

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0850-04  
Bill No.: CCS for HCS for SB 302  
Subject: Economic Development; Enterprise Zones; Utilities; Public Service Commission  
Type: Original  
Date: May 10, 2017

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Bill Summary: This proposal modifies provisions relating to financial incentives for job creation.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
General Revenue	(\$74,674)	(\$87,121)	(\$87,952)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$74,674)</b>	<b>(\$87,121)</b>	<b>(\$87,952)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Public Service Commission	(\$141,512)	(\$168,227)	(\$169,836)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$141,512)</b>	<b>(\$168,227)</b>	<b>(\$169,836)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
General Revenue	1 FTE	1 FTE	1 FTE
Public Service Commission	2 FTE	2 FTE	2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>	<b>3 FTE</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

#### §68.057 Port Authority

In response to the previous version of this proposal, officials at the **Office of the State Auditor** assumed there was no fiscal impact from this proposal.

Officials at the **Missouri Department of Transportation** assume there is no fiscal impact from this proposal.

In response to similar legislation filed this year, HB 629, officials at the **Office of Administration's Division of Purchasing and Materials Management** assumed no fiscal impact to from this proposal.

Officials at the **City of Kansas City** assume there is no fiscal impact from this proposal.

Officials at Cooper County, Jefferson County, Marion County, New Madrid County, Lincoln County, the City of St. Louis and City of St. Joseph did not respond to **Oversight's** request for fiscal impact.

#### §68.075 AIM Zones

In response to the previous version of this proposal, officials at the **Department of Economic Development, Department of Revenue** and **Office of the State Treasurer** each assumed there was no fiscal impact from this proposal.

Officials at the **Missouri Department of Transportation** assume there is no fiscal impact from this proposal.

**Oversight** notes the Advanced Industrial Manufacturing Zone Act (AIM) was enacted on August 28, 2016 (SB 861) and currently has no participants. It established the Port Authority AIM Zone Fund that is to consist of 50% of the state withholding tax from new jobs within the zone after development or redevelopment plans. The money in the fund must be used for expenses to

ASSUMPTION (continued)

continue expanding, developing, and redeveloping zones identified by the port authority. Currently the Fund has not been set up, since there are no participants in the program.

**Oversight** notes this proposal defines “county average wage” and clarifies the port authority’s jurisdiction. Oversight notes this proposal states that if the county average wage is above the statewide average wage then the statewide average wage is the wage used for determining eligibility. This county average wage definition is used when determining if employees that work less than fifty percent of the time in the facility are considered employees of the facility.

**Oversight** notes that this change could make it easier for new jobs to qualify for the fifty percent of state tax withholding being diverted from the state’s General Revenue Fund (GR). However, since Oversight reflected a \$0 or (Unknown) loss of GR revenue in the fiscal note for SB 861 in 2016, and since there are currently no participants in the program, Oversight will not reflect a fiscal impact from the changes in this bill.

§135.963 Political Subdivisions

In response to similar legislation filed this year, SB 426, officials from the **Office of Administration - Division of Budget and Planning** assumed this proposal would exempt enhanced enterprise zones properties from property taxes for up to 25 years, provided that during the ten-year period prior to the enterprise zone expiration date, no exemption could be granted for more than ten years.

If this reduces the amount of property taxes collected, it would also reduce the amount going to the state's Blind Pension Fund, therefore reducing total state revenue. The constitutional revenue limit calculation could also be impacted.

**Oversight** notes this proposal would limit property tax exemptions to ten years statewide, during the last ten years of authorization for the enhanced enterprise zone.

**Oversight** assumes the proposal would have no fiscal impact during the period covered by this fiscal note.

§393.355 and §393.356 Aluminum Smelting Facility

**Oversight** notes this proposal authorizes the public service commission to have the authority to approve a special rate for aluminum smelting facilities or steel works facilities. Oversight assumes the granting of the authority would not have a direct fiscal impact to state or local governments.

