

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4489-01  
Bill No.: Perfected SB 869  
Subject: Disabilities; Economic Development; Taxation and Revenue - Property  
Type: Original  
Date: April 19, 2016

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Bill Summary: This proposal prohibits the adoption of any tax increment financing from superceding, altering, or reducing sheltered workshop property tax levies.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<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 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Economic Development** assume this proposed legislation amends the section 99.845 of the TIF statutes to add a single paragraph stating that notwithstanding any other provision of law to the contrary, the adoption of any TIF authorized under 99.800-99.865 shall not supersede, alter, or reduce in any way a property tax levied under section 205.971 - which are property taxes levied for establishing and maintaining a sheltered workshop.

This legislation as written will apply to existing and new TIFs and will require local TIF projects to not be in compliance with 99.845.4 which requires that local TIFs be in compliance with subsections 4-12 regarding payments in lieu of taxes if they want to be eligible for a state TIF. If this legislation is passed it will cause the local TIFs to no longer be in compliance with subsections 4-12, which will cause the local TIFs to no longer qualify for a state TIF. This means that any existing state TIFs that exist where there is also a local property tax for establishing and maintaining a sheltered workshop will have to be rescinded. This may cause an unknown negative impact to the state. As written, the proposed legislation may cause an unknown negative impact to the state because but/for the TIF, the private investment and economic activity may not occur.

**Oversight** assumes this proposal, notwithstanding any other provision of the law to the contrary, prohibits the adoption of any tax increment financing from superceding, altering, or reducing sheltered workshop property tax levies. Oversight assumes there might be limitations on where tax increment financing occurs indirectly within §205.971, but there would be no direct fiscal impact from this legislation.

Officials at the **Department of Elementary and Secondary Education**, the **Department of Revenue**, the **Office of the State Treasurer**, the **State Tax Commission** and the **Office of the Secretary of State** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the **Callaway County Commission**, the **City of Kansas City** and the **City of Columbia** each assume no fiscal impact to their respective entities from this proposal.

ASSUMPTION (continued)

Senate Amendment 1

In response to similar legislation this year, Perfected HB 1421, officials at the **Department of Elementary and Secondary Education (DESE)** assumed the Sheltered Workshop Boards (within DESE's budget) are not established by Chapter 205; but, under Chapter 178.900. The boards established under Chapter 205 are county boards that levy a county mill tax to support county residents. The boards established under Chapter 178 are private not-for-profit corporations with the purpose of establishing and operating a workshop business; they have no taxing authority. This proposed legislation has no direct financial impact to the workshop corporations other than through their individual relationship with the Chapter 205 county boards.

In response to similar legislation this year, Perfected HB 1421, officials at the **Office of the Secretary of State**, the **Department of Mental Health**, the **Department of Social Services** and the **State Tax Commission** each assumed no fiscal impact to their respective agencies from this proposal.

In response to similar legislation this year, Perfected HB 1421, officials at **St. Louis County**, **Cole County**, the **Callaway County Commission**, the **City of Kansas City** and the **City of Columbia** each assumed no fiscal impact to their respective entities from this proposal.

Officials at the following counties: Andrew, Atchison, Audrain, Barry, Bollinger, Boone, Buchanan, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Cooper, DeKalb, Dent, Franklin, Greene, Holt, Jackson, Jasper, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Mississippi, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, Shelby, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Des Peres, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

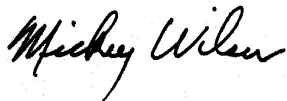
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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 Elementary and Secondary Education  
Department of Revenue  
Office of the State Treasurer  
State Tax Commission  
Office of the Secretary of State  
Callaway County Commission  
City of Kansas City  
City of Columbia  
Department of Mental Health  
Department of Social Services  
St. Louis County  
Cole County



L.R. No. 4489-01  
Bill No. Perfected SB 869  
Page 6 of 6  
April 19, 2016

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