COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 635-04
BILL NO.: HS for HCS for SB 125 with HA 1, 2, 3, 4, 5, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 29, 30, 31, 32, 34, 35, 36, 38, HSA1 for HA 39, 41and 42
SUBJECT: Community Development: City of Springfield, Tax Credits, Enterprise Zones, Public Nuisance, Sewer Districts, Charter Schools, Lt. Governor
TYPE: #Corrected
DATE: May 15, 2001
#To reflect effective date of section 196.367 concerning inspection by Department of Health and to reflect changes in impact of section 160.534 concerning the proposed School Building Property Tax Relief Fund. (Changes are an pages 1, 2, 9, 24, 34, 35, 37 and 38. They are marked with #s.)

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Blind Pension Fund	(Unknown)	(Unknown)	(Unknown)
County Foreign Insurance Tax Fund	$0	$0	$0
Elevator Safety Fund	(Unknown)	(Unknown)	(Unknown)
Road Fund	($2,062 to Unknown)	(Unknown)	(Unknown)
#General Revenue	#($1,362,330 to Unknown)	#($4,456,068 to Unknown)	#($8,939,464 to Unknown)
All State Funds	$0	$0 to ($4,000,000)	$0 to ($4,000,000)
School State Moneys	$0	$0	$0
School Building Property Tax Relief	$0	$0	$0
Charter School Sponsor Oversight and Accountability	$0	$0	$0
Contiguous Property Redevelopment	$0	$0	$0

Various State Funds	(Unknown)	(Unknown)	(Unknown)
#Total Estimated Net Effect on All State Funds	**#($1,364,392 to Unknown)**	**#($4,456,068 to Unknown)**	**#($8,939,464 to Unknown)**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
#Local Government*	**(Unknown)**	**#(In excess of $1,797,375)**	**#(In excess of $4,602,750)**

***Does note include the unknown increase in the UAAL for the CERF. CERF funds are not considered local funds for fiscal note purposes.**
Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 53 pages.

FISCAL ANALYSIS

ASSUMPTION

The **Department of Health** assumes no fiscal impact on any amendments to this proposal.

Section 50.1000 and HA # 34

Officials with the **County Employees Retirement Fund (CERF)** assume the proposal would result in higher benefit costs for employees hired and fired by the circuit court in a first-class, non-charter county which does not participate in the Missouri Local Government Employees' Retirement System (LAGERS). They estimate increased benefit costs of $200,000 in FY 2002, $208,000 in FY 2003, and $216,000 in FY 2004, based on 100 additional participants. If more or less than 100 participants are added, costs would be affected proportionately. Additionally, CERF assumes they will incur one-time costs in FY 2002 for additional staff time and expenses.

ASSUMPTION (continued)

Outside vendors and advisors will be used to identify the additional members, and to establish appropriate records and procedures to administer their benefits. These one-time costs would be passed through to plan participants. Officials did not calculate the unfunded actuarial accrued liability (UAAL) for the plan as a result of the proposal.

Oversight assumes that the system's UAAL would increase under the proposal, but notes that the contributions to CERF by counties are fixed and are dependent on the collection of certain county taxes, penalties and fees. Consequently, the calculated required contribution does not in actuality represent contributions to CERF by counties. **Oversight assumes that the contributions made to CERF from current funding sources would not be sufficient to meet the benefit obligations.** Additionally, Oversight notes that it is unlikely that 100 participants will be added to the system, as there is only one first-class non-charter county not participating in LAGERS. Figures provided by CERF are slightly higher than figures cited in response to previous similar legislation, which CERF estimated would cost $175,000 in FY 2002; $182,000 in FY 2003; and $189,000 in FY 2004, with a one-time additional cost of $20,000 for additional staff time, expenses, and outside vendors. The proposal states that individuals in a job classification which the system determines to be ineligible for coverage shall not be considered an employee unless funds are provided for the costs associated with such coverage. CERF assumes this will only prevent future groups from seeking coverage, and will have no effect on the group added by this legislation.

Officials with the **Missouri Local Government Employees Retirement System (LAGERS)** assumed the proposal would have no fiscal impact on their system. Officials with the **County of Boone** did not respond to our request for a fiscal note response. **Oversight** assumes no fiscal impact to the county.

Officials of **St. Louis County** assume no fiscal impact.

Sections 64.170 - 64.205 County Building Codes - Third Class Counties:

Officials of the **Office of Administration- Design and Construction, and Budget and Planning** assume no fiscal impact to their entities.

Officials of the **Department of Economic Development- Missouri Housing Commission** assume no fiscal impact to their Commission.

Christian, Polk, and Adair County (third class counties) officials stated that this proposal is optional for third class counties, however, should the County Commission, with voter approval adopt building regulations the county would realize fiscal impact. Officials estimated income

ASSUMPTION (continued)

from fees, licenses, and permits which would defray the costs of enforcement and administration.

Stone County Commission (third class county) assume their would be no fiscal impact unless the Commission, or a petition submitted to the Commission, would receive voter approval to adopt building regulations.

Oversight assumes this provision to be permissive and would have no state fiscal impact. Third class counties would have no fiscal impact without action by their county commission, or petition with voter approval. Fiscal impact will be shown as zero.

Section 67.582 - Fire Protection

This section allows certain cities governing bodies to seek voter approval to levy a sales tax for law enforcement and fire protection. The DOR would collect the sales tax which would be placed into the City Public Safety Sales Tax Trust Fund. The DOR would retain a 1% collection fee which would go into the State's General Revenue Fund. Any City that would receive voter approval to impose the sales tax would have income from the sales tax, in an unknown amount, and would have cost associated with providing public safety services. Oversight assumes that costs would not exceed income in a given year resulting in either a zero or positive unknown annual fund balance. **Oversight assumes this provision is enabling legislation and requires voter approval before local governments would realize fiscal impact, therefore, impact will be shown as zero.**

Officials of the **Department of Revenue** assume that any city located within a county which has enacted a county-wide sales tax for law enforcement would have defined boundaries of a city. Officials stated that this would require a table change that could be done with existing resources. Officials assume no fiscal impact. DOR assumes if voter would approve the sales tax, and the DOR would collect the tax there would be additional income from the retention of a 1% collection fee.

Section 71.794 Special Business Districts:

Oversight assumes cities would realize savings from postage cost in an amount equal to the difference of the cost of regular mail versus the cost of registered or certified mail with a return receipt requested. The amount of savings would be dependent upon the number of owners of real property and licensed businesses located in the proposed Special Business District. Current law requires cities when establishing, enlarging or decreasing area of a Special Business District to notify all property owners of record in the district by registered or certified mail that a hearing will be held concerning the Special Business District. This proposal would allow notification of

ASSUMPTION (continued)

the hearing to be made by regular mail. Oversight will show fiscal impact as a positive unknown. Oversight expects cost savings for any city to be minimal and less than $ 100,000 in a given year.

Section 77.370; Third Class Cities- Contracting for public safety:
This bill exempts third class cities from electing a marshal if they contract with another entity for police service.

Third class cities are also allowed to contract with either a public or private entity for the assessment of property or the collection of taxes.

Oversight assumes any city that would elect to contract for police services would save the cost of an election of the City Marshal. Oversight would not expect the savings to be significant.

Section 135.208: Fourth Class Cities in Jackson County- Enterprise Zone:

Officials of the **Department of Revenue** assume no fiscal impact.

Officials of the **Department of Economic Development** stated that this section adds one new enterprise zone at an estimated cost of $352,000 annually.

Section 135.209: Certain Cities: Satellite Zones

Officials of the **Department of Revenue** assume no fiscal impact.

Officials of the **Department of Economic Development** stated that this section adds one new satellite enterprise zone at a projected cost of $60,000 annually.

Oversight assumes that language in Section 135.209 only allows for the creation of an enterprise zone upon the approval of the governing body with approval of the Director of Economic Development. Oversight will show cost as $0 to $60,000 annually.

Sections 135.200 and 135.230

Officials from the **Department of Economic Development (DED)** assume the bill will allow hotels and motels in Salem, Missouri/Dent County to qualify for some local tax abatement. There would be no impact on DED or cost to the state, unless it was determined that the bill imposes new duties on the city/county that should be paid for by the state.

