

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3658-01
Bill No.: SB 636
Subject: Taxation and Revenue - Income; Economic Development; Political Subdivisions
Type: Original
Date: January 31, 2020

Bill Summary: This proposal extends the authorization of AIM Zones until 2030.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
General Revenue	\$0	\$0	\$0	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0	\$0 or (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
Port Authority AIM Zone Fund*	\$0	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0	\$0

*Direct impact on the Port Authority AIM Zone Fund is assumed to net to zero
 Numbers within parentheses: () indicate costs or losses. This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
Total Estimated Net Effect on FTE	0	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 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
Local Government - Port Authorities/AIM Zones	\$0	\$0	\$0	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Section 68.075 - Advanced Industrial Manufacturing Zones Act

Officials from the **Missouri Department of Economic Development (DED)** state this proposed legislation would extend the authorization of the Advanced Industrial Manufacturing Zones Act (AIM Zones) from 2023 to 2030.

The proposed legislation amends the sunset date of the AIM Zones Act which will have an economic impact. This proposed legislation allows for the extension of the AIM Zone Program. This proposed legislation may encourage economic activity through an increase in projects in AIM zones, however, DED cannot estimate the increase or decrease to Total State Revenue because there have been no issuances to date.

Oversight notes DED anticipates this proposed legislation would have a fiscal impact but cannot quantify the impact at the current time as no issuances have occurred to date. Oversight assumes the issuances mentioned by DED to be issuances to the port authorities, who would identify and establish AIM zones, from the Port Authority AIM Zone Fund.

Oversight notes the Port Authority AIM Zone Fund receives revenue derived from fifty percent (50%) of the state tax withholdings imposed by Section(s) 143.191 to 143.265 on new jobs within an AIM zone after development or redevelopment has commenced. Oversight notes the state withholdings imposed on new jobs within an AIM zone is not remitted to General Revenue (GR), rather the tax revenue is deposited into the Port Authority AIM Zone Fund. In addition, the Port Authority AIM Zone Fund may receive appropriations from the General Assembly to be used for the administration of this act/program which is limited to no more than ten percent (10%) of the total amount deposited from withholding taxes on new jobs within an AIM zone.

Officials from the **Office of Administration - Budget & Planning Division (B&P)** state this proposed legislation has no direct impact on B&P, has no direct impact on GR or TSR and will not impact the calculation pursuant to Article X, Section 18(e) of the Missouri Constitution.

Officials from **St. Louis County (the County)** state the County anticipates no significant fiscal impact to the County's operations as a result of this proposed legislation.

Oversight notes the **Missouri Department of Revenue**, the **Missouri Department of Transportation**, the **Missouri State Treasurer's Office**, the **City of Columbia** and the **City of Springfield** have stated the proposed legislation would not have a direct fiscal impact on their respective entities. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these entities.

ASSUMPTION (continued)

Oversight will, for purposes of this fiscal note, report a fiscal impact of \$0 or (Unknown) impact to GR beginning in Fiscal Year 2024 as a result of the unknown amount of state withholding taxes that could be remitted into the Port Authority AIM Zone Fund in lieu of GR. Oversight notes the negative \$0 or (Unknown) impact can be extended to the sunset date of August 28, 2030.

Oversight will report the transfer in to the Port Authority AIM Zone Fund equal to \$0 or Unknown beginning Fiscal Year 2024 and will report the transfer out of the Port Authority AIM Zone Fund equal to \$0 or (Unknown) resulting in a net zero fiscal impact.

Oversight will further report a \$0 or Unknown impact to Local Political Subdivisions (Port Authorities/AIM Zones) beginning in Fiscal Year 2024 as a result of the unknown amount of revenue the entities could receive from state withholding tax disbursed to such entity from the Port Authority AIM Zone Fund. Oversight notes the \$0 or Unknown impact can be extended to the sunset date of August 28, 2030.

<u>FISCAL IMPACT -</u>	FY 2021			Fully Implemented
<u>State Government</u>	(10 Mo.)	FY 2022	FY 2023	(FY 2024)
GENERAL				
REVENUE FUND				
 <u>Revenue Reduction -</u>				
Section 68.075 -				
State tax				
withholding diverted				
into Port Authority				
AIM Zone Fund				
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>
 ESTIMATED NET				
EFFECT ON				
GENERAL				
REVENUE				
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>

FISCAL IMPACT -

State Government
 (continued)

FY 2021
 (10 Mo.)

FY 2022

FY 2023

Fully Implemented
 (FY 2024)

**PORT
 AUTHORITY AIM
 ZONE FUND**

Revenue Gain -
 Transfer In - Section
 68.075 - State tax
 withholding diverted
 from GR into Port
 Authority Aim Zone
 Fund

\$0

\$0

\$0

\$0 or Unknown

Revenue Loss -
 Transfer Out -
 Section 68.075 -
 State tax
 withholding diverted
 from GR into Port
 Authority Aim Zone
 Fund disbursed to
 Port Authorities

\$0

\$0

\$0

\$0 or (Unknown)

**NET EFFECT ON
 PORT
 AUTHORITY AIM
 ZONE FUND**

\$0

\$0

\$0

\$0

FISCAL IMPACT -
Local Government

FY 2021
 (10 Mo.)

FY 2022

FY 2023

Fully
 Implemented
 (FY 2024)

**LOCAL POLITICAL
 SUBDIVISIONS -
 PORT
 AUTHORITIES/AIM
 ZONES**

Revenue Gain - Section
 68.075 - Disbursements
 to the Port Authority
 from the Port Authority
 Aim Zone Fund

\$0

\$0

\$0

\$0 or Unknown

**ESTIMATED NET
 EFFECT ON LOCAL
 POLITICAL
 SUBDIVISIONS -
 PORT
 AUTHORITIES/AIM
 ZONES**

\$0

\$0

\$0

\$0 or Unknown

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Under current law, no advanced industrial manufacturing (AIM) zone may be established after August 28, 2023. This act extends such date to August 28, 2030.

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

Missouri Department of Economic Development
Office of Administration - Budget & Planning Division
St. Louis County
Missouri Department of Revenue
Missouri Department of Transportation
Missouri State Treasurer's Office
City of Columbia
City of Springfield



Julie Morff
Director
January 31, 2020



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January 31, 2020