

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2866S.01I
Bill No.: SB 715
Subject: Boats and Watercraft; Business and Commerce; Economic Development;
Department of Economic Development; Enterprise Zones; Lakes, Rivers and
Waterways; Political Subdivisions; Public Records, Public Meetings; Tax
Incentives; Taxation and Revenue - Sales and Use; Transportation; Department of
Transportation
Type: Original
Date: March 30, 2025

Bill Summary: This proposal modifies provisions relating to port authorities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	\$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)

*According to DED, unknown costs on how a “New job” is defined by DED under the Missouri Works Program could exceed the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§68.010, 68.015, 68.025, 68.035, 68.040, 68.045, 68.055, 68.057, 68.060, 68.075, 68.085, 68.205, 68.253 & 68.259 – Port Authorities

Officials from the **Department of Revenue (DOR)** assume the following regarding this proposal:

§68.010 Port Authorities

Currently statutes allow the creation of port authorities. This proposal appears to modify how port authorities are created and can function. It should be noted that port authorities currently have the right to levy sales and use taxes, as well as property tax.

This proposal appears to grant port authorities the ability to acquire, own, lease, sell, mortgage and encumber property in adjoining municipalities and even other states. It also allows them to create and operate their own agencies and departments. This would also grant a port authority in Kansas City the right to establish park rangers.

This proposal would grant the Kansas City port authority the right to act in lieu of the Kansas City council under the Housing Authority program (Sections 99.010-99.230), the Land Clearance program (Sections 99.300 – 99.660) and the Urban Redevelopment program (Sections 353.010 – 353.190). **DOR** is unable to determine what fiscal impact this expansion of authority may involve.

This proposal adds language that any department to whom an appropriation is made for a port authority is to advance the funds to the port authority without using a reimbursement basis. This proposal adds language that requires the department to reasonably require the port authority to pay back any money not spent consistent with the provisions in the bill. **DOR** notes that if money must be advanced then **DOR** would not have the time necessary to ensure the money is spent correctly.

This proposal adds language allowing port authority commissioners to be removed for neglect of duties. It also modifies the purchasing authority of the port authorities. These changes will not fiscally impact **DOR**.

§68.075 AIM Zone Tax Credit Program

This proposal modifies the AIM Zone tax credit program. The current program allows a port authority that creates new jobs to retain 50% of the state withholding tax for those jobs. This program does not have a cap on the amount of withholding retained.

This proposal attempts to modify the definition of “new job” for determining eligibility of the retained withholding. This proposal would allow any job designated by the MO Works program as a “new job” to be eligible as a new job under the AIM Zone tax credit program, regardless of when that new job was created. DOR notes that the language does not specify that the new job had to be created within the boundaries of the port authority. Therefore, this proposal could potentially increase the amount of withholding retained by the port authorities under the AIM Zone tax credit program. Per a report by DED, the AIM Zone project has resulted in approximately 370 new jobs created as of FY 2022, while the MO Works new jobs exceeded 11,500. DOR assumes this proposal would allow the additional 11,500 workers’ withholding to be retained by AIM Zones.

DED administers the AIM Zone and MO Works tax credit programs and DOR assumes they would be able to provide the best estimate of the additional loss to General Revenue from this proposal.

In response to similar legislation from this year, HB 1346, officials from the **Department of Economic Development (DED)** assumed §68.075.1(3) changes the definition of New Job to include "No job that was created prior to the date of the notice of intent shall be deemed a new job, provided that any job determined by the Missouri DED to be eligible for retention of withholding tax under the Missouri works program established in sections 620.2000 to 620.2020 shall be deemed a new job for purposes of this section notwithstanding that such job may have been created prior to the date of the notice of intent."

The impact depends on what the language is intended to mean. If it means that even though jobs created before the notice of intent (NOI) for AIM normally wouldn't count, they can if they meet the eligibility criteria of the Missouri Works program (MWP), then the impact would be significant, but the amount is unknown.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DED. Oversight inquired DED regarding their response. DED believes the impact would be over the \$250,000 threshold and would impact the GR fund. Therefore, Oversight will reflect §68.075 as a \$0 to unknown cost that could exceed the \$250,000 threshold.

