

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4054-01
BILL NO.: SB 865
SUBJECT: Economic Development; Taxation and Revenue; St. Louis County
TYPE: Original
DATE: February 11, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	\$0 to \$60,000	\$0 to \$61,200	\$0 to \$62,500
Total Estimated Net Effect on <u>All</u> State Funds *	\$0 to \$60,000	\$0 to \$61,200	\$0 to \$62,500

*** This proposal is permissive and would have no fiscal impact without voter approval**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government*	\$0 to \$5,940,000	\$0 to \$6,058,800	\$0 to \$6,187,500

*** This proposal is permissive and would have no fiscal impact without voter approval.**

Numbers within parentheses: () indicate costs or losses
 This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from **St. Louis County** state this is authorizing legislation and would allow them to put a vote before the people of St. Louis County. If passed, St. Louis County anticipates additional revenue of \$5 million to \$6 million per year.

Officials from the **Department of Revenue (DOR)** state this proposal creates the Community Comeback Act for eradication of blight and neighborhood revitalization in St. Louis. The DOR assume this proposal will have no fiscal impact on their agency.

Officials from the **City of St. Louis** states this proposal deals with St. Louis County and would have no fiscal impact to the City.

In response to similar legislation from this year, officials from the **Department of Economic Development (DED)** assume the proposal will have no fiscal impact on their agency.

Officials from the **Secretary of State's Office** state this proposal outlines the issuance of bonds, appointment of trust board members, required audits, appointment and function of an advisory board, etc. They assume this proposal will have no fiscal impact on their agency.

Oversight assumes this proposal is permissive and would have no state impact unless voter approval occurred. For purposes of the fiscal note, Oversight estimated the possible revenues in a range of voters not passing such proposal to voters approving the measure in May, 2000. This proposal has an emergency clause so the effective date of the tax could be as early as July 1, 2000, therefore, twelve months of revenue is estimated for FY 2001. Oversight also assumes a growth rate of 2% for future fiscal years.

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
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GENERAL REVENUE FUND

<u>Income</u> - to General Revenue Fund	\$0 to	\$0 to	\$0 to
1% collection fee	\$60,000	\$61,200	\$62,500

<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003
SAINT LOUIS COUNTY			
<u>Income</u> - Local Use Tax proceeds	\$0 to \$5,940,000	\$0 to \$6,058,800	\$0 to \$6,187,500
ESTIMATED NET EFFECT TO SAINT LOUIS COUNTY*	\$0 to <u>\$5,940,000</u>	\$0 to <u>\$6,058,800</u>	\$0 to <u>\$6,187,500</u>

* This proposal is permissive and would require voter approval before the use tax would become effective.

FISCAL IMPACT - Small Business

A direct fiscal impact to small businesses would be expected as a result of this proposal since they may have to pay more to purchase goods.

DESCRIPTION

The "Community Comeback Act" is established to eradicate blight and foster sound, comprehensive community development in St. Louis County neighborhoods.

The "Community Comeback Trust" Board is composed of seven members nominated by the Mayor and the County Council and chosen by the County Executive. Board members serve for 3-year terms. The terms of the initial board members are staggered and determined by lot. Board members are limited to two terms.

The trust is authorized to issue bonds or notes and to receive gifts for funding or refunding any of its projects.

The Board works with the community to develop a plan which will be adopted by the County. Required annual reports will provide information regarding the status of projects relative to the plan. The Board must also establish an 11-member advisory committee to assist with plan review and execution.

The Board will accept and review petitions for two categories of grant programs. Redevelopment projects in low income neighborhoods are "priority comeback projects" grants. Such projects may or may not be consistent with plan recommendations.

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DESCRIPTION (continued)

The second category is called the "Select Neighborhood Action Program" (SNAP). Applicants provide a 10% match for any community development project grant. Projects funded under this program must be consistent with the plan.

Of funds available to the trust, 75% will be dedicated to "priority comeback projects", and 5% (not to exceed \$500,000) will be dedicated to SNAP projects. The balance of funds, excluding 5% for administration, will be used to benefit low income residents with job creation, home improvement, and various redevelopment activities.

St. Louis County and St. Louis City may adopt a use tax, equivalent to the amount of sales tax, to fund these programs. Under current law, one-half of local use tax is paid to support the construction of light-rail lines. This act redirects the money to the Community Comeback Trust.

Current law allows the formation of urban redevelopment corporations in municipalities. This act also authorizes the formation of an urban redevelopment corporation in St. Louis County.

This act contains an emergency clause.

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

Saint Louis County
City of Saint Louis
Department of Revenue
Department of Economic Development
Secretary of State's Office



Jeanne Jarrett, CPA
Director
February 11, 2000

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