

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5606-03
Bill No.: HCS for SB 867
Subject: Political Subdivisions; Fire Protection
Type: Original
Date: April 26, 2016

Bill Summary: This proposal contains provisions relating to political subdivisions.

FISCAL SUMMARY

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Section 72.418

In response to similar legislation this year, HB 2777, officials at the **Department of Health and Senior Services** assumed no fiscal impact from this proposal.

Oversight assumes this proposal modifies provisions of law regarding fire district taxation of property that cities have annexed. Oversight assumes municipalities would collect property taxes and then phase in a percentage of those property taxes to local fire protection districts. Oversight assumes there would be a decrease in property tax revenue to the municipality and an increase in property tax revenue to the local fire protection district over this phase in period which would net to zero for local political subdivisions. Therefore, Oversight will reflect this distribution of property tax revenues to local fire protection districts and the loss of property tax revenues to annexing cities netting to zero to local political subdivisions from this proposal.

Section 99.845

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.

ASSUMPTION (continued)

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.

In response to similar legislation this year, SB 869, officials at the **Office of the Secretary of State** assumed no fiscal impact from this proposal.

In response to similar legislation this year, SB 869, officials at the **City of Kansas City** and the **City of Columbia** each assumed no fiscal impact to their respective entities from this proposal.

Section 137.115

In response to similar legislation this year, HCS for HB 2381, officials from **St. Louis County** and **Kansas City** assumed no impact to their organizations.

Oversight is unable to determine how many mining properties would be reclassified and assessed based upon how the real estate property is currently being used. Oversight assumes only local revenues at an immaterial amount would be affected by this proposal and will show no financial impact.

Sections 137.565, 233.180, 233.295

In response to a previous version, officials at the **Missouri Department of Transportation** assumed no fiscal impact from this proposal.

Officials at the **Callaway County Commission** assume no fiscal impact from this proposal.

In response to a previous version, officials at **St. Louis County** assumed no fiscal impact from this proposal.

ASSUMPTION (continued)

Section 321.553

Oversight assumes this section allows the fire protection districts to impose a sales tax with a vote of the people. Oversight assumes that the Department of Revenue will have programming costs with a sales tax and will get to keep 1% of sales tax for collection fees. According to this section, the property taxes must be lowered by 50% of the previous year's sales tax collections. This will result in an unknown loss of property taxes, but the net effect will still be \$0 or unknown positive for this proposal.

Section 347.048

In response to similar legislation this year, HB 1708, officials from the **Office of the Secretary of State (SOS)** stated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

In response to similar legislation this year, HB 1708, officials at the **Department of Insurance, Financial Institutions and Professional Registration** assumed no fiscal impact from this proposal.

In response to similar legislation this year, HB 1708, officials at **St. Louis County** and the **City of Kansas City** each assumed no fiscal impact to their respective entities from this proposal.

ASSUMPTION (continued)

Bill as a whole

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

Officials at the **Jackson County Board of Election Commission**, the **Platte County Board of Election Commission**, the **Callaway County Commission** and the **St. Louis County Board of Election Commission** each assume no fiscal impact to their respective entities from this proposal.

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

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
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LOCAL GOVERNMENT

<u>Revenues</u> - to Fire Protection Districts - from property taxes (Section 72.418)	Unknown	Unknown	Unknown
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<u>Loss</u> - Annexing Cities - of revenues from property taxes (Section 72.418)	(Unknown)	(Unknown)	(Unknown)
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<u>Loss</u> - on property taxes by 50% of the previous year's sales tax collection (Section 321.553)	(Unknown)	(Unknown)	(Unknown)
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<u>Income</u> - sales tax (Section 321.553)	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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ESTIMATED NET EFFECT ON LOCAL GOVERNMENT	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</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

Section 72.418

Currently, in St. Louis County, when a fire protection district services an area annexed by a city with a municipal fire department, the fire protection district continues to provide fire protection and emergency medical services to the area, the city pays to the fire protection district an amount equal to that which the fire protection district would have levied in the annexed area, and the annexed area is not subject to taxation by the fire protection district except for bonded indebtedness incurred prior to the annexation.

This bill specifies that for property within a fire protection district that is annexed by a city after the effective date of the bill, the fire protection district must continue to provide services to the annexed area, and the annexed property must continue to be subject to taxation by the fire protection district and not to the city for fire protection and emergency medical services.

The amount that the city must pay to the fire protection district must be phased out, and the amount the annexed area must pay to the fire protection district must be conversely phased in, until only the annexed area pays the fire protection district. The annexed area must not be subject to taxation by the city for fire protection and emergency medical services. The phase out will not become effective until approved by the voters in the annexed area.

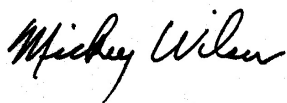
Section 321.553

Allows for the governing body of any fire protection district to impose a sales tax submitted to the voters of the fire protection district.

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

Missouri Department of Transportation
Department of Health and Senior Services
Department of Economic Development
Office of the Secretary of State
Department of Natural Resources
Department of Insurance, Financial Institutions and Professional Registration
Office of the State Courts Administrator
Department of Elementary and Secondary Education
Department of Revenue
Office of the State Treasurer
State Tax Commission
Platte County Board of Election Commission
City of Kansas City
City of Columbia
Jackson County Board of Election Commission
St. Louis County Board of Election Commission
St. Louis County
Callaway County Commission



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April 26, 2016

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