

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5174-06
Bill No.: HCS for HB 1769
Subject: Bonds - General Obligation and Revenue; Education, Elementary and Secondary
Type: Original
Date: March 7, 2014

Bill Summary: This proposal changes the laws regarding the sale of general obligation bonds.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

- 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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Division of Business and Community Services, Missouri Housing Development Commission, Division of Energy, and Missouri Development Finance Board, the Department of Insurance, Finance and Professional Registration, the Department of Revenue - Division of Taxation, and the Office of Missouri State Auditor** each assume this proposed legislation will have no fiscal impact on their respective agencies.

Officials from the **Joint Committee on Administrative Rules (JCAR)** stated this proposed legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office 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 Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, 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 their office can sustain with their core budget. Therefore, 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 with core funding. 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 **Office of State Treasurer (STO)** state that the provisions of this bill relating to the STO are outside the scope of office's current duties. STO presently does not have any staff assigned to analyzing the Municipal Bond Market and providing advice and therefore will need an FTE to perform these duties. In addition to this analyst, STO anticipates the complexities of this market and the demands from municipalities will require a junior analyst. These two FTE and this new duty will create enough of a demand for clerical work to exceed existing capacity, requiring an additional clerical position.

ASSUMPTION (continued)

Oversight assumes the legislation is permissive in that the State Treasurer may provide technical and advisory assistance. Oversight assumes the STO would not offer these services unless funding for the needed positions was obtained through the appropriations process. For fiscal note purposes only, Oversight will assume no impact.

Officials from the **Fulton School District** assume the restrictions on the use of a financial advisor will cost between \$25,000 and \$40,000 annually to hire the technical expertise for management of bond issues.

Oversight assumes the language of the proposal does not require a political subdivision to contract for technical expertise.

In response to a similar proposal (SB 705), officials from the **Francis Howell School District** stated that this proposed legislation matches their current practice, so no fiscal impact is anticipated.

Officials from the following school districts: Blue Springs, Branson, Caruthersville, Charleston R-I, Cole R-I, Columbia, Fair Grove, Harrison R-IX, Independence, Jefferson City, Johnson County R-7, Kansas City, Kirksville, Kirbyville R-V, Lee's Summit, Malden R-I, Malta Bend, Mexico, Monroe City R-I, Nixa, Parkway, Pattonville, Raymore-Peculiar R-III, Raytown, Riverview Gardens, Sedalia, Sikeston, Silex, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, Sullivan, Warren County R-III, and Waynesville did not respond to **Oversight's** request for fiscal impact.

Officials from the **City of Kansas City** state that to the extent this HCS exempts cities that retain or employ a municipal advisor from the competitive sale requirement, there is no cost to their city.

Officials from the **City of Columbia** assume no fiscal impact and state they already comply with the provisions proposed in this bill.

Officials from the **City of Jefferson** state there is not expected to be a fiscal impact on their city.

Also in response to SB 705, officials from the **City of O'Fallon** stated they already utilize a financial advisor and also already utilize a competitive bid process. O'Fallon officials indicated they would not utilize the Office of State Treasurer to assist with issuing bonds.

ASSUMPTION (continued)

Officials from the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring, and West Plains did not respond to **Oversight's** request for fiscal impact.

Officials from **Platte County, Cole County** and **St. Louis County** state this proposal will have no fiscal impact on their respective counties.

Officials from the **St. Charles County Recorder's Office** that this proposal does not affect their office.

Officials from **Boone County** state this proposal has no fiscal impact on their county since they already employ an independent municipal financial advisor.

Officials at the following counties: Andrew, Audrain, Barry, Bates, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Pulaski, Scott, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<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.

LMD:LR:OD

FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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

SOURCES OF INFORMATION

Department of Economic Development
 Division of Business and Community Services
 Missouri Development Finance Board
 Missouri Housing Development Commission
 Division of Energy
Department of Finance, Insurance and Professional Registration
Department of Revenue
Joint Committee on Administrative Rules
Office of State Auditor
Office of Secretary of State
 Administrative Rules Division
Office of State Treasurer
School Districts
 Fulton
 Francis Howell

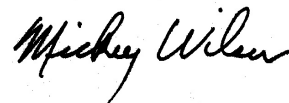
SOURCES OF INFORMATION (Continued)

Cities

Jefferson City
Columbia
O'Fallon
Kansas City

Counties

St. Louis County
Cole
Platte
St. Charles
Boone



Mickey Wilson, CPA
Director
March 7, 2014

Ross Strope
Assistant Director
March 7, 2014