

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0831S.04T  
 Bill No.: Truly Agreed To and Finally Passed CCS for SB 86  
 Subject: Education, Elementary And Secondary; Elections; Political Subdivisions  
 Type: Original  
 Date: June 1, 2021

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

**FISCAL SUMMARY**

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

\*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.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
<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.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</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 2022</b>	<b>FY 2023</b>	<b>FY 2024</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 \$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.

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

## FISCAL ANALYSIS

### ASSUMPTION

#### §115.646 - Prohibiting the contribution and expenditure of public funds

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, Office of the State Courts Administrator, Missouri Office of Prosecution Services, Department of Commerce and Insurance, Department of Public Safety - Missouri Highway Patrol, Office of the Secretary of State, Office of Administration - Administrative Hearing Commission, Office of the State Public Defender, and Office of the State Auditor** each assume 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.

Officials from the **Kansas City Election Board, Platte County Board of Elections, and St. Louis County Board of Elections** each assume the proposal will have no fiscal impact on their respective organizations.

**Oversight** notes that the above mentioned agencies have stated this section of 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 for this section.

#### §135.715 - Missouri Empowerment Scholarship Accounts Program

Officials from the **Department of Elementary and Secondary Education** assume the proposal will have insignificant costs for the Commissioner of Education to serve on the Missouri Empowerment Scholarship Accounts Board and Section 135.715 may also impact state revenues.

Officials from **Department of Revenue (DOR)** assume this proposal is amending section 135.713 which is not in this bill nor is it a current section in statute appears to not have any fiscal impact. Section 135.713 is created in the Truly Agreed To and Finally Passed version of HB 349 adopted on May 6, 2021.

Per the debate on this section, 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 approved by the Governor, the Department assumes this amendment does not have a fiscal impact. Should HB 349 be signed into law this section could lower the tax credit cap established in HB 349.

Additionally, this section establishes a Missouri Empowerment Scholarship Accounts Board that would monitor this program and tax credit. This Board is not expected to fiscally impact the Department.

Officials from **Office of Administration – Budget and Planning** assume 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 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 HCS HB 349 (2021) which is awaiting action by the Governor. Oversight notes TAFP HCS 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 in this bill.

For information purposes, Oversight notes should TAFP HCS HB 349 **and** CCS SB 86 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 HCS HB 349 become law but **not** CCS SB 86 (or other proposal that implements Section 135.715), no changes to TAFP HCS HB 349 will occur.

Should TAFP HCS HB 349 not become law but CCS SB 86 does become law, Section 135.715 in this bill 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
	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act prohibits the contribution or expenditure of public funds by any school district or by any officer, employee, or agent of any school district:

The act additionally prohibits the contribution or expenditure of public funds by any officer, employee, or agent of any political subdivision to pay debts or obligations of any candidate or committee previously incurred for the purposes described above.

Any purposeful violation of this act is punishable as a class four election offense.

The act also creates new provisions relating to educational assistance organizations (EAOs). Specifically, notwithstanding the provisions of the truly agreed to and finally passed HCS HB 349 (2021) to the contrary, the act prohibits the annual increase to the cumulative amount of tax credits that can be issued for purposes of contributions to EAOs when the amount of tax credits reaches \$50 million. Furthermore, the cumulative amount of tax credits that may be allocated to all taxpayers contributing to EAOs in the first year of the Missouri Empowerment Scholarship Accounts Program shall not exceed \$25 million.

The act limits the number of EAOs that can be certified to no more than 10 in any single school year, with no more than 6 having their principal place of business in:

- Greene County;
- Jackson County;
- St. Charles County;
- St. Louis County; and
- St. Louis City.

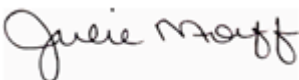
The act creates the Missouri Empowerment Scholarship Accounts Board. The State Treasurer is permitted to delegate duties assigned to him under the truly agreed to and finally passed HB 349 (2021) to the Board.

Four percent of the total qualifying contributions received by each EAO per calendar year is required to be deposited in the Missouri Empowerment Scholarship Accounts Fund to be used by the State Treasurer for marketing and administrative expenses or the costs incurred in administering the program, whichever is less.

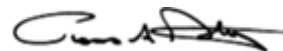
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Office of the Secretary of State  
Department of Elementary and Secondary Education  
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 - Administrative Hearing Commission  
Office of Administration – Budget and Planning  
Missouri Department of Transportation  
Office of the State Treasurer  
Missouri House of Representatives  
Missouri Senate  
Missouri Office of Prosecution Services  
Office of the State Courts Administrator  
Office of the State Public Defender  
Office of the State Auditor  
Office of the State Treasurer  
Kansas City Election Board  
Platte County Board of Elections  
St. Louis County Board of Elections



Julie Morff  
Director  
June 1, 2021



Ross Strobe  
Assistant Director  
June 1, 2021