

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0509-02
Bill No.: SCS for SB 11
Subject: Bonds; Cities, Towns and Villages
Type: Original
Date: February 2, 2017

Bill Summary: This proposal modifies the language relating to agreements that may be entered into by municipalities who participate in industrial development projects.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 2018	FY 2019	FY 2020
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials at the **City of Kansas City** assume revenues and losses are unable to be determined from this proposal. With regards to the proposed revisions to Chapter 67 and 144, revenue growth can be assumed to exist through increased economic activity in the City. While the City will lose sales and/or property tax revenues for varying terms, depending on the nature of the projects approved, any project approval assumes that those losses will be offset in their entirety (or exceeded) by increases in other revenues generated by the technology business facilities and/or data storage centers.

Officials at the **State Tax Commission** assume no fiscal impact from this proposal. The fiscal impact on municipalities would be dependent on the payment in lieu of tax agreements entered into as part of the lease agreement between the municipality and the development entity.

Oversight assumes the local political subdivisions would not enter into industrial development projects unless they would either save money, provide some other benefit, or be absorbed within current budget appropriations. Therefore, Oversight will assume the proposal could have a positive fiscal impact to local political subdivisions from this proposal and will range the fiscal impact from \$0 to an unknown amount in savings.

Officials at the **Office of State Auditor** and the **Department of Economic Development** each assume no fiscal impact to their respective agencies 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** and the **City of Columbia** each assume no fiscal impact to their respective entities from this proposal.

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

ASSUMPTION (continued)

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, 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 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
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LOCAL POLITICAL SUBDIVISIONS

<u>Savings</u> - Local Political Subdivisions - on industrial development projects	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to 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

This act modifies the definition of "facility" and "project for industrial development". "Facility" is now defined as real and personal property purchased as part of a project. "Project" is defined as the purchasing, constructing, extending, or improving a facility intended to be leased or otherwise disposed of that is used for manufacturing, commercial, warehousing, and industrial development purposes.

FISCAL DESCRIPTION (continued)

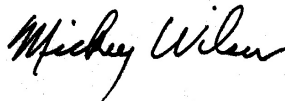
This act also adds a definition of "machinery" and removes the definition of "office industry".

This act also modifies the language relating to agreements that may be entered into by municipalities who participate in industrial development projects.

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

State Tax Commission
Office of State Auditor
Department of Economic Development
St. Louis County
Callaway County Commission
City of Kansas City
City of Columbia



Mickey Wilson, CPA
Director
February 2, 2017

Ross Strobe
Assistant Director
February 2, 2017