ASSUMPTION (continued)

DED states Section 135.230 changes the residency requirement for Enterprise Zone credits for SIC Code 3751. This part of the bill is the same as FN 1886-01 which DED initially projected as a $0 to $200,000 cost. However, DED has re-evaluated this original response. DED now projects the impact to be $0. This change in response from 1886-01 is based on additional input from the cycle manufacturer impacted by the SIC Code.

Officials from the **Department of Revenue (DOR)** state this legislation will allow certain employees of a new business facility who were residents of the enterprise zone for at least one full month from the time they were employed by the new business facility to be counted as an enterprise zone resident.

The DOR states that they do not anticipate a significant increase in the number of new credits filed. Therefore, they will not request additional FTE at this time. However, if their assumption is incorrect, the Personal Tax Bureau will need one Temporary Tax Season Employee for every 75,000 additional credits, one Tax Processing Tech I for every 30,000 additional errors generated and one Tax Processing Tech I for every 3,000 additional pieces of correspondence received regarding this credit. The Business Tax Bureau will need one Tax Processing Tech I for every 3,680 additional credits received. Any FTE needed will be requested during the normal budget process. Officials assume no fiscal impact.

In response to similar legislation from this year, officials from the **City of Salem** stated with passage of this legislation, a new 65 room hotel facility will probably be built in their community. The City of Salem estimates the annual revenues from this facility for the city, including sales tax and increased property taxes would be roughly $11,521. The City of Salem also estimates that gross water and electric revenues for this new facility would be roughly $60,000 to the City.

Oversight assumes the state will not be fiscally impacted from the addition of hotels in Salem to the enterprise zone definitions. Oversight assumes the local taxing and governing authorities may grant an exemption (in whole or in part) of property taxes to this new hotel after holding the required public hearings on the matter, therefore, has estimated the local impact as zero.

Oversight also assumes the expansion of the employees who count toward the residency requirement at the Harley Davidson plant in Kansas City may have a fiscal impact on the state and have used DED's original response.

ASSUMPTION (continued)

Section 135.150- Business Facility Tax Credits:

Officials of the Department of Economic Development assume this section caps Business Facility Tax Credits at $4 million per year which would result in a $4 million savings per year.

Section 135.403- Capital Tax Credit Program:

Department of Economic Development officials stated that this program would cost $4 million per year for 10 years.

Section 135.500 to 135.527 - CAPCO program;

DED states this part of the proposal adds authority for an allocation of tax credits for investments in CAPCOs totaling $40 million. The credits are taken over a period of ten years ($4 million per year). A revision of the current rules and regulations for the CAPCO program would need to be undertaken by DED. DED approves the CAPCOs and authorizes the tax credits to the investors. This requires DED to set up a standard set of guidelines for the CAPCOs to follow during the process. There is then daily monitoring of the program, including approving investments in the qualified small businesses, collecting quarterly reports, and making sure the necessary reporting is completed. The DED would be required to administer and oversee the additional credits.

DED assumes the need for an Economic Development Incentive Specialist II (at $37,488 annually) and a Clerk Typist II (at $20,472 annually) to administer changes to the CAPCO program. These people will conduct the additional work created by the additional credits. DED estimates the total costs for these two FTE would be roughly $120,000 per year.

Oversight assumes the Department of Economic Development could use resources saved from the reduction of the Family Development Account as well as the Individual Training Account Program to help administer the additional $40,000,000 in CAPCO tax credits and therefore, will not require the additional FTE requested for that program. This additional amount will be the fourth round of CAPCO tax credits administered, bringing the total credits authorized to $180,000,000. Since many of the same investors participate in each round of tax credits, DED's efforts to collect reports, monitor investments, etc. is aided by having fewer contacts with similar investments.

In response to similar legislation from this year, officials from the **Department of Agriculture** state this part of the proposal would not fiscally impact their agency.

Officials from the **Department of Insurance** state this part of the proposal makes various changes to the CAPCO tax credits, including caps and reallocations, which would result in an

ASSUMPTION (continued)

unknown cost.

Section 135.535 - Tax Credits for Investment in, or Relocating a Business to, a Distressed Community;

DED states this part of the proposal lowers the cap on Rebuilding Communities from $10 million to $7.5 million, saving $2.5 million annually. DED assumes the other changes to the section have no fiscal impact.

Section 135.545 - Tax Credits for Investment in the Transportation Development of a Distressed Community;

DED states this part of the proposal lowers the cap on Transportation Development Tax Credit from $10 million to $7.5 million, saving $2.5 million per year.

Section 138.010- County Board of Equalization membership.

The County Commission would have the option of appointing two citizen members to serve on their county's Board of Equalization. The County Commission would also have the option of allowing compensation for those members.

Oversight assumes that counties would have no fiscal impact unless their County Commissions would decide to appoint two citizen members to the Board of Equalization and decide to compensate them for their service. This act does not require either action.

Section 196.367: Food and Drug Regulations:

Officials from the **Department of Health** (**DOH**) state that currently each manufacturer and distributor pays an annual license fee of $1.00 and an inspection fee of three-tenths cent per gallon for beverages manufactured or sold in Missouri. DOH states they perform between 40 and 50 inspections per year. DOH states they would continue to inspect these manufacturers and distributors under 196.055. DOH states the total revenue received from these fees in FY 1998 was $481,415, FY 1999 in $485,705, and in FY 2000 $547,856. DOH, assuming a 5% increase each year, project that revenues would be $604,011 in FY 2002, $634,212 in FY 2003, and $665,923 in FY 2004. DOH states the three year totals $1,904,146. DOH state the 5% assumption is based on: 1) improved tracking system; 2) staff with complete program responsibility; 3)increased audit and payment follow-up. DOH assumes that all current manufacturers/distributors could qualify for the FDA exemption. DOH states the revenue currently collected goes directly to General Revenue and is not specifically earmarked for DOH.

ASSUMPTION (continued)

Therefore, DOH has projected a loss to General Revenue.

Oversight assumes there would be a staff reduction due to the decreased number of inspections performed and has estimated this staff savings at $100,000 annually.

#Oversight also notes that the provisions of this section would not take place until FY 2005, which is outside of the fiscal note period.

Section 204.300- Common Sewer District- Board Membership

Oversight assumes this section provides for a change in membership of the Board of Directors of certain sewer districts from a seven member board to an eight member board. Oversight assumes that the only compensation that would be provided would be for reimbursement of actual expenses incurred in the performance of their duties. Oversight assumes this additional expense for the sewer district would be minimal. Costs will be shown as (Unknown).

Section 204.370- Common Sewer District- Requirements for issuing bonds:

Officials of the **State Auditor's Office** assume there would be no fiscal impact to their office.

Officials of the **Department of Natural Resources** stated this proposal would have no fiscal impact on their department.

In response to almost identical legislation, fiscal note number 2202-01, **City of Independence** officials stated that by changing the procedure for issuing bonds by allowing three-quarters of the customers to give their written assent to the sewer district board rather than requiring an election of the residents of the district would save the district election cost. Officials stated that the savings would be dependent upon the number of other ballot issues being voted on. Officials estimated savings would range from a low of $90,000 to $250,000. Oversight will show savings on election cost in each fiscal year because it is not known when a sewer district board would seek approval to issue bonds. Savings will be shown as $0 to $250,000.

Oversight assumes that by adding additional members to the Board of Trustees of the Sewer District there would be some additional cost of providing reimbursement of all expenses incurred in the performance of their duties. Oversight assumes cost would not be significant and will be show cost as (Minimal).

Section 82.300 - Kansas City - Property Nuisances

ASSUMPTION (continued)

Officials of the **Kansas City Manager's Office** stated that annual revenues from property code fines average around $430,000. Officials estimate that the change in maximum fine from $500 to $1,000 for property and nuisance code violations would increase revenue to $550,000 to $575,000 annually.

Sections 214.030 and 214.035: Cemeteries

Officials from the **City of Hannibal**, **City of Springfield**, and **Platte County** each assume this proposal would have no substantial fiscal impact on their political subdivisions.

Officials from the **Department of Natural Resources (DNR)** state they are not considered a city, town, village or county. Therefore, it would not have to take ownership of abandoned cemeteries.

DNR states they do own three cemeteries, which are designated as historic sites and some of the other parks and historic sites do have cemeteries within their boundaries. However, all of these cemeteries are maintained by the Division of State Parks and are not considered abandoned. Therefore, this legislation would not result in any fiscal impact for DNR.
In response to similar legislation from last year, officials of the **Department of Economic Development - Division of Professional Registration** stated that the proposal would not affect that agency.

