

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4918-02
Bill No.: SCS for SB 663
Subject: Political Subdivisions, Economic Development
Type: Original
Date: February 5, 2018

Bill Summary: This proposal allows for an appropriation to cooperate with political subdivisions on land clearance projects related to tourism infrastructure facilities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(Up to \$6,000,000)	(Up to \$6,000,000)	(Up to \$6,000,000)
Total Estimated Net Effect on General Revenue	(Up to \$6,000,000)	(Up to \$6,000,000)	(Up to \$6,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration Division of Budget and Planning (B&P)** assume this proposal will have no direct impact on General and Total State Revenues or the calculation pursuant to Article X, Section 18e. This proposal could result in additional General Revenue expenditures of up to \$6 million annually for thirty years; however, this proposal may result in additional induced revenues, which B&P cannot estimate.

In response to the previous version of this proposal, officials at the **Department of Economic Development (DED)** assumed this legislation allows the State, acting through DED and Office of Administration, to appropriate funds for the purpose of land clearance projects or projects located within a city not within a county in order to develop, construct, reconstruct...any tourism infrastructure facilities existing as of 8-28-18 for which application is made and approved on or before 8-28-19. Appropriation is limited to portion of tax revenues derived directly or indirectly from the projects. The term shall not exceed 30 years. Annual cap shall not exceed \$6 million. The project shall be determined to produce a positive net fiscal impact for the state. DED shall make an annual written report to governor and general assembly regarding the project.

This will cause an impact of \$6 million dollars to the state and DED will need to hire one Economic Development Incentive Specialist III (\$53,136) to administer the program. It is possible that the \$6 million dollar impact will be offset by the requirement for a net positive fiscal impact.

Oversight notes that due to the limited amount of funding available for this program, \$6 million annually, that only a few projects may be impacted yearly. Oversight assumes that DED can administer this program using existing resources. Should the number of projects justify the increased FTE, those FTE could be sought through the appropriation process.

Officials at the **Department of Agriculture, Department of Conservation, Department of Natural Resources, Division of Tourism** and the **Department of Health and Senior Services** each assume there is no fiscal impact from this proposal.

Officials at the **Office of Administration's Division of Accounting** and the **Division of Facilities Management, Design and Construction** each assume there is no fiscal impact from this proposal.

ASSUMPTION (continued)

Oversight notes this proposal states any agreement shall be determined to produce a positive net fiscal impact for the state over the term of such agreement. Oversight considers the positive benefits of the agreement to be an indirect impact and will not reflect it in the fiscal note.

Oversight notes this proposal states the State shall not expend more than \$6 million per year. Therefore, Oversight will show the fiscal impact as Up to \$6,000,000.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
Costs - DED - expenditure for qualified land clearance projects	(Up to <u>\$6,000,000</u>)	(Up to <u>\$6,000,000</u>)	(Up to <u>\$6,000,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(Up to <u>\$6,000,000</u>)	(Up to <u>\$6,000,000</u>)	(Up to <u>\$6,000,000</u>)
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<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

This act allows the State of Missouri and any other public body to expend funds for the purpose of aiding and cooperating in the planning, undertaking or carrying out of a land clearance project or projects within the City of St. Louis to develop, construct, reconstruct, rehabilitate, repair or improve any tourism infrastructure facilities, as defined in the act, which exists as of August 28, 2018, and for which an application is made and approved by the Department of Economic Development by August 28, 2019.

FISCAL DESCRIPTION (continued)

Any expenditure for such a land clearance project shall be limited to a portion of tax revenues derived directly or indirectly from such project as stated in an agreement between the public body and the land clearance for redevelopment authority, provided that such agreement shall not be longer than thirty years, the annual amount of state appropriation shall not exceed six million dollars, and the project shall be determined to produce a positive net fiscal impact for the state over the term of such agreement.

The Director of the Department of Economic Development shall make an annual report detailing the overall net fiscal impact to the state for each project.

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 Agriculture
Department of Conservation
Department of Economic Development
Division of Tourism
Department of Health and Senior Services
Department of Natural Resources
Office of Administration
Division of Accounting
Division of Budget and Planning
Division of Facilities Management, Design and Construction

Ross Strobe



Acting Director
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