

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1480S.01I  
 Bill No.: SB 364  
 Subject: Political Subdivisions; Education, Elementary and Secondary; Taxation and  
 Revenue - Property  
 Type: Original  
 Date: March 20, 2023

Bill Summary: This proposal modifies provisions relating to property taxes for school districts.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>  |            |            |            |
|--|------------|------------|------------|
| FUND AFFECTED  | FY 2024    | FY 2025    | FY 2026    |
|  |            |            |            |
|  |            |            |            |
|  |            |            |            |
| <b>Total Estimated Net Effect on General Revenue</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2024    | FY 2025    | FY 2026    |
|   |            |            |            |
|   |            |            |            |
| <b>Total Estimated Net Effect on <u>Other State Funds</u></b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

Numbers within parentheses: () indicate costs or losses.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2024</b> | <b>FY 2025</b> | <b>FY 2026</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 2024</b> | <b>FY 2025</b> | <b>FY 2026</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 2024</b> | <b>FY 2025</b> | <b>FY 2026</b> |
|  |                |                |                |
| <b>Local Government*</b>                   | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

\*Oversight assumes revenue gains to school districts and revenue losses to local political subdivisions will net to zero.

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 99.848 - School District Tax Increment Reimbursement

**Oversight** notes this section states that any public school district shall be entitled to a reimbursement of least 50% (up to 100%) of the district's tax increment from the Special Allocation Fund. The Special Allocation Fund is comprised of tax surplus revenues generated by a tax increment financing redevelopment project.

#### Section 100.050 - School District Industrial Redevelopment Project Reimbursement

**Oversight** notes this section states that any public school district shall be entitled to a reimbursement of least 50% (up to 100%) of the ad valorem property tax revenues that such district would have received in the absence of a tax abatement/exemption.

#### Section 353.110 - School Districts Urban Redevelopment Corporations Law Reimbursement

**Oversight** notes this section states that any public school district shall be entitled to a reimbursement of least 50% (up to 100%) of the ad valorem property tax revenues that such district would have received in the absence of a tax abatement/exemption.

#### Responses regarding the proposed legislation as a whole

Officials from the **Department of Elementary and Secondary Education**, **Department of Revenue** and the **Office of the State Auditor** 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 Kansas City** and the **City of Springfield** each assume the proposal will have no fiscal impact on their respective organizations.

For purposes of this fiscal note, **Oversight** will show a revenue reduction to local economic development political subdivisions equal to an unknown amount, as the result of the reimbursements paid from the Special Allocation Fund and the reimbursement of ad valorem property tax revenues, beginning in Fiscal Year 2024.

**Oversight** will report a revenue gain to public school districts equal to an unknown amount, as the result of reimbursements from the special allocation fund and payments in lieu of taxes.

**Oversight** assumes the net fiscal impact to local political subdivisions will net to zero (\$0).

**Oversight** received a limited number of responses from school districts and local political subdivisions related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other local political subdivisions 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 2024<br>(10 Mo.) | FY 2025    | FY 2026    |
|---|---------------------|------------|------------|
|   |                     |            |            |
|   | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |
|   |                     |            |            |

| <u>FISCAL IMPACT – Local Government</u>  | FY 2024<br>(10 Mo.)       | FY 2025                   | FY 2026                   |
|--|---------------------------|---------------------------|---------------------------|
| <b>LOCAL POLITICAL SUBDIVISIONS</b>  |                           |                           |                           |
|  |                           |                           |                           |
| <u>Revenue Loss</u> - to local economic development political subdivisions - from reimbursing school districts - §99.845, §100.050 & §353.110          | \$0 or<br>(Unknown)       | \$0 or<br>(Unknown)       | \$0 or<br>(Unknown)       |
|  |                           |                           |                           |
| <u>Revenue Gain</u> - to school districts - for reimbursement for tax increment and ad valorem abatements or exemptions - §99.845, §100.050 & §353.110 | <u>\$0 or<br/>Unknown</u> | <u>\$0 or<br/>Unknown</u> | <u>\$0 or<br/>Unknown</u> |
|  |                           |                           |                           |
| <b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>  | <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.

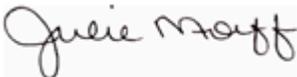
FISCAL DESCRIPTION

Current law authorizes the providers of emergency services to receive a reimbursement of a portion of property tax revenues lost due to property tax exemptions allowed by certain economic development programs. This act allows public school districts to also receive such reimbursement.

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 Elementary and Secondary Education  
Department of Revenue  
City of Kansas City  
City of Springfield



Julie Morff  
Director  
March 20, 2023



Ross Strobe  
Assistant Director  
March 20, 2023