

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6997S.01I
 Bill No.: SB 1651
 Subject: Employees - Employers; Political Subdivisions; Water Resources and Water Districts
 Type: Original
 Date: April 8, 2026

Bill Summary: This proposal creates provisions relating to benefits of Soil and Water Conservation District employees.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Soil and Water Sales Tax Fund (1614)*	(\$1,566,081)	(\$1,901,464)	(\$1,939,492)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$1,566,081)	(\$1,901,464)	(\$1,939,492)

*Oversight assumes that the net effect is from 1 FTE for DNR along with the increased annual allocations for the soil and water conservation district employee's health care plans.
 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	\$1,456,249	\$1,782,449	\$1,818,098

FISCAL ANALYSIS

ASSUMPTION

§278.115 - Benefits of Soil and Water Conservation District Employees

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state that this proposal creates provisions relating to benefits of soil and water conservation district employees.

Soil and water conservation district employees are currently enrolled in MCHCP as public entity members. Their premiums and rates are based on the experience of the public entity groups adjusted for certain factors. There are currently over 220 employees and 240 members enrolled in an MCHCP plan for coverage through the Soil and Water Districts.

It is unclear in this legislation what is meant by the use of the word “rates”. There are several different ways rates could be used. Currently today, the state group is priced as full premium rates for each plan type (PPO1250, HSA, etc.) and level of coverage (employee, employee/spouse, etc.) and then a state contribution is approved by the Board of Trustees to obtain the employee’s share of the premium. These amounts are calculated by an actuary once per year. Full state participation is then blended and a per employee amount is calculated to draw down the appropriation from the Office of Administration. This state contribution number is currently \$1,174 per employee per month and is recalculated twice per year. MCHCP then is paid the employee’s premiums plus this blended per employee amount. It is assumed that all of these rates (for the period covered) would be binding on the soil and water under this legislation.

It is unclear how MCHCP would collect the money from the soil and water districts for these employees as they are not currently part of the MCHCP appropriation through OA, as many state employee’s premiums are collected. It is assumed for the calculation of this fiscal impact that an agreeable method, which has the least impact on MCHCP collection, could be negotiated, similarly to how premiums are collected from the Soil and Water Districts today. The cost to change Soil and Water District employees to the state pool from the public entity pool is unknown, but not likely to cost MCHCP more than \$10,000.

The legislation also does not clearly indicate how retiree coverage should be calculated and paid. No additional calculations were done for retirees at this time, but if the retirees were offered insurance on par with state retirees, MCHCP collects the amount of the state contribution for retirees by a 3.6% of total payroll of current employees. This funds the state subsidy that is given to the retirees.

The calculated amounts based on these numbers for the cost of coverage for the Soil and Water District employees were provided to the Department of Natural Resources (DNR) for the calculation of their fiscal note. MCHCP is not considering any of this increase in the calculations.

It is unknown what removing the soil and water district employees from the public entity pool would do with the remaining public entity premiums, which could be a cost or a savings to those public entities.

Oversight assumes the impact noted by MCHCP (\$10,000) is immaterial. Therefore, Oversight will not show this cost in the fiscal note.

Officials from the **Department of Natural Resources (DNR)** state that §278.115 creates provisions relating to benefits of Soil and Water Conservation District Employees (SWCD) and states: "Notwithstanding any provision of law, rule, order, decision, permit, agreement, or other relevant authority to the contrary, an employee of a soil and water conservation district created under this chapter shall be subject to the same healthcare benefits and rates as a state employee subject to the provisions of chapter 103."