Oversight notes that costs to political subdivisions would only be incurred in cases where a subdivision would try to reclaim a grave. There are no provisions requiring this.

Section 221.407 - Certain Third Class Counties- Jail Districts:

Officials of the **Office of the State Courts Administrator** stated there would be no fiscal impact on the Courts.

Officials from the **Department of Revenue** assume this proposal would have no fiscal impact provided Jail District boundaries include the area within each member county.

Revenue Officials stated if a new jail district is established and the district lines do not follow current city/county boundary lines the Division of Taxation would need one Tax Processing Tech I for each 1,000 businesses located within the district. The MITS system would also need 882 hours of contract programming at a cost of $ 19,616, in order to implement the new taxing district.

ASSUMPTION (continued)

Oversight assumes this proposal is permissive and would require Jail Districts that wanted to impose a sales tax to receive voter approval.

Jail Districts that would submit the question of levying a sales tax would have election costs.

Oversight assumes the state would retain a 1% collection fee which would be deposited in the States' General Revenue Fund. The amount of revenue that would be generated in a given year is unknown. Currently there are no Regional Jail Districts.

This proposal could result in an increase in Total State Revenues since Collection Fees are included in the General Revenue Fund and general revenues are included in the calculation of Total State Revenue. For the purposes of this fiscal note, Oversight assumes that this proposal does not require certain counties to establish Jail Districts, therefore, fiscal impact is $0.

Section 227.319- Bridge crossing Missouri River at St. Charles:

Officials of the **Department of Transportation** stated that there would be one- time costs for two signs to be installed at each end of the designated portion of Page Avenue at an estimated costs of $2,062

Sections 260.830 and 260.831- Landfill fees in Second and Fourth Class Counties:

Oversight assumes these sections are enabling legislation, and would have no fiscal impact unless the County Commission of an eligible would seek voter approval to impose a landfill fee of $1.50. For purposes of this fiscal note Oversight assumes there are no requirements for counties to impose the landfill fee, therefore, there is no fiscal impact.

Section 263.232 - Eradication of Noxious Weeds:

Officials from the **Department of Agriculture, University of Missouri,** Southwest Missouri State University and the City of Springfield assume the proposed legislation would have no fiscal impact on their agencies.

Officials from **Southwest Missouri State University (SMS)** and the **Greene and Taney County Commissioners** did not respond to our request for fiscal impact. However, in an earlier version of the proposed legislation, SMS officials assumed the proposed legislation would not have a fiscal impact on SMS.

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education** assume their agency and state board operated schools would have the duty of eradicating the spread of teasel and kudzu on their property. They assume the fiscal impact will not be in excess of $100,000. Additionally, in reference to local impact, all school districts would have the duty of eradicating teasel and kudzu on their property. The Department assumes the cost to control such weeds could be in excess of $100,000 statewide.

Officials from the **Department of Mental Health** assume their Department has approximately 254 acres of ungroomed property which would all need to be treated to ensure compliance. The estimated cost of treatment is $23 per acre with treatment continuing every other year.

Therefore, the Department assumes a yearly cost of $2,921 (254 acres X $23 / acre divided by 2).

Officials from the **Department of Natural Resources** assume that since they own property the Department would be subject to the provisions of the proposed legislation. The Department has had instances of sightings and eradication of cut-leaved teasel, but they have been able to handle them with existing resources. The Department is not aware of any common teasel or kudzu growing on any of their state property. Therefore, they do not anticipate any fiscal impact from this proposal.

However, if cut-leaved teasel, common teasel or kudzu are identified on any of the Department's property and they are required to eradicate it, the Department may pursue resources through the normal budget process.

Officials from the **Department of Conservation** assume the costs related to the proposed legislation would be less than $20,000 per year.

Officials from the **Department of Corrections** stated that they would comply with the provisions of this proposal. If DOC incurred costs at a higher fiscal impact than estimated, resources would be requested through normal budgetary channels. The fiscal impact is estimated at $0 or a minimal cost that could be absorbed with existing resources.

Officials from the **Department of Transportation (DHT)** assume that since cut-leaved teasel, teasel and kudzu can spread by seeds, but also spread by runners and rhizomes, it will be necessary to spray the infested area to kill the plant. On kudzu outbreaks, it will be necessary to kill everything and then replant the area to establish vegetation.

The estimated cost for the herbicide to treat one acre of kudzu teasel will be approximately $20.00 per acre, therefore the cost to eradicate the kudzu will be $7,700.

ASSUMPTION (continued)

The estimated cost for the herbicide to treat one acre of cut-leaved teasel will be approximately $20.00 per acre. With 1,155 acres times $20.00 per acre, the cost to eradicate the teasel will be $23,100.

The statewide average cost in 2000 for establishing native plants on MTHC right-of-ways was $588 per acre. Since the kudzu sites will require re-vegetation and an estimated 10 percent of teasel acres will be re-vegetated, the total cost to replant vegetation is $294,588 (385 kudzu acres plus 116 teasel acres times $588 per acre).

Therefore, the total cost to eradicate the teasel and kudzu and replant vegetation is $325,388 in FY 02, $335,149 in FY 03, and $345, 205 in FY 04.

Total costs for these provisions of the proposal are reflected as zero based on a decision made by the Oversight Subcommittee on February 1, 2000 in reference to a similar proposal (HB 1395) from the 2000 session.

Section 67.1442 - Community Improvement Districts

City of Springfield officials assume this proposal is discretionary and would have **no fiscal impact** to Community Improvement Districts unless, the District Board of Directors would consent to the relocation or removal of property from one zone to another zone within the same district.

Oversight assumes this proposal is permissive and would have no fiscal impact. To remove property or relocate property from a Community Improvement District would require a hearing by the City, and approval by the District Board before any action to remove or relocate property. The district would have to meet any financial obligation excluding the revenues generated by the property being removed.

In response to identical legislation from last session the **Department of Economic Development** assumed **no fiscal impact.**

Section 67.1545 - Community Improvement District- Kansas City

Oversight assumes that this proposal adds some additional duties for Community Improvement Districts in Kansas City, whenever an election is held seeking approval of a sales tax. Current law already requires an election by mail-in ballot so there would be no new costs of having an election, other than publication requirements, along with other duties which would not have significant impact to the election authority, or to the district. Any new costs would be costs for

ASSUMPTION (continued)

the Community Improvement District, and Oversight assumes would not be significant. Costs would only occur on questions of sales tax approval. Oversight assumes **no fiscal impact**.

Section 135.406 - Small Business Tax Credits

Officials of the **Department of Economic Development** assume the changes in this section redirects $1 million of the Small Business Investment Tax Credit but would have **no fiscal impact.**

Section 135.478 & 135.481 - Expands the definitions of "eligible residence", "new residence" and "project" as well as adds a definition for "central business district". Also increases the allowable percentage of costs from fifteen to twenty;

Officials from **DED** state this part of the proposal would not fiscally impact their agency.

Oversight assumes this part of the proposal simply adds projects that qualify for the tax credit, but does not change the $16 million cap for the program, therefore has assumed no fiscal impact from this part of this proposal.

Section 135.484 - Allows the reallocation of any unused tax credits for rehabilitation and construction of residences in distressed communities and census blocks;

Officials from **DED** state this part of the proposal allows reallocation of Neighborhood Preservation Tax credits and would have no fiscal impact to their agency.

In response to legislation from this year, DED stated that in calendar year 2000, the entire $8,000,000 in "qualifying residence" program credits were utilized, while $5,000,000 (out of $8,000,000) in "eligible residence" program credits were utilized, leaving $3,000,000 in tax credits not utilized.

Oversight assumes 70% of the unused tax credits, $2,100,000 (70% x $3,000,000) could be shifted to be utilized by the other program. Since 2000 was the first year of the program, there is not enough historical data to determine if only $5,000,000 of the $8,000,000 in "eligible residence" program credits would be utilized consistently, therefore, Oversight has ranged the impact of this proposal to $0 (reflecting all $8,000,000 in each program would be utilized before a reallocation) to a negative $2,100,000 impact to state revenues.

Section 135.487 - *Allows projects involving the construction or rehabilitation of more than one residence to apply for and receive the credit piecemeal;*

ASSUMPTION (continued)

Oversight assumes this part of the proposal would not have a fiscal impact on the state.

