

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5187-03
Bill No.: SB 859
Subject: Taxation and Revenue - General; Political Subdivisions
Type: Original
Date: February 19, 2018

Bill Summary: This proposal modifies provisions relating to tax increment financing.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

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 **City of Kansas City (CKC)** assume this legislation could have a negative fiscal impact on the CKC because the elimination of conservation and economic development area TIFs, and the prohibition on doing greenfield TIFs, could stop economic development that might not otherwise occur.

Officials at the **City of Springfield** assume a potential negative fiscal impact. The proposal could potentially limit the City's ability to allocate funds for important redevelopment projects, while increasing related administrative cost.

Officials at the **Office of Administration's Division of Budget and Planning** assume this legislation will not have a direct impact on general or total state revenues and will not impact the calculations under Article X section 18(e).

Officials at the **Department of Economic Development**, the **Department of Natural Resources**, the **Missouri Department of Transportation**, the **Office of the Secretary of State** and the **State Tax Commission** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the **Callaway County Commission** and the **Metropolitan St. Louis Sewer District** each assume no fiscal impact to their respective entities from this proposal.

Oversight assumes the changes in this proposal could reduce the number of areas in which TIF districts could be implemented. For fiscal note purposes, Oversight assumes this would not have a direct fiscal impact on local political subdivisions.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</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 modifies local tax increment financing projects by limiting such projects to redevelopment areas that are found to be blighted. This act also provides that a redevelopment area shall not be found to be blighted without a study conducted by a party other than the municipality and developer which details how the redevelopment area meets the definition of "blighted area". This act modifies the definition of "blighted area".

This act also modifies the definition of "redevelopment plan" and "redevelopment area" to provide that such definitions shall not include "conservation areas" or "economic development areas".

This act prohibits new projects from being authorized in any greenfield area.

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

City of Kansas City
City of Springfield
Office of Administration
 Division of Budget and Planning
Department of Economic Development
Department of Natural Resources
Missouri Department of Transportation
Office of the Secretary of State
State Tax Commission
Callaway County Commission
Metropolitan St. Louis Sewer District

Ross Strope



Acting Director
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