

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1118-04  
Bill No.: HCS for HB 387  
Subject: Tourism; Elderly; Economic Development  
Type: Original  
Date: May 1, 2017

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Bill Summary: This proposal establishes the Retirees Experiencing a Better Living Initiative Fund to advertise Missouri to retirees in other states.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
General Revenue*	\$0 or (Could exceed \$5,000,000)	\$0 or (Could exceed \$5,000,000)	\$0 or (Could exceed \$5,000,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (Could exceed \$5,000,000)</b>	<b>\$0 or (Could exceed \$5,000,000)</b>	<b>\$0 or (Could exceed \$5,000,000)</b>

\* Oversight is showing the appropriation at the minimum amount of \$5 million on \$100 million revenue growth. Oversight notes that based on the history of the last five years the appropriation could have been required to be as high as \$37.1 million.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Retirees Experiencing a Better Life Initiative	0 or Unknown	0 or Unknown	0 or Unknown
<b>Total Estimated Net Effect on Other State Funds</b>	<b>0 or Unknown</b>	<b>0 or Unknown</b>	<b>0 or Unknown</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Retirees Experiencing a Better Life Initiative	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>0 or 1 FTE</b>	<b>0 or 1 FTE</b>	<b>0 or 1 FTE</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Economic Development (DED)** assume this proposal establishes the Retirees Experiencing a Better Living Initiative Fund (REBL) which shall consist of any gifts, contributions, grants, bequests, or appropriations made to the fund. In any fiscal year in which the net General Revenue collected exceeds the previous year's net collections by at least \$100 million, the fund is to be financed by an appropriation of 5% of the difference between those net General Revenues collected. Appropriations are to occur no more than five times, and at the start of every fiscal year thereafter the fund shall be appropriated an amount sufficient to return the balance of the fund to \$15 million. The REBL Initiative sunsets eight years after the effective date unless re-authorized by the General Assembly, and any monies remaining in the fund after the initiative is sunset will revert to General Revenue.

The Division of Tourism is to use the appropriated funding for marketing, contracts for specialized promotion services, and creating new initiatives and pilot programming to encourage and promote the relocation of retirees to Missouri. The Division of Tourism is required to submit an annual report to the General Assembly detailing the benefits of the REBL Initiative including demographic information on the number of retirees that have relocated to Missouri; a description of the marketing strategies implemented; a list of expenses paid by the fund; a statement on any new initiatives or pilot programs implemented under the program; and documentation of the estimated net fiscal benefit for each project and the actual benefit realized upon completion of such project.

The Division of Tourism would not be able to implement the proposed REBL Initiative within its existing budget. The Division of Tourism would need one additional FTE, a Public Information Coordinator (\$46,056), in order to develop a new marketing program, specialized promotion services, new initiatives, and pilot programs to incentivize retirees to relocate to Missouri. This person would also be needed to develop the required annual report which is to be submitted to the General Assembly. The Division of Tourism would need to conduct an Awareness and Market Potential of Senior Living Study (estimated to cost \$50,000) in order to determine the market size, demographics, and location of retirees who could be incentivized to move to Missouri and survey them on what they look for in a retirement location. This study would help the Division of Tourism in developing effective marketing campaigns and other programs and initiatives under the Grow Missouri Fund Program. In order to determine the number of retirees who have relocated to Missouri and associated demographic information on these retirees as well as the proposed and actual net fiscal benefit of each program and activity implemented under the Grow Missouri Fund Program, the Division of Tourism would need to conduct an annual Senior Living Marketing Effectiveness Study. This study would be conducted beginning in the second

ASSUMPTION (continued)

year of the program and is estimated to cost \$75,000 the first time it is conducted and \$50,000 annually thereafter. The cost is greater in the first year as there are one-time costs involved in setting up the study and finding the correct sample population. The Division of Tourism is requesting from the General Revenue Fund appropriations for one additional FTE, associated expense and equipment, and awareness and effectiveness studies totaling \$119,371 in FY 2018, \$149,915 in FY 2019, and \$125,624 in FY 2020.

Officials at the **Office of the State Treasurer** assume there is no fiscal impact from this proposal.

**Oversight** notes this proposal states the Retirees Experiencing a Better Living Initiative Fund shall be financed in a fiscal year in which the net General Revenue collected in the previous fiscal year exceed the amount by one hundred million or more, then the fund will be appropriated by the General Assembly 5% of the difference between the net General Revenues collected. Therefore, the minimum amount of the appropriation would be \$5,000,000 ( $\$100,000,000 \times .05$ ). Such an appropriation shall occur no more than five times. At the start of every fiscal year thereafter, the fund shall be appropriated an amount sufficient to return the balance of the fund to \$15,000,000.

