

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4098-01
Bill No.: SB 646
Subject: Taxation and Revenue - Sales and Use; Political Subdivisions
Type: Original
Date: January 23, 2020

Bill Summary: This proposal modifies provisions relating to certain special taxing districts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Kansas City Election Board** assume the cost to hold a Municipal Election in the City's jurisdiction is roughly \$600,000. If this proposal passes and an entity is required to participate in the Municipal Election, the entity must pay their pro-rata share of election costs. This amount will depend on what other entities participate in the election.

Officials at the **Platte County Board of Election Commissioners** assume the costs will vary based on municipality size. This is assuming this legislation would require each eligible voter to receive a ballot and the cost of the election will be paid by the municipality. In Platte County there are two municipalities that have several special districts; Parkville and Kansas City. Parkville would cost about \$11,000 per election and Kansas City would cost about \$65,000 per election. The bill would seem to require the entirety of a municipality to participate, so a special district in Kansas City would incur costs with other election authorities as well.

Officials at the **City of Springfield** state there is no direct fiscal impact to the City, as the developer is generally required to pay for the election. However, there is an indirect, and likely negative, fiscal impact to the City. The cost of conducting a mail-in election (over \$400,000) is likely prohibitive to developers; because retail developments utilizing CID to fund public improvements may not be built, this could negatively impact sales tax and property tax revenues.

Oversight assumes this proposal is permissive in nature and would have no local fiscal impact without action by the governing body of the special district to submit to the voters of the municipality in which the district is located to approve the sales tax and/or toll fees. Oversight notes the special district is responsible for the cost of the election. Oversight will reflect a \$0 impact to Local Political Subdivisions for this proposal.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

ASSUMPTION (continued)

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials at the **Department of Revenue**, the **Missouri Department of Transportation** and the **State Tax Commission** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the **Jackson County Election Board, Kansas City** and the **St. Louis County Board of Election Commissioners** each assume no fiscal impact to their respective entities from this proposal.

Oversight notes the Department of Revenue, the Missouri Department of Transportation, the State Tax Commission, the Jackson County Election Board, Kansas City and the St. Louis County Board of Election Commissioners have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, counties and election authorities were requested to respond to this proposed legislation, but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

There could be a direct impact to small businesses depending if the voters of the municipality approve a sales tax and/or toll fee issue on the ballot as a result of this proposal.

FISCAL DESCRIPTION

Current law authorizes community improvement districts (CIDs) and transportation development districts (TDDs) to impose a sales tax on purchases made within such districts if approved by a majority of voters living within the district. This act requires such sales taxes to be approved by a majority of the voters of the municipality in which the district is located. Additionally, current law authorizes TDDs to charge and collect tolls or fees for the use of a project if approved by a majority of voters within the district. This act requires such tolls or fees to be approved by a majority of voters within the municipality in which the TDD is located.

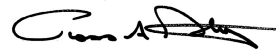
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

City of Springfield
St. Louis County Board of Election Commissioners
Kansas City Election Board
Platte County Board of Election Commissioners
Office of the Secretary of State
Department of Revenue
Missouri Department of Transportation
State Tax Commission
Jackson County Election Board
Kansas City



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January 23, 2020



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