

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0068-01  
Bill No.: SJR 14  
Subject: Constitutional Amendments; Taxation and Revenue  
Type: Original  
Date: April 7, 2009

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Bill Summary: This proposal authorizes the creation of tax free zones.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
General Revenue	\$0	\$0	\$0 or (Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 or (Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Various other state funds	\$0	\$0	\$0 or (Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 or (Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</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 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Economic Development** assume the proposal would not fiscally impact their agency.

Officials from the **Office of the Secretary of State (SOS)** assume many joint resolutions are considered by the General Assembly that would require the SOS to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.6 million historically appropriated in even numbered fiscal years and \$100,000 appropriated in odd numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2007 at the August and November elections there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.35 million to publish (an average of \$270,000 per issue). Therefore, the SOS assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

If a special election is called for this purpose rather than being voted on at a general election, the cost of the special election has been estimated to be \$1.2 million based on the costs of the past two such elections.

**Oversight** assumes the SOS could absorb the costs of advertising the statewide ballot measure related to this proposal within their current appropriation level. If multiple bills pass or if multiple ballot initiatives are validated which require similar advertising at substantial costs, the SOS could request funding through the appropriation process. Oversight assumes that this proposal will be voted on at the next scheduled general election rather than at a special election.

Officials from the **Department of Revenue (DOR)** state this proposal may impact their agency. DOR states this legislation would allow the General Assembly to create tax free or reduced tax geographic zones; however, the language does not indicate which taxes are excluded in the zones (i.e. property tax, sales/use tax, motor fuel tax, cigarette and other tobacco products tax). Therefore, the impact is unknown and cannot be determined until the scope of any legislation proposed could be reviewed.

ASSUMPTION (continued)

**Oversight** assumes if the constitutional amendment is passed by the vote of the people and if the General Assembly creates a tax free or reduced tax geographic zone, there would be a loss of tax revenue to the state. Oversight will reflect this possibility as \$0 or and unknown loss to various state funds. Oversight assumes the earliest that a general election will be held is November 2010 (FY 2011), and therefore, if the measure is passed, the earliest that such a zone would be created by the General Assembly and tax free status would be effective, would be in FY 2012.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
<b>GENERAL REVENUE</b>			
<u>Loss</u> - from potential of General Assembly creating tax free or reduced tax geographic zones	<u>\$0</u>	<u>\$0</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b>\$0 or <u>(Unknown)</u></b>
<b>VARIOUS OTHER STATE FUNDS</b>			
<u>Loss</u> - from potential of General Assembly creating tax free or reduced tax geographic zones	<u>\$0</u>	<u>\$0</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO VARIOUS OTHER STATE FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b>\$0 or <u>(Unknown)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

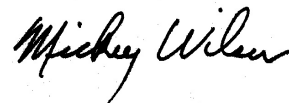
FISCAL DESCRIPTION

This proposed constitutional amendment, if approved by voters, would allow for the creation of discrete tax free or reduced tax geographic zones for the purpose of promoting economic development in such zones. No such zone may maintain tax favored status for a term longer than twenty-three years.

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 Economic Development  
Department of Revenue



Mickey Wilson, CPA  
Director  
April 7, 2009