

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3325S.01I
Bill No.: SB 874
Subject: Tax Incentives; Political Subdivisions; Education, Elementary and Secondary
Type: Original
Date: February 16, 2022

Bill Summary: This proposal allows school districts to remove certain property from tax increment financing districts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
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 2023	FY 2024	FY 2025
Local Political Subdivisions	\$0	\$0	\$0
Local Government	\$0	\$0	\$0

*Oversight notes that this proposal gives authority to the School Board to decide if any real property should be excluded from a redevelopment area, thus possibly disallowing some TIF's taxing advantages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration – Budget & Planning, Department of Economic Development, Department of Revenue, Missouri State Treasurer, and the State Tax Commission, University of Missouri System, and City of Springfield** each assume the proposal would not have a fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact in the fiscal note.

In response to the similar proposal, SB 247 – 2021, officials from the **Kansas City Public School District** assumed the proposal has tremendous potential impact for their respective organization and charter schools in same boundaries. Currently, the School District have over \$35 million in annually abated property tax revenues. That abatement results in well less than \$2 million per year in PILOT (payment in lieu of taxes). This commercial abated taxes leaves the burden of covering the local cost of education on the residential and personal property owner.

Oversight notes that Section 99.805 (13) provides school districts with the authority to choose if such an area shall be included in a redevelopment area if the school district levying taxes on such property determines by resolution adopted within thirty days following the conclusion of a hearing, conducted pursuant to section 99.825, that the proposed redevelopment area will have an adverse effect on such school district.

Oversight notes the School Districts may realize savings from this ability, with an offsetting potential loss of incremental taxes to TIF redevelopment districts. Therefore, **Oversight** will note a net zero fiscal impact to Local Political Subdivisions in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings</u> – School Districts - as an result of the school board possibly disallowing certain taxable real property in a TIF district	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Loss</u> – Tax Increment Finance (TIF) district(s) – loss of revenue due to decision given by the School Board	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
NET EFFECT ON THE LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Some small businesses interacting with the TIF’s could potentially be impacted

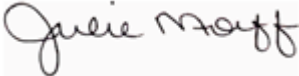
FISCAL DESCRIPTION

This act allows a school district to exclude real property from a proposed tax increment financing redevelopment area if the school district determines that such redevelopment area will have an adverse effect on such school district. The school district shall adopt a resolution making such determination and shall deliver the resolution to the municipality establishing the redevelopment area. Within thirty days of receiving the resolution, the municipality shall remove such property from the redevelopment area or terminate the redevelopment 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

Office of Administration – Budget & Planning
Department of Economic Development
Department of Revenue
State Tax Commission
University of Missouri System
City of Springfield



Julie Morff
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February 16, 2022



Ross Strobe
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February 16, 2022