Section 135.530 - *Expands definition of "distressed communities";*

DED states this part of the proposal changes the definition of distressed community. Most programs with credits for activities in distressed communities are capped so this change will have no fiscal impact on those programs, but the new or expanding business facility tax credit, an uncapped entitlement program, awards enhanced credits for businesses in distressed communities. DED is unable to ascertain the fiscal impact the addition of new areas to the distressed communities definition would have on the program.

Oversight will show fiscal impact as $0 to (Unknown).

Section 447.700 - Abandoned Property, Redevelopment Projects;

In response to similar legislation from this year, officials from the **Department of Natural Resources (DNR)** stated this part of the proposal would expand the definition of allowable costs to include the demolition of any building or structure which is located on the site of an abandoned or underutilized property to be included in the cost of an eligible project. DNR assumes the proposed changes apply to uncontaminated structures. DNR would not have to provide oversight of the demolition of the structure; however, the program would do a preliminary review of the site to verify the site is not contaminated. DNR assumes there would not be a significant number sites expanding their projects to include buildings or structures located on abandoned or underutilized properties. At this time, DNR does not anticipate the need to request additional resources as a result of this proposal. If the number of brownfield sites expanding their projects exceeds our expectations, there may be a need to request additional resources.

DNR assumes the participant will have to demonstrate that hazardous substances are not contained within or beneath the structure. This demonstration could be made in the documents DNR reviews during their preliminary review, if the documents are comprehensive enough. However, if the initially reviewed documents are not comprehensive and leave some doubt as to whether hazardous substances are within or beneath the structure, then DNR would ask that additional investigations be conducted.

DNR also estimates the review time to approve the project, as illustrated above, is apt to vary depending on the adequacy of the data submitted. If only a preliminary review is necessary, the review time would be approximately 6 hours for each review. If review beyond the preliminary review is needed, the review time could increase to approximately 16 hours. DNR does not

ASSUMPTION (continued)

anticipate being significantly impacted by these provisions. However, if the number of sites exceeds DNR's expectations, they need to request additional resources.

DNR has the authority to cost recover any cost associated with reviewing the demolition tax credit. The associated cost for a six hour review is approximately $400 (ES III salary $3308 x 12 months/2080 annual hours=$19.08 x 3.5 multiplier=$66.78 hrly rate x 6 hours). The associated cost for a 16 hour review is approximately $1,068 (ES III salary $3308 x 12 months /2080 annual hours=$19.08 x 3.5 multiplier=$66.78 hrly rate x 16 hours). The amount of increased revenues depends on the number of demolition tax credits DNR reviews and the amount of time to review each. Since DNR does not know the number of applications that would be submitted or the amount of time it would take to review, the amount of increased revenues would be unknown.

DED states this part of the proposal changes the brownfield program to specifically include demolition as an allowable cost for projects in the City of Washington at a one-time cost of $125,000.

Oversight has ranged the fiscal impact from this part of the proposal from $0 to (Unknown) to account for the possible additional allowable costs related to demolition of any building or structure which is located on the site of an abandoned or underutilized property in Franklin County.

Sections 650.390 to 650.411- St. Louis County Emergency Communications System

Officials of the Department of Revenue stated that if St. Louis County were to establish an Emergency Communications System District, and voters would approve a sales tax as its funding source, then the department would normally collect a 1% collection fee, however, this proposal does not provide for the DOR to collect the sales tax or provide for a 1% collection fee to be retained by the DOR. Officials stated that if an Emergency Communications System District were established, and the DOR were to collect the sales tax for the county, there would be no administrative impact because the district has a defined boundary.

Officials of the **Office of the Director of Administration of St. Louis County** stated that this proposal would not have any fiscal impact for St. Louis County because they are not obligated to set up an Emergency Communications System District.

Officials of the **University City Police Department, and Le May Fire Protection District,** assume there would be election costs if voter were asked to approve a funding source.

Officials of the **Creve Coeur Police Department, City of Bridgeton Police Department and**

ASSUMPTION (continued)

the City of Brentwood Police Department stated that if an Emergency Communication tax were approved by the voters their departments would be able to afford communication equipment that is needed. Officials assume no impact to their departments.

Oversight assumes this is enabling legislation and would require action by St. Louis County along with voter approval of either a 6 cents per one hundred dollars of assessed valuation, or a sales tax that could not exceed one-tenth of one percent before there would be fiscal impact. Oversight assumes there would be income from the tax, and costs of establishing and maintaining an Emergency Communications System.

Oversight assumes that costs of administering the system would not exceed the amount of income generated, therefore, annual fiscal impact would be either $0 or a positive unknown. Oversight assumes no fiscal impact.

Section 1- Conveyance of Property in St. Francois County:

Officials of the **Office of Administration** assume that the property owned by the state would be sold using an average per acre value as provided by the St. Francois County Assessor's Office. Officials assume .58 acres x $8,000 per acre = $4,640 rounded up to $5,000. Officials estimate that the State's General Revenue Fund would receive $5,000.

House Amendment # 1: Tax Exemption for personal property leased to religious or governmental bodies:

Oversight assumes that the State's Blind Pension Fund would lose tax revenues; however, on a statewide basis the loss of revenue to political subdivisions could exceed $100,000.

Local governments that operate off of revenues generated by the property tax system would lose revenues in an unknown amount. **Oversight will show losses of revenue to both state and local governments as (Unknown).**

House Amendment 5: State Penitentiary Redevelopment Commission:

Officials from the **Office of Administration - Division of Budget and Planning, Department of Corrections, Department of Natural Resources, Office of Jefferson City Administrator,** and the **Office of Cole County Commission** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Office of Administration - Division of Design and Construction (COA)**

ASSUMPTION (continued)

assume COA would be responsible for the reimbursement of expenses. Based on recent experience with a Building Codes Advisory Committee, annual expenses are estimated to be $10,000.

Officials from the **State Treasurer's Office (STO)** assume incremental staff duties could be absorbed without budget increases. Additional responsibilities for STO would coincide with current responsibilities for investing funds.

Officials from the **Office of the Attorney General (AGO)** assume the proposal would have a minimal impact on their agency, which can be absorbed with existing resources.

Officials from the **Department of Revenue - Division of Taxation (DOR)** assume the Missouri State Penitentiary Redevelopment Commission would be a quasi-governmental entity and would be exempt from federal taxation. Therefore, there is no administrative impact to the Department of Revenue. DOR assumes the Office of Administration will estimate the general revenue impact.

House Amendment # 8: Wood Energy Tax Credit:

The **Department of Agriculture (AGR)** and the **Department of Natural Resources (DNR)** officials assume this bill would not fiscally impact their agencies. DNR provided the following information:

Number of Applicants by Year

- 1997 = 9
- 1998 = 10
- 1999 = 9
- 2000 = Still in Reporting Period, but expect 8 or 9 companies.

Total Credits Earned by Year

- 1997 = $1,904,880
- 1998 = $3,599,800
- 1999 = $2,936,182
- 2000 = Still in Reporting Period.
- Total Program Credits Earned through 1-29-01 = **$9,437,536**

Operational Notes Concerning Potential Future Impacts of the Wood Energy Tax Credit Program:

ASSUMPTION (continued)

1) Since these credits can be assigned to third parties they are not always claimed in the same year as they are earned. The data on claims of these credits is available through the DOR.

2) Most companies entered the program in their respective 1997 tax years. The applications for their 2000 tax years represent in these cases the fourth year of their five-year eligibility periods.

3) The last year for most participating companies is the 2001 tax year.

4) Based on the reduction in the amount of companies expected to participate during tax years 2000 and 2001 a current estimate of credits earned in these years is between $2.5 and $2.9 million each year.

5) This program essentially provides a significant buy-down toward the front-end capital costs of systems that take waste wood and turn it into profitable energy sources.

6) While it has to date been used most by charcoal firms the rapidly rising prices of propane and natural gas have led to several new firms considering the use of waste wood for answering their energy needs. The financial incentive provided by this program can very possibly serve to advance the installation of additional biomass energy production facilities.

Officials of the **Department of Revenue (DOR)** state this legislation extends the period in which a wood energy producer can claim a tax credit from five years to ten years. DOR assumes the revenue impact is unknown. Extending the claiming period for the tax credit will have little or no administrative impact to the Department of Revenue.

