

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2140S.01I
Bill No.: SB 460
Subject: Economic Development, Department of; Boards, Commissions, Committees and Councils
Type: Original
Date: March 31, 2021

Bill Summary: This proposal would establish the Community Investment Corporation Development Act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue Fund*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

*Depending on appropriation to Community Investment Corporation Fund for DED administrative support and grant program. Oversight assumes the appropriation could exceed the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Community Investment Corporation Fund*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

*Oversight assumes the transfer-in and transfer-out will net zero (\$0)

Numbers within parentheses: () indicate costs or losses.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- 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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	Unknown	Unknown	Unknown

FISCAL ANALYSIS

ASSUMPTION

Oversight notes the Missouri Department of Economic Development was requested to provide a response to this proposed legislation for purposes of this fiscal note. To date, Oversight has **not** received such response from the Missouri Department of Economic Development.

Section 620.850 – Community Investment Corporation Development Act

Oversight notes this proposed legislation creates the Community Investment Corporation Development Act.

Oversight notes this proposed legislation establishes, within the Missouri Department of Economic Development, the Community Investment Corporation Development Commission.

The Community Investment Corporation Development Commission shall consist of eleven (11) members who shall be appointed by the Governor, with advice and consent of the Missouri Senate.

Of the members **initially** appointed, three (3) members shall serve a term of one (1) year, three (3) members shall serve a term of two (2) years, three (3) members shall serve a term of three (3) years, and two (2) members, one of whom shall be the chair, shall serve a term of four (4) years. Thereafter, all terms shall be for four (4) years.

Oversight notes this proposed legislation permits the Missouri Department of Economic Development, subject to appropriation, to provide staff and administrative support services to the Community Investment Corporation Development Commission.

Oversight assumes, for purposes of this fiscal note, any appropriation for the Missouri Department of Economic Development to provide staff and administrative support services to the Community Investment Corporation Development Commission will be appropriated from the General Revenue Fund to the Community Investment Corporation Fund.

Oversight notes the Community Investment Corporation Development Commission shall gather information and make annual reports of recommendations to the Governor and to the General Assembly. The reports shall include: 1) the establishment of policies regarding community investment corporations, 2) the approval of community investment corporations throughout the state, 3) the establishment of guidelines for citizens for localities to petition for local referenda to create community investment corporations, 4) the establishment of tax reforms that encourage the use and effectiveness of community investment corporations, 5) the rendering of assistance to localities on problems, concerns, and issues, related to the development of community investment corporations, 6) the undertaking of studies and gathering information and data to accomplish the purposes set forth by this act, 7) applying for, accepting, and expending gifts, grants, loans, or donations from public, quasi-public, or private sources, and 8) accounting annually on its fiscal activities.

Oversight notes this proposed legislation permits the Missouri Department of Economic Development, subject to appropriation, to develop and maintain a program to make grants to communities seeking to establish community investment corporations.

Oversight assumes, for purposes of this fiscal note, any appropriation for the Missouri Department of Economic Development to develop and maintain a program to make grants to communities seeking to establish community investment corporations will be appropriated from the General Revenue Fund to the Community Investment Corporation Fund.

Oversight notes this proposed legislation states the Community Investment Corporation Development Commission shall seek funding from local, state, federal, and private sources to make grants, loans, and otherwise enhance the development of community investment corporations.

The Missouri Department of Economic Development shall advise the Community Investment Corporation Development Commission of all available sources of funding that the Missouri Department of Economic Development is aware of and shall assist the Community Investment Corporation Development Commission and community investment corporations in securing such funding.

Oversight notes this proposed legislation establishes the Community Investment Corporation Fund. This proposed legislation states that funds received as a result of this proposed legislation shall be deposited into the Community Investment Corporation Fund. The funds deposited into the Community Investment Corporation Fund shall be expended solely for the purposes of this act.

Oversight assumes any funds sought and obtained by the Community Investment Corporation Development Commission from local, state, federal, and private sources shall be deposited into the Community Investment Corporation Fund. Oversight assumes these funds, in addition to the appropriation from the General Revenue Fund, will be used for purposes of this act.

Oversight will report a revenue reduction (transfer-out) to the General Revenue Fund equal to \$0 (no appropriation is made) to an unknown amount as a result of the provision allowing appropriation to the Community Investment Corporation Fund for administrative costs incurred by the Missouri Department of Economic Development and for the grant program created within the Missouri Department of Economic Development.

Oversight will report a revenue gain (transfer-in) to the Community Investment Corporation Fund equal to \$0 (no appropriation is made) to an unknown amount as a result of any appropriation from the General Revenue Fund to the Community Investment Corporation Fund.

Oversight will report a revenue gain (transfer-in) to the Community Investment Corporation Fund equal to \$0 (no funds obtained/deposited) to an unknown amount as a result of funds sought and obtained by the Community Investment Corporation Development Commission.

Oversight will report a cost (transfer-out) to the Community Investment Corporation Fund equal to \$0 (no funds available) to an unknown amount as a result of the Missouri Department of Economic Development providing staff and administrative support to the Community Investment Corporation Development Commission.

