

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3714S.05P
Bill No.: Perfected SCS for SB 908
Subject: Taxation and Revenue - Sales and Use; Taxation and Revenue - Property; Political Subdivisions; Cities, Towns and Villages; Counties; Department of Revenue
Type: Original
Date: April 6, 2022

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	(\$60,773)	(\$62,694)	(\$63,654)
Total Estimated Net Effect on General Revenue	(\$60,773)	(\$62,694)	(\$63,654)

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
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

- 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 Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** assume this proposal requires that neighborhood improvement districts, community improvement districts, redevelopment districts and transportation authority districts send certain specified documents to the DOR. The required information includes:

- Updated boundary information
- Description of the boundaries and the average assessment
- Copies of the establishment of the district paperwork
- Copies of dissolution paperwork should a district be dissolved
- Copies of all meeting notices, hearing and ordinances.

Information received by the DOR is to be posted on the website. DOR notes collecting this information is outside the scope of DOR's work. DOR notes this would require the creation of a webpage that citizens could use to view these documents. DOR staff would create and maintain the webpage. DOR would establish an email address for the acceptance of the documents. The creation of the webpage and setting up of the email will be done with existing DOR resources.

From working with numerous special districts around the state DOR knows that many of these required notices will be sent via paper instead of email. Based on the number of documents filed, DOR will need 1 FTE Public Relations Specialist FTE to handle these duties. Should additional paperwork be sent justifying additional FTE, DOR will seek those FTE through the appropriation process.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DOR.

Oversight notes the following number of taxing authorities for the last 5 years from the State Auditor Property Tax Rate Report.

	<u>FY21</u>	<u>FY20</u>	<u>FY19</u>	<u>FY18</u>	<u>FY17</u>
Ambulance Districts	106	106	106	106	105
Hospitals	11	11	12	12	13
Nursing Home Districts	30	30	30	30	30
Public Water Supply Districts	1	1	1	1	1
Soil & Water Conservation Subdistricts	27	27	27	27	27
Drainage and Levee Districts	2	2	2	2	2
Special Road Districts	206	207	208	206	208
Municipalities	757	756	757	754	753
Tax Supported Public Libraries	79	79	79	79	79
Townships	283	283	283	283	283
Fire Protection Districts	391	388	384	380	376
Sewer Districts	7	7	7	7	7
Special Business Districts	17	17	18	18	20
Regional Recreational Districts	1	1	1	1	1
Community Improvement Districts	11	11	12	12	8
Health Centers	90	90	90	90	90
Special Road District Subdistrict	1	1	1	1	1
Extension Districts	2	1	1	1	1
Transportation Development District	1	1	1	1	1
Developmental Disabilities	0	0	0	0	4
Junior Colleges	12	12	12	12	12
Museum District	1	1	1	1	1
School Districts	495	495	495	495	495
Special School Districts	2	2	2	2	2
Counties	<u>114</u>	<u>114</u>	<u>114</u>	<u>114</u>	<u>114</u>
Total Types of Taxing Authorities	2647	2643	2644	2635	2634
Source: State Auditor Property Tax Rate Report					

Officials from the **Office of the State Auditor** assume no fiscal impact from this proposal and any impact can be absorbed with current appropriations.

Officials from the **Office of Administration - Budget and Planning**, the **Missouri Department of Transportation** and the **State Tax Commission** each assume the proposal will have no 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 for these agencies.

Officials from the **City of Springfield**, the **City of Claycomo**, the **City of O’Fallon**, the **City of St. Louis** and the **City of Kansas City** each assume the proposal will have no 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 for these agencies.

In response to a previous version, officials from the **City of Hughesville** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this city.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities and counties were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE			
<u>Costs – DOR</u>			
Personal Service	(\$29,008)	(\$35,505)	(\$36,215)
Fringe Benefits	(\$22,054)	(\$26,698)	(\$26,936)
Equipment and Expense	(\$9,711)	(\$491)	(\$503)
<u>Total Costs – DOR</u>	<u>(\$60,773)</u>	<u>(\$62,694)</u>	<u>(\$63,654)</u>
FTE Change - DOR	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$60,773)</u>	<u>(\$62,694)</u>	<u>(\$63,654)</u>
Estimated Net FTE Change for General Revenue Fund	1 FTE	1FTE	1 FTE

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

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act modifies provisions relating to certain special taxing districts.

