

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1041S.01T  
 Bill No.: Truly Agreed To and Finally Passed SB 5  
 Subject: Taxation and Revenue - Income; Economic Development; Political Subdivisions  
 Type: Original  
 Date: June 24, 2021

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue*	\$0	\$0	\$0 or (Unknown)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 or (Unknown)</b>

\*The extension of the authorization to create AIM Zones may allow for an increase in the number of AIM Zones created, which may lead to additional state withholding tax being diverted to the AIM Zone instead of state General Revenue; however, due to current and past activity, Oversight assumes the amount of redirected state taxes from this proposal would **not** exceed \$250,000.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Port Authority AIM Zone Fund (0583)	\$0	\$0	\$0**
<b>Total Estimated Net Effect on <u>Other State Funds</u></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*\*Potential Transfer In and Transfer Out amount(s) assumed to net to \$0.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</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 2022</b>	<b>FY 2023</b>	<b>FY 2024</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 \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Port Authorities	\$0	\$0	\$0 or Unknown
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 or Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

**Oversight** notes, under current law, no new Advanced Industrial Manufacturing Zone (AIM Zone) may be established after August 28, 2023. This proposed legislation extends that date to August 28, 2030.

An AIM Zone is an area identified through resolution passed by the Port Authority Board of Commissioners that is being developed or redeveloped for any purposes so long as any infrastructure and/or building built or improved is in the development area.

Any port authority located in this state may establish an AIM Zone.

**Oversight** notes fifty percent (50%) of the state tax withholdings imposed under Section(s) 143.191 to 143.265 on qualifying new job(s) created within an AIM Zone after development or redevelopment has commenced shall be deposited into Port Authority AIM Zone Fund in lieu of General Revenue (GR). In addition, the Port Authority AIM Zone Fund may receive appropriation from the General Assembly to be used for the administration of this program which is limited to no more than ten percent (10%) of the total amount deposited from withholding taxes on new jobs with an AIM Zone.

The Missouri State Treasurer is to disburse the funds held in the Port Authority AIM Zone Fund to port authorities.

The funds disbursed to port authorities are to be used for expansion, develop and redevelop of AIM Zones, managerial expenses, engineering, legal expenses, research, promotion expenses, planning, satisfaction of bonds, and any other expenses.

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

DED stated 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.

Based on information provided by the Department of Revenue, the following AIM Zones have been established:

<b>AIM Zone</b>	<b>Date of Adoption</b>
Port KC AIM Zone 1 - Richards Gebaur	10/17/2016
Port KC AIM Zone 2 - Northland Park	10/17/2016
Port KC AIM Zone 3 - Berkley Riverfront	12/18/2017
Port KC AIM Zone 4	10/28/2019
Hazelwood AIM Zone	3/13/2018
St. Louis Port District AIM Zone	6/13/2017
Lemay AIM Zone	7/11/2017
Former Jamestown Mall AIM Zone	10/10/2017
Kimmswick AIM Zone	9/14/2016

Based on additional information provided by the Department of Revenue, the Port Authority AIM Zone Fund received its first deposit in the amount of \$1,125 in July 2020 (Fiscal Year 2021).

Officials from the **City of Kansas City (Kansas City)** state this proposed legislation would have an indirect positive fiscal impact on Kansas City in an unknown amount. AIM Zones only redirect state income tax; if the program is extended for additional years, it is assumed it would continue to bring development to Kansas City which should benefit Kansas City tax revenues.

Officials from the **Office of Administration – Budget & Planning Division**, the **Missouri Department of Revenue**, the **Missouri Department of Transportation**, the **Missouri State Treasurer’s Office**, the **City of Claycomo**, and the **City of Springfield** do not anticipate the proposed legislation will cause a fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, for purposes of this fiscal note, Oversight will not report a fiscal impact for these organizations.

**Oversight** notes, other than the approximately \$1,125 deposited into the Port Authority AIM Zone Fund, which was the first deposit recognized, which occurred in the current fiscal year (Fiscal Year 2021), there is little historical data or evidence available to estimate the impact of extending the date in which AIM Zones can be established.

For purposes of this fiscal note, Oversight will report a fiscal impact equal to \$0 or a negative “Unknown” to GR beginning in Fiscal Year 2024 as a result of the unknown amount of state withholding tax that would be deposited into the Port Authority AIM Zone Fund in lieu of GR. Oversight assumes this reduction in withholding tax collections would not exceed the \$250,000 threshold.

**Oversight** will report the transfer into the Port Authority AIM Zone Fund (withholding tax deposited) equal to \$0 or a positive “Unknown” beginning in Fiscal Year 2024 and will report the transfer out of the Port Authority AIM Zone Fund (disbursements to port authorities) equal to \$0 or a negative “Unknown” resulting in a net zero (\$0) fiscal impact.

**Oversight** will report a \$0 or positive “Unknown” impact to Local Political Subdivisions (Port Authorities/AIM Zones) beginning in Fiscal Year 2024 as a result of the unknown additional amount of revenue such entities would receive from the Port Authority AIM Zone Fund.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>GENERAL REVENUE FUND</b>			
<u>Revenue Reduction</u> – Section 68.075 – State Tax Withholding Diverted From GR Into The Port Authority AIM Zone Fund	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>
<b>PORT AUTHORITY AIM ZONE FUND</b>			
<u>Transfer In</u> – Section 68.075 – State Tax Withholding Diverted From GR Into The Port Authority AIM Zone Fund	<u>\$0</u>	<u>\$0</u>	<u>\$0 or Unknown</u>
<u>Transfer Out</u> – Section 68.075 – Disbursements Of Funds In Port Authority AIM Zone Fund To Port Authorities	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>
<b>ESTIMATED NET EFFECT ON PORT AUTHORITY AIM ZONE FUND</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>LOCAL PORT AUTHORITES</b>			
<u>Revenue Gain</u> – Section 68.075 – Disbursements To Port Authorities From The Port Authority AIM Zone Fund	<u>\$0</u>	<u>\$0</u>	<u>\$0 or Unknown</u>
<b>ESTIMATED NET EFFECT ON LOCAL PORT AUTHORITIES</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or Unknown</u>

FISCAL IMPACT – Small Business

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

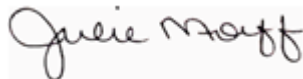
FISCAL DESCRIPTION

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

Office of Administration – Budget & Planning Division  
 Missouri Department of Revenue  
 Missouri Department of Transportation  
 Missouri Department of Economic Development  
 Missouri State Treasurer’s Office  
 City of Claycomo  
 City of Kansas City  
 City of Springfield



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 Director  
 June 24, 2021



Ross Strobe  
 Assistant Director  
 June 24, 2021