

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0405-02  
Bill No.: Perfected SCS for SB 70  
Subject: Taxation and Revenue; Tax Credits; Economic Development.  
Type: Original  
Date: February 22, 2005

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<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.

This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</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 LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Department of Revenue** and the **Department of Insurance** each assume this proposal would not fiscally impact their respective agencies.

Officials from the **Department of Economic Development (DED)** assume the proposal clarifies the BUILD tax credit cap issue created by passage of multiple bills last session addressing the same statute. It also allows local development partners to be the beneficiary of the credits to offset public infrastructure costs necessary to cause the development to occur as long as the industry meets and maintains program compliance. DED assumes neither change would have a fiscal impact on their agency and no new impact to General Revenue.

**Oversight** assumes the BUILD program has an annual cap, as expressed in 100.850.5 RSMo. of either \$11,000,000, \$15,000,000 or \$11,950,000. Oversight assumes the changes made in the program by this proposal will not change the annual cap. Therefore, Oversight assumes the proposal may result in an increased utilization of the program, however the fiscal impact of the program has already been expressed in the fiscal note that accompanied the enabling legislation as well as in subsequent legislation that changed the annual limit of tax credits. Therefore, Oversight will assume no additional fiscal impact from the proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that would be able to utilize the BUILD program with these changes could be fiscally impacted by this proposal.

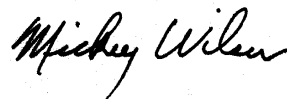
DESCRIPTION

This proposal modifies the BUILD tax credit by enabling a development agency or an entity working on behalf of the development agency to act in the same capacity as an "eligible industry" within the scope of the BUILD credit. Development agencies are defined in existing statute and consist of governmental or quasi-governmental entities. Provides that nine hundred fifty thousand dollars shall be reserved for an approved project for a world headquarters of a business whose primary function is tax return preparation that is located in Kansas City. Currently, eligible industries receive benefits under the BUILD program.

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

Department of Economic Development  
Department of Revenue  
Department of Insurance



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