

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5187-05  
Bill No.: SCS for SB 859  
Subject: Taxation and Revenue - General; Tax Incentives; Political Subdivisions  
Type: Original  
Date: April 5, 2018

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

**FISCAL SUMMARY**

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

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

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</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 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</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 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## 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 revisions to the definition of blight and the restrictions on the use of TIF for certain retail projects could stop economic development that might not otherwise occur.

In response to a previous version, officials at the **City of Springfield** assumed 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.

In response to a previous version, officials at the **St. Louis Development Corporation (SLDC)** does not feel this proposed legislation will negatively impact the SLDC or the City of St. Louis.

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 **Department of Revenue**, 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 **St. Louis County** assume no fiscal impact from this proposal.

In response to a previous version, officials at the **Callaway County Commission** and the **Metropolitan St. Louis Sewer District** each assumed no fiscal impact to their respective agencies 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 providing that a study shall be conducted by a third party other than the municipality and developer which details how the area meets the definition of an area eligible to receive tax increment financing.

This act modifies the definition of "blighted area".

This act also provides that retail areas, as defined in the act, shall not receive tax increment financing unless such financing is for infrastructure projects, as defined in the act, or unless such area is a blighted area.

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

Ross Strope



Acting Director  
April 5, 2018