

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6732S.01I
 Bill No.: SB 1578
 Subject: Office of Administration
 Type: Original
 Date: March 8, 2026

Bill Summary: This proposal creates a new fund for moneys received from the sale of real property owned by the state.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue	(Unknown)	(Unknown)	(Unknown)

*Oversight assumes the loss of funds from the sale of real property could exceed \$250,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Real Estate Fund*	Unknown	Unknown	Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown	Unknown	Unknown

*Oversight assumes the gain of funds from the sale of real property could exceed \$250,000.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§37.005 – Real Estate Fund

Officials from the **Office of Administration - Facilities Management, Design and Construction (FMDC)** assume this legislation establishes the Real Estate Fund to allow funds from the sale of real properties to be reinvested into the purchase of properties that better meet the state's workforce needs as those needs change over time. This would allow OA-FMDC to strategically align the state portfolio to provide safe, secure environments for all state team members. While this bill will divert potential funds from the sale of properties from being deposited into General Revenue, requests for an appropriation for the purchase of property will also come from this fund rather than from General Revenue. It is currently logistically challenging for the state to act as a viable buyer in the property market when it could take up to a year to get a General Revenue appropriation and the property seller then knows the exact amount the state has available for purchase. Rather than requesting a standing appropriation from General Revenue to help address this challenge, this bill offers a potential reinvestment solution where the funds being requested will come from the sale of existing state properties. There are several properties that have been identified in the Springfield area that are currently at maximum capacity with no room to expand. It may be possible to lower operational and deferred maintenance costs by selling multiple properties and consolidated team members into a single location. This bill proposes a solution that would provide OA's division of Facilities Management Design & Construction (FMDC) with an additional tool that could be used to save time and create property management efficiencies.

In response to a similar proposal from this year (HB 2289), FMDC stated that at this time, it is believed that the additional staff time and resources can be absorbed by FMDC. However, if there are multiple pieces of legislation passed where FMDC has responded that the costs can be absorbed, FMDC would need to reevaluate to see if additional staff and associated expenses would then be required.

Oversight assumes this legislation creates the "Real Estate Fund" which shall consist of money received from the sale of real property owned by the State of Missouri. Oversight assumes by creating a new fund to deposit the sale of real property revenues, there will also be a loss to the original fund that these moneys are currently deposited into. According to OA, in most cases, the fund this type of revenue is deposited into is the General Revenue Fund. For fiscal note purposes, Oversight will reflect an Unknown revenue to the newly created fund "Real Estate Fund" and an Unknown loss to the General Revenue Fund. Oversight assumes FMDC can absorb any administrative costs related to this proposal.

Officials from the **Office of the State Treasurer** 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 for this agency.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE FUND			
<u>Loss – OA (\$37.005) Newly Created Fund p.3</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
REAL ESTATE FUND			
<u>Revenue – OA (\$37.005) Newly Created Fund p.3</u>	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT TO THE REAL ESTATE FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill creates a dedicated Real Estate Fund in the State treasury. The bill requires that all proceeds from the sale of state-owned real property be deposited into the fund and used solely for the acquisition of real property to support state operations. The State Treasurer serves as custodian of the fund and may invest fund moneys, with interest credited back to the fund.

Further, the bill provides that balances remaining at the end of a biennium shall not revert to General Revenue and requires the Commissioner of Administration to submit an annual report of all fund receipts and expenditures.

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 Administration
Office of the State Treasurer



Julie Morff
Director
March 8, 2026



Jessica Harris
Assistant Director
March 8, 2026