

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4967-01  
Bill No.: HB 1751  
Subject: Department of Public Safety; Employees - Employers; Fire Protection;  
 Emergencies; Law Enforcement Officers and Agencies  
Type: Original  
Date: February 26, 2016

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Bill Summary: This proposal amends various provisions relating to public safety.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(\$22,226)	(Up to \$553,116)	(Up to \$553,722)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$22,226)</b>	<b>(Up to \$553,116)</b>	<b>(Up to \$553,722)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 11 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 135.1770 - Volunteer Firefighter tax deduction:

Officials from the **Department of Public Safety - Division of Fire Safety (DFS)** state this provision will provide for a tax deduction for volunteer fire fighters who meet specific training requirements. This legislation provides for a tax deduction of \$500 annually from the taxpayers adjusted gross income for any year in which the taxpayer has been certified after completing Basic Fire Fighting program by the Division of Fire Safety. Additionally, the legislation provides a \$1000 tax deduction for the taxpayer who has been certified after completing both the Fire Fighter 1 and 2 certification programs by the Division of Fire Safety in the tax year the credit is claimed.

Taxpayers who have previously completed Basic Fire Fighting in a previous tax year and obtained 18 hours of additional training shall be allowed to subtract \$500 from their adjusted gross income. Likewise, taxpayers who have previously completed Fire Fighter I and II in a previous tax year and obtained 36 hours of additional training, shall be allowed to subtract \$1,000 from their adjusted gross income.

According to the legislation, the Division of Fire Safety would be responsible for developing procedures for this process, administering the training programs, verifying the fire fighter is in good standing with a registered fire department, and verifying the training hours for individuals applying for the credit.

The Division of Fire Safety has administered and maintained a training and certification program for fire fighters for more than 25 years. More than 25,000 fire fighters and emergency responders have been previously trained with more than 60,000 certifications issued by the Division. Adding this requirement would increase the workload of the current training and certification program.

Therefore, the Division would request a one-thousand hour clerical position to process and evaluate the applications for tax credit eligibility, along with supporting expense funding to administer these additional duties. Because this portion of the proposed legislation is stated to go into effect in January 1, 2017, we do not anticipate needing clerical support prior to that time frame, therefore the fiscal note worksheet has been adjusted to reflect only 6 months of part-time clerical staff for FY17.

ASSUMPTION (continued)

DFS officials provided an estimate of the cost to implement this proposal of \$11,900 for FY 2017, \$17,480 for FY 2018, and \$17,766 for FY 2019.

Officials from the **Office of Administration - Budget and Planning (B&P)** state beginning in tax year 2017, this proposal creates a deduction for volunteer fire fighters who meet certain criteria. Volunteer fire fighters who complete at least 12 hours of training are allowed a deduction of \$500 per year and those who either complete the Basic Fire Fighter program or become certified after completing the Fire Fighter I and II program shall be allowed a deduction of \$1,000. According to information provided by the Department of Public Safety, there are 15,000 volunteer firefighters who complete 12 or more hours of training in a year, an average of 298 who complete Basic Fire Fighter Training, and an average of 947 who complete the Fire Fighter I and II program. Since deductions do not reduce taxes on a dollar for dollar basis, B&P estimates that this deduction will decrease TSR by \$516,000 per year. The numbers may vary in the future due to the impact of SB 509 (2014).

Officials from the **Department of Revenue (DOR)** assume that implementing this proposal would require programming and form changes; in addition, Personal Tax would require two additional Revenue Processing Technicians I (Range 10, Step L) for correspondence and error corrections and Collections and Tax Assistance (CATA) would require two additional Tax Collection Technicians I for contacts on the delinquent and non-delinquent tax lines. Each technician would require CARES equipment and license.

DOR officials provided an estimate of the administrative cost to implement the proposal including four additional employees; the total including additional employees, benefits, equipment, and expense, was \$175,147 for FY 2017, \$181,985 for FY 2018, and \$183,470 for FY 2019.

**Oversight** notes this proposal would change a limited number of computations on individual income tax returns and would not be expected to have an impact on the number of returns filed. Oversight notes a significantly high percentage of income tax returns are prepared online, electronically, or by paid preparers, and assumes there would not be a significant number of additional errors resulting from the changes in this proposal. Oversight assumes existing DOR staffing would be adequate to implement this proposal. If unanticipated additional costs are incurred or if multiple proposals are implemented that increase DOR costs or the workload for DOR employees, resources could be requested through the budget process.

**DOR** officials assumed there would be no IT cost to implement the proposal since the changes could be incorporated into the new integrated system.