Oversight assumes §68.035 allows moneys to be appropriated to port authorities instead of on a reimbursement basis. Oversight will show no fiscal impact for this section of the proposal.

Oversight assumes §68.057 raises the cap on procurement requirements for contracts from \$25,000 to \$50,000.

Without additional information, Oversight cannot estimate the impact to Port Authorities from 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.

Officials from the **Department of Public Safety – Director’s Office, Missouri Highway Patrol** and **Missouri Department of Transportation** 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** assume 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 these agencies.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

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. The 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 the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the 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 the office can sustain with its core budget. Therefore, the 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<u>Cost – DED – new definition of new job §68.075</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE*	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>

*According to DED, unknown costs on how a “New job” is defined by DED under the Missouri Works Program could exceed the \$250,000 threshold.

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<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 specifies that creation of a port authority by a county only precludes creation of a port authority by a city within that county if the county port authority was created first. (Section 68.010.3).

Also, currently the boundaries of a port district must be approved by the Highways and Transportation Commission. Under this act, if a port authority purchases or leases real property located within adjoining municipalities or states, the real property shall be deemed included within the port district. (Section 68.015.1).

Powers of port authorities are also modified as specified in the act. Additional powers are granted to the Kansas City Port Authority, including for the establishment of park rangers licensed as peace officers, contracting with other port authorities, and for creation of housing authorities, clearing land for redevelopment, planned industrial expansion, and urban redevelopment as provided by law for other political subdivisions. (Section 68.025).

The act specifies that appropriations to a department or office may be provided by the department or office to a port authority as an advance rather than on a reimbursement basis, subject to certain assurances the funds will be used for their designated purpose. (Section 68.035.4).

The act provides that failure of a port authority to include a statement that the state is not liable on bonds of a port authority as required by law shall not invalidate the bonds or render the state liable on the bonds. (Section 68.040).

Furthermore, the act modifies provisions regarding the terms of port authority commissioners and their removal from office, as well as determination of commissioners' qualifications, salaries, powers, and duties if they are not determined by the political subdivision establishing the port authority. (Section 68.045).

The act modifies port authorities' contracting processes for work, equipment, and supplies and materials, and provides that port authorities may utilize additional procurement measures authorized for other political subdivisions, as described in the act. (Section 68.055).

Under the act, port authority expenditures over \$50,000, rather than over \$25,000, including professional services contracts, shall be competitively procured. The act requires at least 20 days notice of the letting of the contract, with publication as described in the act. Port authorities shall have the authority to reject any and all bids, and readvertise the work or proposed purchase. (Section 68.057).

The act provides that political subdivisions with existing port authorities cannot form regional port authorities themselves, but that the boards of existing port authorities may apply to the Highways and Transportation Commission for approval of a regional port authority, as detailed in the act. (Section 68.060).

The definition of "new job" in the Advanced Industrial Manufacturing Zones Act is modified to include any job determined by the Department of Economic Development to be eligible for retention of withholding tax under the Missouri Works Program, regardless of when the job was created. (Section 68.075).

Under the act, certain records submitted to a port authority may be deemed closed records, and disclosure to a port authority shall not affect records' status as closed. (Section 68.085).

The act modifies the threshold for consent to the creation of a port improvement district, from 60% per capita to 50% per capita, of the owners of all real property within the boundaries of the proposed port improvement district. (Section 68.205).

Lastly, the act provides that a petition to the circuit court shall not be required for creation of a port improvement district within port district boundaries or for substantial changes, as defined by law, to a port improvement district in certain circumstances. (Section 68.253).

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 Economic Development

Missouri Department of Transportation

Department of Revenue

Department of Public Safety – Director’s Office

Missouri Highway Patrol

Office of the Secretary of State

Joint Committee on Administrative Rules

City of Kansas City



Julie Morff

Director

March 30, 2025



Jessica Harris

Assistant Director

March 30, 2025