NEIGHBORHOOD IMPROVEMENT DISTRICTS

Current law requires the governing body of a city or county to provide notice of a public hearing to consider the plans, specifications, and proposed assessment rolls for a neighborhood improvement district (NID), with such notice to be published in a newspaper of general circulation and mailed to each owner of real property subject to assessment within the boundaries of the NID. This act requires such notice to also be given to the Department of Revenue, which shall publish such information on its website. (Section 67.461)

This act also requires the governing body of a city or county establishing a NID to submit to the State Auditor and the Department of Revenue a description of the boundaries of the district, as well as information on assessments made in the district, as described in the act. The governing body establishing a NID shall not order any assessments on property within the district until such information is submitted. (Section 67.457)

COMMUNITY IMPROVEMENT DISTRICTS

Current law requires the governing body of a municipality to provide notice of a public hearing to establish or amend a community improvement district (CID), with such notice to be published in a newspaper of general circulation and mailed to each owner of real property within the boundaries of the CID. This act requires such notice to also be given to the Department of Revenue, which shall publish such information on its website.

This act also requires the governing body of a city or county establishing a CID to submit to the State Auditor and the Department of Revenue a description of the boundaries of the district, as well as the rates of property tax and sales tax in the district, as described in the act. The governing body establishing a CID shall not collect any taxes or assessments until such information is submitted. (Sections 67.1421 and 67.1431)

Current law also requires the governing board of a CID to provide a proposed annual budget to the governing body of the city, as well as submit a report including financial and other information to the municipal clerk and the Department of Economic Development. This act requires such information to also be sent to the Department of Revenue and the State Auditor. (Section 67.1471)

TAX INCREMENT FINANCING DISTRICTS

Current law requires a tax increment financing (TIF) commission to provide notice of a public hearing prior to the adoption of an ordinance proposing a redevelopment plan or project, with such notice to be published in a newspaper of general circulation and mailed to each owner of real property within the boundaries of the TIF district. This act requires such notice to also be given to the Department of Revenue, which shall publish such information on its website.

This act also requires the governing body of the municipality establishing a redevelopment area to submit to the State Auditor and the Department of Revenue a description of the boundaries of the redevelopment area, estimated redevelopment project costs, and the date on which the redevelopment area terminates, as described in the act. The governing body establishing a redevelopment area shall not deposit any payments in lieu of taxes into the special allocation fund until such information is submitted. (Sections 99.825 and 99.830)

Current law also requires the governing body of a municipality to provide notice of a public hearing to be held five years after the establishment of a redevelopment plan, with such notice to be published in a newspaper of general circulation. This act requires such notice to also be given to the Department of Revenue, which shall publish such information on its website. (Section 99.865)

TRANSPORTATION DEVELOPMENT DISTRICTS

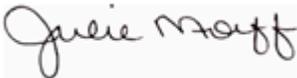
Current law requires a circuit clerk to provide notice to the public that a petition has been filed for the creation of a transportation development district (TDD), with such notice to be published in a newspaper of general circulation. This act requires such notice to also be given to the Department of Revenue, which shall publish such information on its website. (Section 238.212)

This act also requires the governing body of a local transportation authority establishing a district to submit to the State Auditor and the Department of Revenue a description of the boundaries of the district, as well as the rates of property tax and sales tax in the district, as described in the act. The governing body establishing a TDD shall not collect any taxes until such information is submitted. (Section 238.222)

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

Department of Revenue
Office of the State Auditor
Office of Administration - Budget and Planning
Missouri Department of Transportation
State Tax Commission
City of Springfield
City of Claycomo
City of O'Fallon
City of St. Louis
City of Kansas City
City of Hughesville



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April 6, 2022



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