Officials from the **Department of Economic Development (DED)** assume this proposal would have no new impact on DED. It extends the wood energy credit for another 5 years. DNR approves these credits. The only place where DED is involved with the credit is in a section of statute that is not listed in the fiscal note. It requires DED and DNR to certify that equipment purchased, that qualifies for the credit, is equipment that utilizes the latest technology. The statewide fiscal impact or cost of the credit would have to be projected or assumed by DNR.

Officials from the **Office of Administration - Budget and Planning** did not respond to our fiscal note request.

House Amendment 13- Assessment Appeals, County Assessors:

In all appeals allowed in Section 137.180, the burden of proof as to the increase in values would be on the Assessor.

ASSUMPTION (continued)

Officials of the **State Tax Commission** assume that this amendment would result in an increase in cost for counties to prepare for appeals in which the taxpayer may have submitted no evidence themselves. Officials stated that it is unknown exactly what the cost to counties would be, however, if the burden and evidence requirements are increased, counties would either have to hire new FTE to maintain appeal documents, or they could have to hire outside certified appraisers to prepare their case for them. 12 CSR 30-3.065 already sets out the requirements that the State Tax Commission sets forth for evidence presented before it. Officials estimate costs, on a state wide basis, for Counties to be $0 to $250,000.

House Amendment 14: Brownfield Remediation Program:

Sections 447.700 and 447.708:
Officials from the **Department of Economic Development (DED)** state this proposal adds property adjacent to contaminated property to be eligible in the brownfield remediation program. "Allowable costs" can include demolition and reconstruction on eligible property even if the demolition and reconstruction are to a building other than one being remediated. The proposal specifically adds backfill as an allowable cost. DED must ("shall") grant demolition tax credit in cases where demolition is part of an approved plan. (Program is otherwise discretionary).

The DED assumes this proposal could possibly increase Brownfield costs for demolition about $500,000 for FY2002, $600,000 for FY 2003, and $700,000 for FY2004. DED assumes that proposal will not require additional resources at this time. Should volumes increase and credits be granted, the DED may request additional resources at a later date.

Oversight assumes the amount of the new tax credits that may be utilized in any year could exceed the estimates provided by DED, and have therefore ranged the impact of the legislation from $0 (no new tax credits issued) to (More than $500,000) in FY 2002, and so forth. Oversight assumes that since the remediation and demolition tax credits could be taken against taxes authorized in Section 148 RSMo, including insurance premium taxes, one-half of the tax credit could be realized by the County Foreign Insurance Tax Fund (and ultimately the School Districts) as well as General Revenue.

Officials from the **Department of Natural Resources (DNR)** state the proposed legislation would allow for demolition and remediation of buildings and areas not directly part of a Brownfield, but adjacent to a Brownfield, to be included in the project. The proposed changes apply to uncontaminated structures. DNR would not have to provide oversight of the demolition of the structure; however, DNR would do a preliminary review of the site to verify the site is not contaminated.

ASSUMPTION (continued)

The department assumes there would not be a significant number of Brownfield sites expanding their projects to include adjacent properties. At this time, the department does not anticipate the need to request additional resources as a result of this proposal. If the number of Brownfield sites expanding their projects exceeds our expectations, there may be a need to request additional resources.
The proposed legislation would allow for demolition tax credits for up to one hundred percent of the costs of demolition that are not part of the voluntary remediation activities. The proposed legislation requires DNR to approve any tax credits authorized by this provision.

Before DNR approves the demolition tax credit, the participant will have to demonstrate that hazardous substances are not contained within or beneath the structure. This demonstration could be made in the documents DNR reviews during a preliminary review, if the documents are comprehensive enough. However, if the initially reviewed documents are not comprehensive and leave some doubt as to whether hazardous substances are within or beneath the structure, then DNR would ask that additional investigations be conducted. DNR estimates 25 to 30 sites per year. DNR also estimates the review time to approve the tax credit, as illustrated above, is apt to vary depending on the adequacy of the data submitted. If only a preliminary review is necessary, the review time would be approximately 6 hours. If review beyond the preliminary review is needed, the review time could increase to approximately 16 hours. DNR does not anticipate being significantly impacted by these provisions; however, if the number of sites exceeds our expectations, we may need to request additional resources.

DNR has the authority to cost recover any cost associated with reviewing the demolition tax credit. The associated cost for a six hour review is approximately $411 (ES III salary $3393 x 12 months/2080 annual hours = $19.58 x 3.5 multiplier = $68.53 hrly rate x 6 hours). The associated cost for a 16 hour review is approximately $1,096 (ES III salary $3393 x 12 months/2080 annual hours = $19.58 x 3.5 multiplier = $68.53 hrly rate x 16 hours). The 3.5 multiplier is used to recover overhead costs such as clerical and administrative staff as well as the cost of fringe benefits and indirect charges applied to personal services. The amount of increased revenues depends on the number of demolition tax credits the department reviews and the amount of time to review each. Since the department does not know the number of applications that would be submitted or the amount of time it would take to review, the amount of increased revenues would be unknown. However the increased revenues are considered reimbursements and therefore they will not impact total state revenue.

Officials from the **Department of Revenue (DOR)** state this proposal increases the eligibility for brownfield remediation and increases the brownfield tax credit by authorizing demolition tax credits. DOR does not anticipate a significant increase in the number of new credits filed, therefore, will not request additional FTE at this time. Though requested, DOR did not provide an estimate of revenue impact.

ASSUMPTION (continued)

House Amendment 21: Charter Schools: Sections 160.400 - 167.349:

Officials of the **Office of the State Treasurer** indicated that their office would not require additional resources due to this proposal.

Officials of the **Department of Public Safety - Missouri State Highway Patrol**, in responses to similar proposals, indicated that the proposal would not require additional resources for their agency.

Officials from the **University of Missouri** (UM) assume the University would incur no additional costs as a result of this proposal.

Officials from the Department of Elementary and Secondary Education (DES) assume the parts of this proposal concerning the University of Missouri at Rolla sponsoring charter schools could result in reallocation of local school funding from the State School Moneys Fund but that the net effect of this part of the proposal would be zero.

Officials from the **Secretary of State's Office (SOS)** assumed the rules, regulations and forms issued by the Coordinating Board for Higher Education could require as many as 26 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is $23. The estimated cost of a page in the *Code of State Regulations* is $27. The actual costs could be more or less the SOS's estimated cost of $1,599 for FY 2002. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Oversight notes that the amount of money transferred to the Charter School Sponsor Oversight and Accountability Fund would vary with the number of charter schools, the number of charter school students and the revenue per pupil in districts which have charter schools and with the amount the General Assembly would choose to appropriate. Department of Elementary and Secondary Education officials estimate, based on $5,478 per pupil that the Fund would receive $746,548 per year. Costs would be to the General Revenue Fund.

Officials of the **Department of Elementary and Secondary Education** would request a Supervisor

ASSUMPTION (continued)

to handle charters if the State Board of Education were to suspend sponsors and to track deadlines for applications which are outlined in the proposal.

Officials of the **Department of Elementary and Secondary Education** calculated the losses to the Kansas City and St. Louis school districts due to changes in section 160.415.

The per-pupil amount paid by the Kansas City district to charter schools was reduced by $996 per pupil during FY 2001, for leasehold revenue bonds. The number of charter school students in the district was 5,381. $996 x 5,381 pupils = $5,359,476 loss to the school district and gain to charter school sponsors.

The per-pupil amount paid by the St. Louis district to charter schools was reduced by $134 per pupil during FY 2001, for leasehold revenue bonds. The number of charter school students in the district was 5,882. $134 x 5,882 pupils not in district-owned buildings = $788,188 loss to the school district and gain to charter school sponsors.

Officials of the **Department of Higher Education** would request a Senior Associate to establish and administer the grant program regarding reimbursement of costs associated with sponsoring charter schools.

House Amendment 21- State School Moneys Fund:

Officials from the **State Treasurer's Office** assume the proposal would result in no fiscal impact to the agency.