According to the Missouri Senate Appropriations Committee Annual Fiscal Reports, **Oversight** notes that the state has had the following net General Revenue collections in recent years:

Fiscal Year	Net General Revenue Collections (in millions)	Growth in net General Revenue collections (in millions)	5% of difference over \$100 million - money put into REBL fund
FY 2011	\$7,109.6		
FY 2012	\$7,340.6	\$231.0	\$11.5 million
FY 2013	\$8,082.7	\$742.1	\$37.1 million
FY 2014	\$8,003.3	(\$79.4)	\$0
FY 2015	\$8,709.2	\$705.9	\$35.3 million
FY 2016	\$8,786.8	\$77.6	\$0

ASSUMPTION (continued)

**Oversight** notes that if this proposal had been in place the last five years the appropriation amount may have been zero but also could have been as high as \$37.1 million. The average appropriation over these five years would have been \$16.78 million. Oversight for fiscal note purposes, is showing the minimum \$5 million appropriation.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>GENERAL REVENUE FUND</b>			
<u>Transfer Out - to Retirees Experiencing a Better Living Initiative *</u>	\$0 or (Could exceed <u>\$5,000,000</u> )	\$0 or (Could exceed <u>\$5,000,000</u> )	\$0 or (Could exceed <u>\$5,000,000</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b>\$0 or (Could exceed <u>\$5,000,000</u>)</b>	<b>\$0 or (Could exceed <u>\$5,000,000</u>)</b>	<b>\$0 or (Could exceed <u>\$5,000,000</u>)</b>

**\* Oversight is showing the appropriation at the minimum amount of \$5 million on \$100 million revenue growth. Oversight notes that based on the history of the last five years the appropriation could have been required to be as high as \$37.1 million.**

**FISCAL IMPACT - State Government**  
**(continued)**

FY 2018  
 (10 Mo.)

FY 2019

FY 2020

**RETIREES EXPERIENCING A  
 BETTER LIVING INITIATIVE**

	\$0 or Could Exceed	\$0 or Could Exceed	\$0 or Could Exceed
<u>Transfer In</u> - from General Revenue	\$5,000,000	\$5,000,000	\$5,000,000
<u>Cost</u> - Tourism			
Personal Service	\$0 or (\$33,090)	\$0 or (\$40,105)	\$0 or (\$40,506)
Fringe Benefits	\$0 or (\$18,444)	\$0 or (\$22,251)	\$0 or (\$22,371)
Awareness & Market Potential Study	\$0 or (\$50,000)	\$0	\$0
Senior Living Marketing Study	\$0	\$0 or (\$75,000)	\$0 or (\$50,000)
Equipment and Expenses	<u>\$0 or (\$10,846)</u>	<u>\$0 or (\$4,237)</u>	<u>\$0 or (\$4,343)</u>
<u>Total Costs</u> - Tourism	\$0 or (\$112,380)	\$0 or (\$141,593)	\$0 or (\$117,220)
Total FTE Change - Tourism	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
	\$0 or (Could exceed	\$0 or (Could exceed	\$0 or (Could exceed
Marketing to Seniors	<u>\$100,000)</u>	<u>\$100,000)</u>	<u>\$100,000)</u>

**ESTIMATED NET EFFECT ON  
 RETIREES EXPERIENCING A  
 BETTER LIVING INITIATIVE**

**\$0 or Unknown** **\$0 or Unknown** **\$0 or Unknown**

Estimated Net FTE Change on Retirees Experiencing a Better Living Initiative	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
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**FISCAL IMPACT - Local Government**

FY 2018  
 (10 Mo.)

FY 2019

FY 2020

**\$0**

**\$0**

**\$0**

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

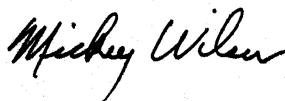
This bill creates the "Retirees Experiencing a Better Living Initiative Fund" with monies in the fund to be used for marketing, contracts for specialized promotion services, and creating new initiatives and pilot programming to encourage and promote the relocation of retirees to Missouri. In the event the amount of net general revenue collected in a fiscal year exceeds the amount of net General Revenue collected in the previous fiscal year by at least \$100 million the fund must be financed by a one-time 5% of the difference appropriation by the General Assembly. At the start of every fiscal year thereafter, the fund must be appropriated an amount sufficient to return the balance of the fund to \$15 million.

The Division of Tourism within the Department of Economic Development is required to submit an annual report to the General Assembly detailing the benefits authorized under this program as required.

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 Tourism  
Office of the State Treasurer



Mickey Wilson, CPA  
Director  
May 1, 2017

Ross Strobe  
Assistant Director  
May 1, 2017