ASSUMPTION (continued)

**Oversight** will use the B&P estimate of eligible firefighters and notes this proposal could reduce Missouri personal income tax revenues as follows:

	Number of firefighters		Total Deductions
Volunteers who complete twelve hours of training per year	15,000	\$500	\$7,500,000
Volunteers who complete Basic Firefighter Training	298	\$1,000	\$298,000
Volunteers who complete Firefighter I and II Training	947	\$1,000	\$947,000
Totals	<u>16,245</u>		<u>\$8,745,000</u>
<b>Revenue reduction</b>			<b><u>\$525,000</u></b>

**Oversight** notes the latest B&P estimate is based upon a marginal tax rate of 6%, and in the prior estimate B&P used a marginal tax rate of 5.9%.

**Oversight** assumes the amount calculated above would be the maximum revenue reduction for this proposal, since some eligible firefighters may not file a tax return, may not be able to use the deduction, or may not pay state income tax at the maximum individual rate. Oversight also notes the potential exists for a reduction in the personal income tax rates for 2018, which would have a fiscal impact in FY 2019 when 2018 income tax returns are filed. The rate reduction is contingent on net general revenue collections for the state of Missouri exceeding a statutory threshold, which may or may not occur. Accordingly, Oversight will include a revenue reduction estimate up to the amount calculated above for this proposal.

Section 173.260 - Tuition benefits for uniformed employees of the Office of the State Fire Marshal and emergency technicians:

**Oversight** notes this part of the proposal would add family members of uniformed employees of the State Fire Marshall and Emergency Medical Technicians, as defined in statute, to the list of individuals eligible for the Public Safety Officer or Employee's Child Survivor Grant Program. This program provides educational grants to the children or spouses of certain public employees

ASSUMPTION (continued)

killed or permanently and totally disabled in the line of duty. The current average award is \$4,867. This proposal also allows for the disbursement of any unpaid workers compensation into his or her estate.

Officials at the **Department of Higher Education (DHE)** assume that in FY 2015 the DHE paid 15 individuals under this program. While the DHE was able to locate national data on the number of deaths of Emergency Medical Technicians, we were unable to find state level information or information about the number of deaths that occurred in the line of duty. However, given the data available and the current distribution of recipients, which are primarily peace officers, DHE estimates this change will result in the payment of two additional individuals during the period of the fiscal impact statement. The FY 2015 average award under this program was \$4,867. Inflating that number at three percent per year, the average award for FY 2017 would be \$5,163. The total needed to pay two additional recipients would be \$10,326. Those numbers are inflated by three percent for FY 2018 and FY 2019.

Officials from **Department of Public Safety - Division of Fire Safety** state Section 173.260 defines "Public Safety Officer" to include "uniformed employee of the office of the state fire marshal". This then allows their survivors to be eligible for the educational grant program. The Division currently employees 56 uniformed employees.

Officials from the **Office of Administration - Budget and Planning (B&P)** state this proposal adds uniformed employees of the Office of the State Fire Marshal and emergency medical technicians to the definition of public safety officers whose families are eligible for tuition benefits if the individual is killed or permanently disabled in the line of duty. Per the Missouri Division of Fire Safety, there have been no LOD deaths for uniformed members of the Office of State Fire Marshal in the past. Per the Department of Health and Senior Services, this would affect an average of 1 EMT family annually. B&P cannot estimate the total number of family members who would take advantage of this new grant opportunity; however, any additional grant distributions would be subject to appropriations through the Department of Higher Education budget. B&P defers to DHE for any specific impact estimate.

Officials from the **Department of Labor and Industrial Relations** assume the proposal would not fiscally impact their agency.

ASSUMPTION (continued)

Section 287.243 - Line of Duty benefits:

Officials from the **Office of Administration - Budget and Planning (B&P)** state this proposal specifies distribution requirements among the estate of the deceased public safety officers eligible for the \$25,000 Line of Duty benefit. This will not increase the number of individuals eligible for the benefit

**Oversight** notes this provision would allow a spouse, child or personal representative of any person killed in the line of duty on or after June 19, 2009, to claim the \$25,000 line of duty compensation if they did not claim it previously.

In response to a similar proposal from this year (HB 1964), officials at the **Department of Labor and Industrial Relations** assumed that if this would allow the filing of claims beyond the one year time frame, this could cause a cost to General Revenue for those claims. It is unknown how many additional claims would be filed. The Department assumes it could handle the administrative impact of this proposal with existing resources.

The line of duty compensation is \$25,000 per person and is required to be claimed within one year of death. The program began in 2009. According to the Department of Labor and Industrial Relations the following has been paid on the program in recent years:

FY 2012	2 people	\$50,000
FY 2013	13 people	\$325,000
FY 2014	10 people	\$250,000
FY 2015	1 person	\$25,000

The Department is usually appropriated \$450,000 to pay any claims during the year. **Oversight** will assume the current \$450,000 funding would be enough to cover the few additional claims.