Officials from the **Secretary of State's Office (SOS)** assume the rules, regulations and forms issued by the Department of Elementary and Secondary Education could require as many as approximately 20 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the Missouri Register is $23. The estimated cost of a page in the Code of State Regulations is $27. The actual costs could be more or less the SOS's estimated cost of $1,230 for FY 2002. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

ASSUMPTION (continued)

#Officials of **Department of Elementary and Secondary Education (DES)** note that the proposal would divert gaming proceeds currently used to fund the Foundation Formula to the School Building Property Tax Relief Fund (currently the School Building Revolving Fund). The FY 2001 budget estimates that $180,200,000 will be transferred from the Gaming Proceeds For Education Fund to the State School Moneys Fund. The proposal would switch the transfer amounts in excess of the FY 2001 amount to the School Building Property Tax Relief Fund over a five-year period. The State School Moneys Fund would receive additional General Revenue Fund transfers to cover losses.

#Officials of the Office of Administration's Division of Budget and Planning projected the amounts which would be transferred under current law: FY 2002 - $190,626,000; FY 2003 - $194,579,000; FY 2004 - $198,611,000. Assuming these amounts, the fiscal impact would be:

FY	Gaming Proceeds Increase	%	School Bldg. Property Tax Relief Fund (SBPTRF)	%	Transferred to SBPTRF	General Revenue Cost
#2003	$14,379,000	20	$ 2,875,800	80	$11,503,200	$ 2,875,800
#2004	$18,411,000	40	$ 7,364,400	60	$11,046,600	$ 7,364,400

Department of Elementary and Secondary Education officials note that the School Building Revolving Fund has not accumulated enough money to allow the Department to make any loans. (Under terms of this proposal, there would be enough money in the renamed Fund to begin to meet the estimated $2 billion in public school capital improvement needs.) The Department would request a Director and an Administrative Assistant and related expense and equipment to carry out provisions of this proposal.

Department of Elementary and Secondary Education officials estimate new construction and renovation of existing facilities would cost $1.5 billion over ten years and assumes that the average amount of grants would average $150,000,000 per year. (Less in earlier years and more in later years.) Department administrative costs would vary with the amount of grants made. Officials note that the personnel requested could be supplemented in later years of the grant program.

Since there are an estimated $2 billion in capital improvement need, Oversight assumes that school districts would match all available grant funds. Since the match required of school districts ranges from 50% to 75%, Oversight assumes districts would match 62.5% of state funds on average.

Officials of the **State Lottery Commission** project that lottery profits will remain at current levels ($154,000,000) for the coming years.

ASSUMPTION (continued)

HOUSE AMENDMENT 12: TAX CREDITS- SEXUAL VIOLENCE CRISIS CENTER, AND UNPLANNED PREGNANCY: (Sections 135.552 and 135.630)

Department of Revenue (DOR) officials state this legislation authorizes a tax credit equal to 50% of a taxpayer's contribution to a sexual violence crisis service center, not to exceed $25,000 per taxable year. The tax credit is non-refundable, but can be carried over to the next three succeeding years. In order to receive the credit, the taxpayer's contributions must have a value of $100 or more. The Director of Public Safety will determine annually which facilities in this state qualify as a sexual violence crisis service center. Each sexual violence crisis center is to provide Public Safety with the identity of each taxpayer making a contribution and the amount of the contribution. The credit shall apply to all tax years beginning on or after January 1, 2002, and will expire on January 1, 2007.

DOR states this legislation authorizes a tax credit equal to 50% of a taxpayer's contribution to an unplanned pregnancy resource center, not to exceed $25,000 per taxable year. The tax credit is non-refundable, but can be carried over to the next four succeeding years. In order to receive the credit, the taxpayer's contributions must have a value of $100 or more. The Director of the Department of Social Services will determine annually which facilities in this state qualify as an unplanned pregnancy resource center. Each unplanned pregnancy resource center is to provide Social Services with the identity of each taxpayer making a contribution and the amount of the contribution. Social Services will provide that information to DOR. The credit shall apply to all tax years beginning on or after January 1, 2002, and will expire on January 1, 2007.

The DOR is unable to determine the number of taxpayers who will contribute to a sexual violence crisis service center or an unplanned pregnancy resource center. Therefore, the Department is unable to determine the number of FTE needed to administer the tax credits. Any FTE needed will be requested through the normal budget process based upon the following:

The Division of Taxation, Personal Tax Bureau will need one Tax Processing Technician I for every 10,000 new credits claimed per year (processing) and one Tax Season Temporary for every 75,000 credits claimed per year (key entry). Also, one Tax Processing Technician I will be needed for six months for every 30,000 additional individual income tax errors generated from this legislation and one Tax Processing Tech I for every 3,000 pieces of correspondence generated from this legislation. The Business Tax Bureau will need one Tax Processing Tech I for every 3,680 credit claims received on corporate tax.

This legislation will require modifications to the income and corporate tax systems and credit application system. The Division of Taxation estimates these modifications, including programming changes, will require 1,384 hours of contract labor, at a cost of $46,170. Modifications to the income tax return and schedules will be completed with existing resources.

ASSUMPTION (continued)

State Data Center charges will increase due to the additional storage and fields to be captured. Funding in the amount of $9,007 is requested for implementation costs.

***NOTE: As long as the two credits are similar with the same effective dates the programmers will be able to make the system modifications at the same time. However, if the legislation is changed and the credits are not similar or have different effective dates, the programming costs listed above will double.

Officials of the **Department of Social Services, Division of Budget and Finance (DBF)** assumes DBF staff would be responsible for determining which facilities meet the criteria of subsection 1 and DBF would also establish procedures and perform the task of "equitable allocating credits to qualified resource centers."

The cumulative amount of tax credits allowable in any fiscal year is $2,000,000 for each credit. DBF staff would do an initial allocation of the credits at the beginning of each fiscal year then reevaluate the apportionment of unused credits to ensure maximum use of the credits.

The number of staff required in a function of the number of participating facilities. In phone calls with Missouri Right to Life staff, DBF believes there are between 50 and 100 such facilities that would meet the criteria of subsection 1. Based on an estimated number of 85 facilities, DBF could perform the requirements of the legislation with one new Accounting Analyst I.

The Accounting Analyst I would be responsible for reviewing documents provided by the facilities to determine if they meet the criteria of subsection 1. The analyst would establish procedures to equally allocate credits to eligible unplanned pregnancy resource centers. To reapportion unused credits, the analyst would collect interim tax credit utilization information during the fiscal year and make the calculations necessary to reallocate unused credits. The analyst would collect and compile annual tax credit information and prepare a report for the director to send to DOR. Existing staff would provide supervision of the Accounting Analyst.

In a similar proposal, officials from the **Office of Administration, Division of Budget and Planning (BAP)** assumed the two tax credits each are capped at $2 million annually. There is no empirical basis to estimate the fiscal impact of this proposal. Therefore, BAP estimated the impact to be between $0 and $2 million annually for each credit.

In a similar proposal, officials from the **Office of the Secretary of State (SOS)** assumed this bill establishes a tax credit for money given to unplanned pregnancy resource centers. Although the bill does not specifically address rule making, this bill may lead to DOR or DOS promulgating rules. These rules will be published in both the *Missouri Register* and the *Code of State Regulations.*

ASSUMPTION (continued)

Tax credits for this legislation would not begin until 2002 tax year which would be paid 3/2003. Legislation could potentially be taken by 1,638 insurance companies. INS estimates the maximum tax credits of $2 million for each tax credit will be taken, resulting in a decrease in premium tax revenue. Premium tax revenue is split 50/50 between GR and County Foreign Insurance Funds. County Foreign Insurance Funds are later distributed to school districts after they have been collected by the state.

HOUSE AMENDMENT 16- TWA FLIGHT 800 MEMORIAL:

Officials from the **Office of State Treasurer** and the **Missouri Senate** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **House of Representatives** stated the proposed legislation would result in a one time expense for the donation. However, the House plans to absorb this cost in the current budget.

Officials from the **Office of Administration - Division of Budget and Planning** assume that the cost of this proposed legislation is $7,000. Officials noted that if funds are not appropriated in the FY 02 budget, then the funds cannot be disbursed by August 28, 2001.

Officials from the **Department of Natural Resources** stated that although this proposal is located in Chapter 253 of the revised statutes, which pertains to state parks and historic preservation, this proposal would not appear to have a direct fiscal impact on the department.

HOUSE AMENDMENT 18- MISSOURI MULTI-CULTURAL CENTER:

Officials from the **Department of Elementary and Secondary Education, Office of the Governor, Department of Public Safety, Missouri House of Representatives,** and **Department of Social Services** stated the proposed legislation will have no fiscal impact on their organizations.

