

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0831S.04S
 Bill No.: CCS for SB 86
 Subject: Education - Elementary and Secondary; Elections; Political Subdivisions; Tax Credits; Treasurer, State
 Type: Original
 Date: May 13, 2021

Bill Summary: This proposal modifies provisions relating to school districts, with penalty provisions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue*	\$0	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

*Oversight notes the changes in §135.715 relating to the Missouri Empowerment Scholarship Accounts Program (reducing the starting limit from \$50 million) as in TAFP HB 349, would not have a fiscal impact without the Governor also signing TAFP HB 349 into law. If both this proposal and HB 349 become law, this section would reduce the tax credit program's annual limit by roughly \$25 million per year as stated in HB 349.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints, **Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

§115.646 - Prohibiting the contribution and expenditure of public funds

In response to a previous version, officials from the **Office of the State Treasurer, Department of Higher Education and Workforce Development, Missouri Department of Transportation, Department of Social Services, Missouri House of Representatives, Missouri Senate, Joint Committee on Administrative Rules, Missouri Office of Prosecution Services, Department of Commerce and Insurance, Missouri Highway Patrol, Office of the Secretary of State, Department of Elementary and Secondary Education, Office of Administration, Office of Administration, Office of the State Public Defender, and Office of the State Auditor** each assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

In response to a previous version, officials from the **Missouri Ethics Commission** assumed the proposal will have no fiscal impact on their organization.

In response to a previous version, officials from the **Kansas City Election Board, Platte County Board of Elections, and St. Louis County Board of Elections** each assumed the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

§135.715 - Missouri Empowerment Scholarship Accounts Program

In response to a previous version, officials from **Department of Revenue (DOR)** assumed this amendment is amending section 135.713 which is not a section in this bill nor is it a current section in statute. Therefore it appears to not have any fiscal impact.

Per the debate on this amendment it appears it is trying to modify provisions found in HB 349 that was TAFP on May 6, 2021. However since HB 349 has not been officially created, the

Department assumes this amendment does not have a fiscal impact. Should HB 349 be signed into law this amendment could potentially lower the tax credit cap established in HB 349.

In response to a previous version, officials from **Office of Administration – Budget and Planning** assumed Section 135.715 modifies the tax credits in section 135.713 (Note: this appears to reference TAFP HCS HB 349) to cease the annual increases once the amount reaches \$50 million. The tax credit cap in the first year of the program shall not exceed \$25 million.

This proposal may reduce general and total state revenues up to a minimum of (\$25 million) annually. Once fully implemented, this proposal may reduce general and total state revenues up to (\$50 million) annually.

This proposal may impact the calculation under Article X, Section 18(e). The State Treasurer's office is to receive four percent of qualifying contributions for marketing and administrative expenses of such program.

Oversight notes that Section 135.715 in HA2 states “Notwithstanding any provision in section 135.713 to the contrary, the annual increase to the cumulative amount of tax credits under subsection 3 of section 135.713 shall cease when the amount of tax credits reaches fifty million dollars. The cumulative amount of tax credits that may be allocated to all taxpayers contributing to educational assistance organizations in the first year of the program shall not exceed twenty-five million dollars.”

Section 135.713 does not currently exist in state statute. Section 135.713 has been proposed as a **new** section to Missouri law in TAFP HB 349 (2021) which is awaiting action by the Governor. Oversight notes TAFP HB 349 creates the Missouri Empowerment Scholarship Accounts Program. Since Section 135.713 is not an existing statute, Oversight will not show an impact in the fiscal note for the changes in Section 135.715.

For information purposes, Oversight notes: should TAFP HB 349 **and** SB 86 (as amended 05/11/2021) become law, Section 135.715 will reduce the cumulative amount of tax credits that may be authorized under the Missouri Empowerment Scholarship Accounts Program from \$50 million to \$25 million (first year) and from \$75 million to \$50 million (fully implemented).

Should TAFP HB 349 become law but **not** SB 86 (or other proposal that implements Section 135.713), no changes to TAFP HB 349 will occur.

Should TAFP HB 349 not become law but SB 86 (as amended 05/11/2021) does become law, HA 2 (Section 135.715) becomes moot.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local election authorities and school districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	\$0	\$0	\$0

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	\$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

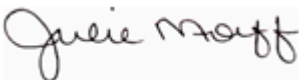
This proposal creates new provisions prohibiting the use of public funds to influence elections.

This proposal also creates new provisions for the "Missouri Empowerment Scholarship Accounts Program" established in TAFP HB 349.

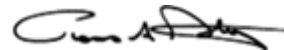
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Department of Elementary and Secondary Education
Missouri Ethics Commission
Department of Commerce and Insurance
Department of Higher Education and Workforce Development
Department of Revenue
Missouri Highway Patrol
Department of Social Services
Office of Administration
Office of Administration – Budget and Planning
Missouri Department of Transportation
Office of the State Treasurer
Missouri House of Representatives
Joint Committee on Administrative Rules
Missouri Senate
Missouri Office of Prosecution Services
Kansas City Election Board
Platte County Board of Elections
St. Louis County Board of Elections
High Point R-III School District
Shell Knob School District
Wellsville-Middleton R-I School District



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May 13, 2021



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