Section 213.058 - Pregnant Safety Workers Fairness Act:

Officials from the **Cole County Sheriff's Department** state this proposed legislation has the potential for negative fiscal impact to Cole County. Specifically the new proposed statute section 213.058 would affect Cole County's Sheriff's Office and Emergency Management Services. Subpart 213.058.2(3) prohibits either service from moving a pregnant employee from active duty to modified duty unless the employee agrees. A scenario could arise where by any objective measurement the employee cannot perform the essential functions of her job, thereby creating a public health or safety hazard, but cannot be removed from active duty, as would be the case with

ASSUMPTION (continued)

any other medical condition, if she would not agree. This situation could create a liability for Cole County, which could result in lawsuits and monetary damages against the County. Of course the amount of such fiscal impact cannot be measured at this time but a very real potential exists.

**Oversight** will range the fiscal impact to local law enforcement agencies from \$0 to (Unknown).

Sections 321.900 - 321.924 - Regional Fire Protection Service Authority Act:

**Oversight** assumes this part of the proposal is permissive and will not reflect a fiscal impact to the local political subdivisions that choose to create such authority. Oversight assumes the creation of such an authority and the potential source(s) of revenue for it would have to be approved by voters within the districts.

Bill as a whole:

Officials from the **Department of Public Safety - Office of the Director** defer to the Office of Administration.

Officials from the **Department of Public Safety - Missouri Highway Patrol and Capitol Police** each assume the proposal would not fiscally impact their respective agencies.

According to officials from the **Office of the 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 is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.



ASSUMPTION (continued)

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

Officials from the **Springfield Police Department** and the **Boone County Sheriff's Department** each assume the proposal would not fiscally impact their respective agencies.

Officials from Cass County, Clay County, Greene County, Pettis County, Jefferson County, Independence Police Department, St. Louis County Police Department, St. Louis Metropolitan Police Department and numerous ambulance districts did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>GENERAL REVENUE FUND</b>			
<u>Revenue reduction</u> - DOR - §135.1770 Tax deduction for firefighters who have completed training	\$0	(Up to \$525,000)	(Up to \$525,000)
<u>Cost</u> - DFS - §135.1770 to implement tax deduction	(\$11,900)	(\$17,480)	(\$17,766)
<u>Cost</u> - DHE - §173.260 - expanding the Public Safety Officer Grant Program to include Emergency Medical Technicians & State Fire Marshall employees	<u>(\$10,326)</u>	<u>(\$10,636)</u>	<u>(\$10,956)</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>(\$22,226)</u></b>	<b><u>(Up to \$553,116)</u></b>	<b><u>(Up to \$553,722)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>COUNTIES AND CITIES</b>			
<u>Cost</u> - potential for additional costs and/or exposure from §213.058	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO COUNTIES AND CITIES</b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill affects various statutes relating to public safety.

Section 135.1771, RSMo

Beginning on January 1, 2017, a taxpayer may be allowed to deduct \$500 from the taxpayer's income for any year in which the taxpayer completes the Basic Fire Fighter training program. The taxpayer may also deduct \$500 for every taxable year thereafter if he or she completes at least 18 hours of any state fire marshal developed or approved firefighter training program. For any taxable year in which the taxpayer completes the Fire Fighter I and Fire Fighter II training programs, the taxpayer may deduct \$1,000 from the taxpayer's income. For every year thereafter in which the taxpayer completes at least 36 hours of any state fire marshal developed or approved firefighter training program, the taxpayer may deduct \$1,000 from his or her income.

This provision shall sunset on December 31, six years after its effective date. If it is reauthorized, it will sunset twelve years after its effective date.

Section 287.243

The provisions of this section relate to survivor benefits for survivors of public safety employees killed in the line of duty.

FISCAL DESCRIPTION (continued)

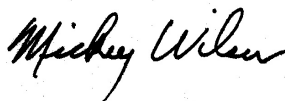
Section 213.058

It shall be unlawful for an employer of a public safety employee to refuse to hire or to act with respect to recruitment, promotion, renewal of employment, discharge, discipline, privileges, or conditions of employment on the basis of pregnancy, childbirth, or medical or common conditions related to pregnancy or childbirth. Certain reasonable accommodations employers must provide related to pregnancy or childbirth are specified in the bill.

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 Public Safety  
Department of Revenue  
Office of Administration - Office of Administration - Budget and Planning  
Department of Higher Education  
Department of Labor and Industrial Relations  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Springfield Police Department  
Boone County Sheriff's Department  
Cole County Sheriff's Department



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