Officials from the **Department of Health (DOH)** stated this legislation would not be expected to significantly impact the operations of the DOH. However, if the proposal were to substantially impact the DOH programs, then the DOH would request funding through the appropriations process.

Officials from the **Department of Economic Development (DED)** did not respond to our request for fiscal impact. However, in a previous version of the proposed legislation, the DED stated the legislation would not fiscally impact their agency.

Officials from the **Missouri Senate(SEN)** stated the proposed legislation would have a negligible direct fiscal impact which would be absorbed by current appropriations.

ASSUMPTION (continued)

Officials from the **Office of Lieutenant Governor (MLG)** stated that in order to carry out the functions of the Missouri Multicultural Center and Program ("to serve as an all-purpose, all-encompassing resource for local political subdivisions...), the MLG assumed that the Multicultural Citizens' Advisory Committee would need a permanent staff. That staff would consist of an Executive Director and a Clerk Typist. The Executive Director would be paid $45,000 and the Clerk Typist $24,000 per year plus $11,499 in benefits (both would be needed for only 6 months of FY 02 because the full Committee would not begin to meet until FY 03, even though Committee members would be chosen in FY 02). Cost for personnel in FY 03 would be $96,655 and FY 04 would be $99,071.

The estimate of costs for furniture, office equipment, software, office rental, and expenses for FY 02 would be $46,000, $28,790 in FY 03, and $31,488 in FY 04.

Oversight assumes the two additional employees would be placed in the present MLG's office and the additional office space would not be required.

HOUSE AMENDMENT 19- Taxpayer relief:

Officials of the **Office of the State Courts Administrator (CTS)** and the **Office of Administration, Administrative Hearing Commission (AHC)** assume this bill has no fiscal impact to their agencies.

Officials of the **Office of the Secretary of State (SOS)** assume this bill creates the Prospective Tax Application Act. DOR may promulgate rules to implement this bill. These rules will be published in both the *Missouri Register* and the *Code of State Regulations*. Based on experience with other divisions, the rules, regulations and forms issued by DOR could require as many as 10 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is $23. The estimated cost of a page in the *Code of State Regulations* is $27. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriations process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years. Officials of the

Department of Revenue (DOR) state this legislation creates the "Prospective Tax Application Act",

ASSUMPTION (continued)

which allows abatement and prospective application of taxes in certain situations.

The Division of Taxation, Business Tax Bureau will need three Tax Processing Technicians to answer correspondence relating to the new notice and aging process. Four Field Auditors and two Attorneys will be needed by the Department to review audit cases and present/testify at hearings. All equipment and expense relating to these FTE will also be requested.

The **Office of the Attorney General (AGO)** did not respond to this fiscal note request.

Oversight assumes, for purposes of this fiscal note, this proposal would decrease compliance in the areas of corporate income tax and sales/use tax collections. This amount is unknown, therefore Oversight will reflect the revenue impact of this proposal as a negative unknown to various state and local funds. In addition, Oversight assumes DOR can utilize existing personnel to handle the abatements, correspondence, audit reviews, and to present/testify at hearings.

HOUSE AMENDMENT 20- Elevator Inspections:

Oversight assumes by exempting certain inspections of elevators, there would be a loss of income to the State's Elevator Safety Fund. Oversight does not know the number of elevators that would be affected by this proposal. Fiscal impact will be shown as unknown loss of revenue. The inspection fee is $20. Oversight assumes the fiscal impact would be less than $100,000 annually.

HOUSE AMENDMENT 38- CONTIGUOUS PROPERTY REDEVELOPMENT FUND:

SECTION 447.721 - ECONOMIC DEVELOPMENT

Officials from the **Department of Economic Development (DED)** states the proposal creates the "Contiguous Property Redevelopment Fund" and allows DED to make grants to St. Louis City, Kansas City, Jackson County, Greene County, and St. Louis County from appropriated funds. The funds are to be used to assist the body both acquiring multiple contiguous properties within such boundary and engaging in the initial redeveloping of such properties for future use as private enterprise.

The DED assumes an unknown amount will be appropriated to the fund. No cost is projected for the funds that would be appropriated to fund the program. DED assumes these funds will be appropriated in the FY 2003 budget. DED assumes the need for one Economic Development Incentive Specialist II (at $37,488 per year) and associated expense/equipment to administer the grant program.

ASSUMPTION (continued)

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Department of Economic Development's authority to promulgate rules, regulations, and forms. SOS estimates the division could require approximately 12 new pages of regulations in the Code of State Regulations at a cost of $27.00 per page, and 18 new pages in the Missouri Register at a cost of $23.00 per page. Costs due to this proposal would be $738, however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal; however, the enactment of more than one similar proposal may, in the aggregate, **Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

In response to similar legislation from last year, officials from the **St. Louis Development Corporation** stated this proposal would allow them to fund the creation of major development-ready sites for development. They stated this legislation would assist them in the process of acquiring, effecting locations, demolishing existing improvements, and providing new infrastructure. They recommended a multi-year commitment of at least $3 million per year for this purpose for the City of St. Louis.

Officials from the **Office of the State Treasurer** assume this proposal would not fiscally impact their agency.

Oversight assumes the annual amount appropriated from the General Revenue Fund to the Contiguous Property Redevelopment Fund, starting in FY 2003 would be an unknown amount. In a fiscal note for a previous version of the proposal, Oversight had estimated an appropriation of $3 million, however, that proposal only included St. Louis City as the eligible recipient of the grants. This version expands the list of eligible recipients to also include **Kansas City, Greene County, Jackson County and St. Louis County**, therefore, Oversight assumes the appropriation may differ substantially from our original estimate.

Oversight also assumes the DED would grant/spend all monies appropriated to the new fund. In the fiscal note for the previous version of this proposal, Oversight assumed the DED would not require an additional FTE to administer this program, however, with the expanded possible recipients, Oversight assumes the DED would need an additional FTE if the amounts appropriated for this program were substantial enough to warrant. Oversight assumes DED would not need to pay for additional floor space for this additional FTE, and has also adjusted DED's estimate to reflect a

ASSUMPTION (continued)

starting salary for an Economic Development Incentive Specialist II.

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
BLIND PENSION FUND			
Loss- From personal property tax exemption (HA # 1)	**(Unknown)**	**(Unknown)**	**(Unknown)**
COUNTY FOREIGN INSURANCE TAX FUND			
Loss- Demolition Tax Credits	$0 to More than ($250,000)	$0 to More than ($300,000)	$0 to More than ($350,000)
Savings- Decreased distributions to School Districts	$0 to More than $250,000	$0 to More than $300,000	$0 to More than $350,000
ESTIMATED NET EFFECT ON COUNTY FOREIGN INSURANCE FUND (Sections 447.700- 447.708)	**$0**	**$0**	**$0**
ELEVATOR SAFETY FUND			
Loss- from certain elevator inspections (HA 20)	**(Unknown)**	**(Unknown)**	**(Unknown)**
STATE ROAD FUND			
Cost to Department of Transportation for 2 road signs (Section 227.319)	($2,062)	$0	$0
Cost to Department of Transportation from weekend Directional Signs (Section 227.010 - 227.230)	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT TO STATE ROAD FUND	**($2,062 to Unknown)**	**(Unknown)**	**(Unknown)**

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE			
Income- Sale of Land in St. Francois County. (Section 1)	$5,000	$0	$0
Savings- Individual Training Account Program (Sections 620.1400-620.1460)	$6,000,000	$6,000,000	$6,000,000
Savings- Credit for New or Expanded Business Facility (Section 135.150)	$4,000,000	$4,000,000	$4,000,000
Savings- Tax Credit for Investment in or Relocating a Business to, a Distressed Community (Section 135.535)	$2,500,000	$2,500,000	$2,500,000
Savings- Tax Credit for Transportation Development of a Distressed Community (135.545)	$2,500,000	$2,500,000	$2,500,000
Cost- Demolition Tax Credits (Section 447.700)	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
Cost- Capital Tax Credit Program (Section 135.403)	($4,000,000)	($4,000,000)	($4,000,000)
Cost- Certified Capital Company Program (Section 135.503)	($4,000,000)	($4,000,000)	($4,000,000)
Cost- Enterprise Zone Tax Credits Sugar Creek (Section 135.208)	($352,000)	($352,000)	($352,000)
Cost- Satellite Zone Tax Credits Sugar Creek (Section 135.209)	($60,000)	($60,000)	($60,000)
Cost- Business Facility Tax Credit for Harley Davidson Plant (Section 135.230)	$0 to ($200,000)	$0 to ($200,000)	$0 to ($200,000)
Cost- Reallocation of Neighborhood Assistance Tax Credits. (Section 135.484)	$0 to ($2,100,000)	$0 to ($2,100,000)	$0 to ($2,100,000)

