City Police Department

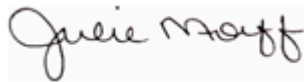
Missouri Highway Patrol

Office of Administration - Budget and Planning

City of Springfield

Phelps County Sheriff's Department

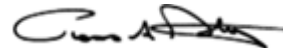
St. Louis County Police Department



Julie Morff

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January 18, 2022



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