

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1098-01
Bill No.: HB 312
Subject: Ambulances and Ambulance Districts; Health Care; Taxation and Revenue -
Income
Type: Original
Date: February 16, 2011

Bill Summary: Would allow debts owed to ambulance service providers to be collected from income tax refunds and lottery winnings of patients.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(\$271,238) to Unknown	(\$282,547) to Unknown	(\$285,450) to Unknown
Total Estimated Net Effect on General Revenue Fund	(\$271,238) to Unknown	(\$282,547) to Unknown	(\$285,450) to Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	7	7	7
Total Estimated Net Effect on FTE	7	7	7

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	Unknown	Unknown	Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator**, the **Department of Insurance, Financial Institutions, and Professional Registration**, the **Department of Health and Senior Services**, and the **Department of Social Services** assume this proposal would have no fiscal impact on their organizations.

Officials from the **Department of Revenue (DOR)** assume this proposal would grant DOR the authority to offset an income tax refund in specific situations and would provide the order of priority in which the offsets would be paid. The proposal also provides specific notification and appeals processes.

DOR and ITSD-DOR would need to make programming changes to various processing systems.

Administrative impact

DOR officials assume that Personal Tax would require one additional Appeals Referee I (Range 24, Step N) to conduct the hearing (Hearing Officer), two FTE additional Revenue Processing Technician I (Range 10, Step L) to process correspondence and do apportionments, and one additional FTE Accountant I (Range 18, Step M) to administer the money. DOR does not include an Accountant II in its pricing structure, this range and step only approximates the actual range and step

DOR officials also assume that Collections and Tax Assistance would require one additional FTE Tax Collection Technician I (Range 10, Step L) per 15,000 additional contacts annually on the delinquent tax line, one additional FTE Tax Collection Technician I (Range 10, Step L) per 24,000 additional contacts annually on the non-delinquent tax line, and one additional FTE Revenue Processing Technician I (Range 10, Step L) per 4,800 additional contacts annually in the Tax Assistance Offices.

The DOR estimate of cost to implement this proposal including seven additional FTE and the related fringe benefits, equipment, and expense totaled \$315,779 for FY 2012, \$321,301 for FY 2013, and \$324,652 for FY 2014.

ASSUMPTION (continued)

Oversight has, for fiscal note purposes only, changed the starting salary for the additional positions to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight has also adjusted the DOR estimate of expense and equipment cost in accordance with OA budget guidelines. Finally, Oversight assumes that a limited number of additional employees could be accommodated in existing office space. If unanticipated costs are incurred as a result the implementation of this proposal or if multiple proposals are implemented which increase DOR costs or workload, resources could be requested through the budget process.

Oversight also assumes the DOR estimate of expense and equipment cost for additional FTE could be overstated. If DOR is able to use existing equipment such as desks, file cabinets, chairs, etc., the estimate for equipment for fiscal year 2012 could be reduced by roughly \$5,000 per employee.

IT impact

DOR officials also provided us with an estimate of the IT cost to implement the proposal of \$120,204 based on 4,536 hours to make programming changes to several tax processing systems.

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

Oversight assumes that the proposed DOR collection assistance fee would generate additional revenue but cannot determine whether the revenue generated would offset the expected DOR costs to operate the notification, appeal, hearing, and transaction costs which implementing this proposal would involve. Oversight will use the DOR estimate of cost to their organization and will indicate an unknown amount for collection assistance fee revenue.

ASSUMPTION (continued)

Although **Oversight** is not able to estimate the number or amount of unpaid ambulance service accounts which might be collected, Oversight assumes that the numbers and amount of uncollected accounts would be significant. Oversight also notes that a significant number of ambulance service providers are local government agencies. For fiscal note purposes, Oversight will indicate unknown additional revenue to local governments for this proposal.

Officials from the **Missouri Lottery** (Lottery) assume that this proposal could negatively impact player behavior by allowing offset of lottery prize payouts for public and private ambulance services. Lottery officials stated that staff resources would be necessary to process the offsets, and the proposal would also require IT programming costs and ongoing accounting resources.

Lottery officials provided an estimate of \$100,000 for IT programming to the Lottery check writing system to accommodate for the new offset category, and an unknown cost for administering the offset process.

Officials from the **Office of Administration, Administrative Hearing Commission** did not respond to our request for information.

Oversight did not receive any responses from Missouri ambulance, hospital, or fire protection districts.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE FUND			
<u>Revenue - Department of Revenue</u>			
Collection assistance fees	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<u>Cost - Department of Revenue</u>			
Salaries (7 FTE)	(\$150,230)	(\$182,079)	(\$183,900)
Benefits	(\$78,630)	(\$95,300)	(\$96,253)
Expense and equipment	(\$42,378)	(\$5,168)	(\$5,297)
Total	<u>(\$271,238)</u>	<u>(\$282,547)</u>	<u>(\$285,450)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$271,238) to Unknown</u>	<u>(\$282,547) to Unknown</u>	<u>(\$285,450) to Unknown</u>
Estimated net FTE impact on General Revenue Fund	7	7	7

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
LOCAL GOVERNMENTS			
<u>Additional revenues - collection of unpaid ambulance service bills</u>			
	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact to small businesses which provide ambulance services.

FISCAL DESCRIPTION

The proposed legislation would allow debts owed to ambulance service providers to be collected from income tax refunds and lottery winnings of patients.

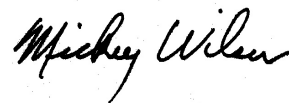
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of State Courts Administrator
Department of Health and Senior Services
Department of Insurance, Financial Institutions, and Professional Registration
Department of Revenue
Department of Social Services
Missouri Lottery

NOT RESPONDING

Office of Administration
Administrative Hearing Commission



Mickey Wilson, CPA
Director
February 16, 2011