Budget authority would be needed for the following expenses:

- Personal Service needs to provide administrative support to administer the additional health benefits and rates of SWCD employees:
- Administrative Support Professional G8 at 1.0 of \$70,008
- One Time expenses for computer and office cubical for 1 FTE: \$12,598
- On-going expenses for 1 FTE: \$4,514

Expenditures to MCHCP for State portion of the SWCD employees' premiums: 288 positions x \$1,174 = \$338,112 per month

Current insurance expenditures by SWCD for 229 SWCD employees that participate: \$228,693.3

Increase in insurance expenditures per month: \$338,112 - \$228,693.33 = \$109,418.67

Annual increase: \$109,418.67 x 12 = \$1,313,024.04

New expenditures to MCHCP to pay for retiree coverage based on 3.6% of SWCD employees' salaries:

\$12,068,748.88 x 3.6% = \$434,475 annually

Total annual increase to insurance allocation for SWCD employees:

\$1,313,024.04 + \$434,475 = \$1,747,499

Upon further inquiry, the DNR states that in preliminary discussions with the MCHCP, they were not sure how the payment would be made to the MCHCP. Currently, the MCHCP is transferring funds from the Soil and Water Districts bank accounts and the DNR is reimbursing the district for a portion of their MCHCP expenditure. The DNR is not sure if the MCHCP would continue transferring funds from the districts or if the transfer would come directly from the Soil and Water Conservation Program.

The DNR further states that the healthcare is part of the district’s quarterly allocation. It is not a reimbursement, but rather an advance of the soil and water conservation districts grant dollars from the grants to districts’ appropriation. Each soil and water conservation district receives an allocation at the beginning of each operating quarter for that quarter’s expenses.

Oversight notes that the proposed legislation does not specify which fund or funds would be used in order for the DNR to make the annual allocations for the soil and water conservation district employees health care plans to the MCHCP.

Oversight assumes that the MCHCP will continue to collect the funds directly from each soil and water conservation district and the DNR will continue to reimburse each soil and water conservation district. Therefore, for fiscal note purposes, Oversight will reflect the 1 requested FTE and the increase in payments by the DNR (for MCHCP expenditures) to the Soil and Water Tax Fund (1614) transferring out to the soil and water conservation districts.

Officials from the **Department of Revenue** and **Office of Administration** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
SOIL AND WATER SALES TAX FUND (1614)			
<u>Transfer Out – DNR (§278.115) Grant advance to Soil and Water Conservation Districts – (MCHCP Expenditures) p.4-5</u>	(\$1,456,249)	(\$1,782,449)	(\$1,818,098)
<u>Cost – DNR (§278.115) p.4-5</u>			
Salaries	(\$58,340)	(\$71,408)	(\$72,836)
Fringe Benefits	(\$35,132)	(\$43,002)	(\$43,862)
Equipment and Expense	(\$16,360)	(\$4,605)	(\$4,696)
<u>Total Costs – DNR</u>	<u>(\$109,832)</u>	<u>(\$119,015)</u>	<u>(\$121,394)</u>
FTE Change – DNR	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT TO THE SOIL AND WATER SALES TAX FUND	<u>(\$1,566,081)</u>	<u>(\$1,901,464)</u>	<u>(\$1,939,492)</u>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
Estimated Net FTE Change to the Soil and Water Tax Fund	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL AND POLITICAL SUBDIVISIONS			
<u>Transfer In – Soil and Water Sales Tax Fund (§278.115) Grant advance to Soil and Water Conservation Districts for employee healthcare. p.4-5</u>	<u>\$1,456,249</u>	<u>\$1,782,449</u>	<u>\$1,818,098</u>
ESTIMATED NET EFFECT TO LOCAL AND POLITICAL SUBDIVISIONS	<u>\$1,456,249</u>	<u>\$1,782,449</u>	<u>\$1,818,098</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

The act provides that an employee of a Soil and Water Conservation District shall be subject to the same benefits and rates as a regular state employee.

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

L.R. No. 6997S.01I

Bill No. SB 1651

Page 7 of 7

April 8, 2026

SOURCES OF INFORMATION

Department of Natural Resources

Department of Revenue

Office of Administration

Missouri Consolidated Health Care Plan



Julie Morff
Director
April 8, 2026



Jessica Harris
Assistant Director
April 8, 2026