Oversight will report a revenue reduction (transfer-out) to the Community Investment Corporation Fund equal to \$0 (no funds available) to an unknown amount as a result of the Missouri Department of Economic Development distributing grants to communities seeking to establish community investment corporations.

Oversight assumes the revenue gain (transfer-in) and the revenue reduction (transfer-out) to the Community Investment Corporation will net zero (\$0). Oversight notes, though, that the fund **could** recognize continuous positive balances should the Missouri Department of Economic Development not need to provide administrative support to the Community Investment Corporation Development Commission and/or no communities seek to establish community investment corporations. For purposes of this fiscal note, Oversight assumes revenue deposited/transferred into the Community Investment Corporation Fund will be used/transferred-out in the same fiscal year.

Oversight will report a revenue gain to Local Political Subdivisions equal to \$0 (no funds available) to an unknown amount as a result of the distribution of grants from the Missouri Department of Economic Development to communities seeking to establish community investment corporations.

Oversight assumes this proposed legislation will become effective August 28, 2021 (Fiscal Year 2022). Therefore, Oversight will report the aforementioned impact(s) beginning in Fiscal Year 2022.

Officials from the **MO-Kan Regional Council** cannot determine whether this proposed legislation would duplicate the roles of Regional Planning Commissions and Land banks that are already in place.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. 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 SOS for administrative rules is less than \$5,000. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, 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 SOS can sustain with SOS's core budget. Therefore, 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.

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

Officials from the **Joint Committee on Administrative Rules** assume this proposed legislation will not cause a fiscal impact beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules from this proposed legislation with existing resources.

Officials from the **Missouri State Treasurer's Office**, the **City of Claycomo**, the **City of Corder**, the **City of Kansas City**, the **City of O'Fallon**, the **City of Springfield**, the **St. Louis Budget Division**, and the **Ozark Foothills Regional Planning Commission** do not anticipate this proposed legislation will cause a fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for these organizations.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Transfer-Out</u> – Section 620.850 – Appropriation To Community Investment Corporation Fund – p. 5	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
COMMUNITY INVESTMENT CORPORATION FUND			
<u>Transfer-In</u> – Section 620.850 – Appropriation From General Revenue – p. 5	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Revenue Gain</u> – Section 620.850 – Revenue Sought And Obtained By Community Investment Corporation Development Commission - p. 5	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs</u> – DED - Section 620.850 – Administrative Expenses - p. 5	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
<u>Revenue Reduction/Transfer-Out</u> – Section 620.850 – To Communities Seeking Community Investment Corporations - p. 5	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
ESTIMATED NET EFFECT ON COMMUNITY INVESTMENT CORPORATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Gain –</u> Section 620.850 – Receipt of Grants From Missouri Department of Economic Development p. 5	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

FISCAL IMPACT – Small Business

This proposed legislation could potentially positively impact small businesses operating as a community investment corporation.

FISCAL DESCRIPTION

This act establishes the "Community Investment Corporation Development Act", which creates the Community Investment Corporation Development Commission within the Department of Revenue. The Commission shall consist of eleven members to be appointed by the Governor, with the advice and consent of the Senate.

The Commission shall gather information and make annual reports to the Governor and the General Assembly regarding the establishment and operation of community investment corporations. The act defines community investment corporations as a for-profit, citizen-owned, professionally managed real estate planning and development corporation or land cooperative that may receive title to land, natural resources, physical infrastructure, or facilities donated by a not-for-profit organization or government entity; borrow money on behalf of its shareholders for the purposes of carrying out the mission of the corporation, and enable each citizen whose principal residence is situated in an area for which future development will be controlled by a community investment corporation to acquire, free as a right of citizenship, an equal, lifetime, non-transferable, private property ownership stake in the development of the area, as described in the act.

Annual reports submitted by the Commission shall include recommendations on policies relating to the creation and operation of community investment corporations, related tax reforms, studies, assistance to local communities, applying for and accepting private funds, and annual financial accounting reports, as described in the act.

Subject to appropriation, the Department of Economic Development shall develop and maintain a program to make grants to communities seeking to establish community investment corporations and encourage them to become self-sustaining from land rentals and other fees within the first five years of their formation. The Commission shall seek funding from local, state, federal, and private sources to make grants and loans and otherwise enhance the development of community investment corporations. Funds received pursuant to this act shall be deposited into the Community Investment Corporation Fund, which is created by the act.

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 State Treasurer's Office

Missouri Secretary of State's Office

Joint Committee on Administrative Rules

City of Claycomo

City of Corder

City of Kansas City

City of O'Fallon

City of Springfield

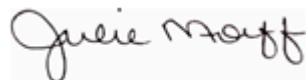
St. Louis Budget Division

MO-Kan Regional Council

Ozark Foothills Regional Planning Commission

Not Responding

Missouri Department of Economic Development



Julie Morff

Director

March 31, 2021



Ross Strope

Assistant Director

March 31, 2021