

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0150-04
Bill No.: SB 114
Subject: Education, Elementary and Secondary; Libraries and Archives; Taxation and Revenue - General; Taxation and Revenue - Property
Type: Original
Date: January 28, 2015

Bill Summary: This proposal allows school and library districts to be reimbursed for 50% of their tax increment under a TIF plan.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government*	\$0	\$0	\$0

* Savings and costs net to zero.

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education**, the **Department of Economic Development**, **Everton R-III School District** and the **Office of the Secretary of State** each assume there is no fiscal impact to their respective organizations from this proposal.

Officials at the **Kansas City Public Schools** assume this proposal has the potential to direct lost local revenue back into public education.

Officials at the **Special School District of St. Louis (SSD)** assume a positive impact from this proposal. SSD currently incurs a reduction of about \$600,000 per year due to TIFs.

Officials at the **Columbia Public Schools** assume to date the District has given up \$55,000 and stands to give up \$700,000 over the life of the current TIFs based on current values. The District assumes this would have a positive impact on the District.

Oversight assumes this proposal will result in a loss to the special allocation funds utilized by tax increment financing (TIF) districts and a corresponding savings to school districts and library districts within TIF districts. Oversight assumes the proposal would result in a zero net fiscal impact to local political subdivisions, but would negatively impact TIF projects and their special allocation funds, and would positively impact school districts and library districts.

Oversight notes this proposal is effective for projects approved after August 28, 2015. Since approval and building would take time, the first time the assessment would occur affecting the TIF would be January 1, 2017. Those assessments would be filed with tax returns in FY 2018. Oversight will show the net zero impact to local political subdivisions starting in FY 2018.

Officials at the following schools: Blue Springs Public Schools, Branson Public Schools, Caruthersville School District, Cole R-I Schools, Fair Grove Schools, Fulton Public School, Harrisonville School District, Independence Public Schools, Jefferson City Public Schools, Kirksville Public Schools, Kirbyville R-VI Schools, Lee Summit Public Schools, Macon School, Malta Bend Schools, Mexico Public Schools, Monroe City R-I Schools, Nixa Public Schools, Parkway Public Schools, Pattonville Schools, Raymore-Peculiar R-III Schools, Raytown School District, Riverview Gardens School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Spickard School District, Springfield School District, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools, Warren County R-III School District and Waynesville Public School did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2016 (10 Mo.)	 FY 2017	 FY 2018
LOCAL POLITICAL SUBDIVISION FUNDS			
<u>Savings</u> - School Districts and Library Districts - receipt of 50% of TIF funding	\$0	\$0	Could exceed \$100,000
<u>Costs</u> - TIF Projects - loss of 50% of TIF funding	<u>\$0</u>	<u>\$0</u>	(Could exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISION FUNDS	<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.

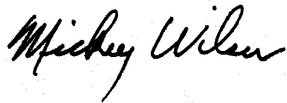
FISCAL DESCRIPTION

For tax increment financing projects approved after August 28, 2015, school districts and library districts shall be entitled to a 50% reimbursement of their tax increments.

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

Columbia Public Schools
Department of Economic Development
Department of Elementary and Secondary Education
Everton R-III School District
Kansas City Public Schools
Office of the Secretary of State
Special School District of St. Louis



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January 28, 2015

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January 28, 2015