

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0149-01
Bill No.: HB 266
Subject: Historic Preservation; Tourism; Department of Natural Resources
Type: Original
Date: February 6, 2019

Bill Summary: This proposal creates the designation of “State Historical Theater” and specifies criteria to apply for and achieve such designation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	\$0 or (\$80,987)	\$0 or (\$71,574)	\$0 or (\$72,219)
Total Estimated Net Effect on General Revenue	\$0 or (\$80,987)	\$0 or (\$71,574)	\$0 or (\$72,219)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
Total Estimated Net Effect on FTE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Natural Resources (DNR)** state the following regarding this proposal:

If the State Historic Preservation Office (SHPO) is required to develop and then maintain the theater registry, a portion of one FTE (Cultural Resource Preservationist or CRP) would be needed to perform a variety of tasks to create and support the program.

Initially, for the program's set-up, the CRP would need to do the following:

- Determine a process for applying for the designation, including the timeline;
- Create an application form which is required to go through the department's form approval process;
- Prepare materials for the Missouri Advisory Council on Historic Preservation's review;
- Provide support to the Council to conduct its business;
- Design and prepare certificates (which, like the application forms, must be approved);
- Distribute the certificates;
- Establish a database for the recording and management of the program information; and
- Determine a process for collecting an application fee.

One Cultural Resource Preservationist II (or equivalent position) is recommended; however, the assistance of a graphics staff person also would be necessary to help create the form and certificate, along with legal (chief counsel) assistance to draft and promulgate the rules.

In addition, the proposed legislation would require keeping data relevant to the historic theater designation program, which would most likely be managed by a database and possibly through a Geographic Information System so the location of these properties can be effectively identified and maintained. There is no criteria that the theater be located in one particular place for 25 years, only to be in operation for 25 years, so the theater entity may relocate. Because the theater has to re-apply for the designation every three years, the data would need to be maintained over time, thus it would need to be a dynamic information system. The implementation cost for this system would be \$4,000 in the first year and \$500 per year after implementation for maintenance of the system.

The salary, benefits, and operating budget of each position's contribution need to be factored into the cost of the proposed program.

ASSUMPTION (continued)

- CRP II starting annual salary of \$41,884
- Fringes of \$25,502
- One time purchase of computer equipment and implementation of new system of \$5,117
- Office equipment and furniture of \$8,617
- Office space of \$4,140
- Continuing costs of \$574
- Supplies \$372
- Professional Development \$404
- Communication Services/Supplies \$523
- Maintenance & Repair Services \$345
- Ongoing computer costs \$999
- Utilities \$460

Furthermore, the program funding source needs to be established and a nominal certificate fee is not likely to be sufficient to cover these costs, in particular the first year when the costs would most likely be greatest due to establishing the program. It is unclear how the SHPO is eligible to receive and collect these funds and its existing funding is restricted and may be used only for specific activities. Any increased staff or expenses would need to be requested from General Revenue because the federal grant and state funding used to support the SHPO would not cover the costs of this proposed program. The SHPO provides funding and support to the Council and this additional program would require extra Council time and extra SHPO staff support to cover expenses related to the program.

Salary, benefits, and operating expenses would be an on-going expense for the life of the theater program. Past its initial set-up, the historical theater register would have to be maintained, thus there would continue to be ongoing operating expenses, along with the cost of the Council's involvement. The Council members do not receive salary or benefits (only travel reimbursement), but the department would have these expenses for staff managing the program.

The proposed legislation would add costs to the SHPO's and department's operations, and the identified funding may not be adequate to support the specified program.

ASSUMPTION (continued)

Oversight found a list of Missouri theatres from the League of Historic American Theatres (LHAT). Currently there are three active LHAT members and 45 other theatres that are not members of the LHAT, including: Arrow Rock Lyceum Theatre (Boonville), Fox Theatre (St. Louis) and Up Town Theatre (Kansas City). Oversight is unsure how many theatres will apply to become designated as a “State Historical Theatre”; therefore, Oversight will range the fiscal impact of this proposal from \$0 (few theatres apply and DNR does not require an FTE) to the costs DNR indicated in their assumption.

Officials from the **Department of Economic Development - Business and Community Services, Department of Economic Development - Division of Tourism and Department of Economic Development - Missouri Arts Council** each assume the proposal will have no fiscal impact on their organization.

Officials from the **Joint Committee on Administrative Rules** state that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** assume 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, 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 the 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.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Cost - DNR (\$253,417) - administer program</u>	\$0 or...	\$0 or...	\$0 or...
Personal Services	(\$34,903)	(\$42,303)	(\$42,726)
Fringe Benefits	(\$21,145)	(\$25,502)	(\$25,631)
Expense and Equipment	(\$24,939)	(\$3,769)	(\$3,862)
<u>Total Cost - DNR</u>	<u>\$0 or (\$80,987)</u>	<u>\$0 or (\$71,574)</u>	<u>\$0 or (\$72,219)</u>
FTE Change - DNR	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$0 or (\$80,987)</u>	<u>\$0 or (\$71,574)</u>	<u>\$0 or (\$72,219)</u>
Estimated Net FTE change for the General Revenue Fund	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<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

This bill establishes the designation of "Official State Historical Theater" on theaters that meet specified criteria, including being a 501(c)(3) not-for-profit corporation, performance history, and contribution to tourism and arts promotion. The State Historic Preservation Council shall administer the program as specified in the bill and may charge a fee to cover the costs of the program.

This legislation is not federally mandated and would not require additional capital improvements or rental space.

FISCAL DESCRIPTION (continued)

This legislation does partially duplicate an existing program. The Missouri Advisory Council on Historic Preservation is a state review board required by federal law. Established by Executive Order 86-17 and transferred by statute to DNR under 253.412, RSMo, one of the primary duties of the Council is to review and evaluate historic properties for inclusion in the National Register of Historic Places, a federal program. With the passage of SB 843 last session, the Council now has new duties regarding unmarked burials that were formerly the responsibility of the Unmarked Human Burials Consultation Committee, which has been abolished. Adding an official state historical theater designation program would increase the Council's and State Historic Preservation Office's (SHPO) responsibilities for a program that shares no criteria with historical programs that either manages.

SOURCES OF INFORMATION

Department of Natural Resources
Department of Economic Development - Business and Community Services
Department of Economic Development - Division of Tourism
Department of Economic Development - Missouri Arts Council
Office of the Secretary of State
Joint Committee on Administrative Rules



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February 6, 2019

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February 6, 2019