ASSUMPTION (continued)

§393.1410 Electrical Corporations

In response to similar legislation filed this year, SB 215, officials from the **Department of Economic Development - Division of Energy (DE)** assumed there would be a fiscal impact to DE due to the provisions in this bill because of DE's involvement in cases before the Public Service Commission. DE staff will actively participate in cases before the Public Service Commission where the provisions of this bill are considered and implemented. DE assumes it would need an additional Planner III (\$55,368 annually) to complete new duties including initially participating in rulemakings and other proceedings where rate adjustment mechanisms or other provisions are implemented. On an ongoing basis, this FTE will monitor and evaluate the impact of the proposed grid modernization provisions and perform specialized professional work in planning and policy development.

In response to similar legislation filed this year, SB 215, officials from the **Department of Economic Development - Office of Public Counsel (OPC)** assumed this proposal would create additional filing requirements for regulated corporations and would allow the Public Service Commission to employ an unpredictable level of alternative mechanisms that have the potential to create multiple filings in multiple new processes. This new filing would result in additional review and potential contested hearings before the Commission requiring additional legal work and additional review and evaluation from auditors which would result in the need for an additional Senior Public Counsel (\$58,423 annually) and an additional Public Utility Accountant I-III (\$50,112 annually).

In response to similar legislation filed this year, SB 215, officials from the **Department of Economic Development - Public Service Commission** assumed the proposal will have no fiscal impact on their organization.

Bill as a Whole

Officials at the **State Tax Commission** assume there is no fiscal impact from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>GENERAL REVENUE FUND</b>			
<u>Cost - DED-DE §393.1410</u>			
Personal Service	(\$46,140)	(\$55,922)	(\$56,481)
Fringe Benefits	(\$22,330)	(\$26,962)	(\$27,128)
Equipment and Expense	(\$6,204)	(\$4,237)	(\$4,343)
<u>Total Cost - DED-DE</u>	<u>(\$74,674)</u>	<u>(\$87,121)</u>	<u>(\$87,952)</u>
FTE Change - DED-DE	1 FTE	1 FTE	1 FTE
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$74,674)</u></b>	<b><u>(\$87,121)</u></b>	<b><u>(\$87,952)</u></b>
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE
<b>PUBLIC SERVICE COMMISSION FUND</b>			
<u>Cost - DED-OPC §393.1410</u>			
Personal Service	(\$90,446)	(\$109,620)	(\$110,717)
Fringe Benefits	(\$41,530)	(\$50,132)	(\$50,432)
Equipment and Expense	(\$9,536)	(\$8,475)	(\$8,687)
<u>Total Cost - DED-OPC</u>	<u>(\$141,512)</u>	<u>(\$168,227)</u>	<u>(\$169,836)</u>
FTE Change - DED-OPC	2 FTE	2 FTE	2 FTE
<b>ESTIMATED NET EFFECT ON THE PUBLIC SERVICE COMMISSION FUND</b>	<b><u>(\$141,512)</u></b>	<b><u>(\$168,227)</u></b>	<b><u>(\$169,836)</u></b>
Estimated Net FTE Change on the Public Service Commission Fund	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses receiving public utility service from a Public Service Commission regulated utility could see an increase in overall utility rates for electric service. (§393.1410)

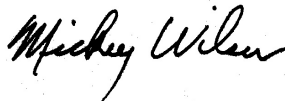
FISCAL DESCRIPTION

Allows the Missouri Public Service Commission to utilize rate adjustment mechanisms otherwise not specifically authorized by statute to promote modernization and replacement of electrical corporation infrastructure. (§393.1410)

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

Boone County  
Callaway County  
City of Kansas City  
Department of Economic Development  
    Public Service Commission  
    Division of Energy  
    Office of Public Counsel  
Department of Revenue  
Missouri Department of Transportation  
Office of Administration  
    Division of Purchasing and Materials Management  
    Division of Budget and Planning  
Office of the State Auditor  
Office of the State Treasurer  
State Tax Commission  
St. Louis County



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