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
Cost - Expansion of definition of "distressed community" (Section 135.530)	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
Cost- Tax Credit for Contribution to Innovation Centers (Section 348.302)	($4,000,000)	($4,000,000)	($4,000,000)
Cost- Department of Revenue			
Reprogramming costs (Section 135.552)	($56,561)	$0	$0
Cost- Department of Social Services	(6 Mo.)		
Personal Service (1 FTE)	($17,533)	($35,957)	($36,856)
Fringe Benefits	($5,844)	($11,984)	($12,284)
Expenses and Equipment	($6,805)	($920)	($947)
Total Cost to DOS (Section 135.552)	($30,182)	($48,861)	($50,087)
Cost- Disbursement to Families of Flight 800 Memorial Fund (HA 16)	($7,000)	$0	$0
Cost- to DED			
Personal Service (1 FTE)	$0	($31,267)	($32,048)
Fringe Benefits	$0	($10,421)	($10,682)
Expense and Equipment	$0	($20,085)	($7,957)
Total Cost to DED (HA 38)	$0	($61,773)	($50,687)
Cost- Office of Lieutenant Governor			
Personal Service (2 FTE)	($32,000)	($66,215)	($67,870)
Fringe Benefits	($10,666)	($22,069)	($22,621)
Expense and Equipment	($46,000)	($28,790)	($31,488)
Total Cost to Lieutenant Governor (HA 18)	($88,666)	($117,074)	($121,979)
Loss- Extend wood energy credit from 5 years to 10 years	($2,900,000)	($2,900,000)	($2,900,000)
Loss- Demolition Tax Credits			
(Sections 447.700-447.708)	$0 to More than ($500,000)	$0 to More than ($500,000)	$0 to More than ($500,000)

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
Transfer- to Missouri State Penitentiary Redevelopment Commission	($8,333)	($10,300)	($10,609)
Cost - Department of Elementary and Secondary Education (DES)			
Personal Service (2 FTE)	$0	($95,136)	($97,515)
Fringe Benefits	$0	($31,709)	($32,502)
Expense and Equipment	$0	($20,126)	($12,943)
Administrative Costs to DES	$0	($146,971)	($142,960)
#Cost - Increased Transfers to State School Moneys Fund (School Moneys Fund)	$0	($2,875,800)	($7,364,400)
Cost - Department of Elementary and Secondary Education (DES)			
Personal Service (1 FTE)	($40,672)	($50,027)	($51,277)
Fringe Benefits	($13,556)	($16,674)	($17,091)
Expense and Equipment	($8,863)	($6,283)	($6,471)
Administrative Cost to DES (Charter Schools)	($63,091)	($72,984)	($74,839)
Cost - Department of Higher Education (CBH)			
Personal Service (1 FTE)	($38,438)	($47,278)	($48,460)
Fringe Benefits	($12,811)	($15,758)	($16,152)
Expense and Equipment	($3,700)	($721)	($743)
Administrative Cost to CBH (Charter Schools)	($54,949)	($63,757)	($65,355)
Cost - Appropriation to Charter School Sponsor Oversight and Accountability Fund	($746,548)	($746,548)	($746,548)
#ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	**#($1,362,330) to (Unknown)**	**#($4,456,068) to (Unknown)**	**#($8,939,464) to (Unknown)**

ALL STATE FUNDS

Loss to All State Funds

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
Tax credits for contributions made to Sexual Violence Crisis Centers.	$0	$0 to ($2,000,000)	$0 to ($2,000,000)
Loss - Tax credits for contributions made to Unplanned Pregnancy Resource Centers	$0	$0 to ($2,000,000)	$0 to ($2,000,000)
ESTIMATED NET EFFECT TO ALL STATE FUNDS	**$0**	**$0 to ($4,000,000)**	**$0 to ($4,000,000)**
STATE SCHOOL MONEYS FUND			
#Income - Increased Transfers from General Revenue Fund	$0	$2,875,800	$7,364,400
#Loss - Decreased Transfers from Gaming Proceeds for Education Fund	$0	($2,875,800)	($7,364,400)
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	**$0**	**$0**	**$0**
SCHOOL BUILDING PROPERTY TAX RELIEF FUND			
#Income - Transfers from Gaming Proceeds for Education Fund	$0	$2,875,800	$7,364,400
#Cost - Grants to School Districts	$0	($2,875,800)	($7,364,400)
ESTIMATED NET EFFECT ON SCHOOL BUILDING PROPERTY TAX RELIEF FUND	$0	$0	$0
CHARTER SCHOOL SPONSOR OVERSIGHT AND ACCOUNTABILITY FUND			
Income - Transfers from General Revenue Fund	$746,548	$746,548	$746,548
Costs - Grants to Charter School Sponsors	($746,548)	($746,548)	($746,548)

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
ESTIMATED NET EFFECT ON CHARTER SCHOOL SPONSOR OVERSIGHT AND ACCOUNTABILITY FUND	**$0**	**$0**	**$0**
CONTIGUOUS PROPERTY REDEVELOPMENT FUND			
Income- Appropriation from General Assembly	$0	Unknown	Unknown
Costs- Grants to Certain Cities	$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT TO CONTIGUOUS PROPERTY REDEVELOPMENT FUND (HA 38)	**$0**	**$0**	**$0**
VARIOUS STATE FUNDS			
Loss- Decrease in Tax Compliance (HA 22)	**(Unknown)**	**(Unknown)**	**(Unknown)**

FISCAL IMPACT - Local Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
Cost to County Assessors			
Appeals cost	$0 to ($250,000)	$0 to ($250,000)	$0 to (250,000)
Income to Certain Cities and Counties			
Grants from State Contiguous Property Redevelopment Fund (HA 38)	$0	Unknown	Unknown
Income to Kansas City			
from increase in code violation fines. (Section 82.300)	$100,000 to $120,833	$120,000 to $145,000	$120,000 to $145,000
Savings to Certain Cities			
from postage cost (Section 71.794)	Unknown	Unknown	Unknown

FISCAL IMPACT - Local Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
Savings to Common Sewer Districts from election costs (Section 204.370)	$0 to $250,000	$0 to $250,000	$0 to $250,000
Cost to Common Sewer Districts from one new board member expense (Section 204.300)	(Minimal)	(Minimal)	(Minimal)
SCHOOL DISTRICTS			
#Income - Grants	$0	#($2,875,800)	#($7,364,400)
Loss- School Districts County Foreign Insurance Tax (Section 135.552 and 135.630)	$0	$0	$0 to ($2,000,000)
Loss- Decreased distributions from County Foreign Insurance Tax Fund (Sections 447.700-447.708)	$0 to More than ($250,000)	$0 to More than ($300,000)	$0 to More than ($350,000)
#Costs - Grant Matches	$0	#($1,797,375)	#($4,602,750)
#Costs - Capital Improvements	$0	#($2,875,800)	#($7,364,400)
Cost - Kansas City School District payments to charter schools	($5,359,476)	($5,359,476)	($5,359,476)
Cost - St. Louis City School District payments to charter schools	($788,188)	($788,188)	($788,188)
#ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	**($6,147,664 to more than $6,397,664)**	**#($7,945,039 to more than $8,245,039)**	**#($10,750,414 to more than $11,100,414)**
CHARTER SCHOOL SPONSORS			
Income - Increased Payments from St. Louis and Kansas City School Districts	$6,147,664	$6,147,664	$6,147,664
Income - Grants	$746,548	$746,548	$746,548
ESTIMATED NET EFFECT ON CHARTER SCHOOL SPONSORS	**$6,894,212**	**$6,894,212**	**$6,894,212**

FISCAL IMPACT - Local Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
#ESTIMATED NET EFFECT TO ALL LOCAL GOVERNMENTS*	**(UNKNOWN)**	**#(In excess of $1,797,375)**	**#(In excess of $4,602,750)**

***Does note include the unknown increase in the UAAL for the CERF. CERF funds are not considered local funds for fiscal note purposes.**

FISCAL IMPACT - Small Business

Section 135.200 would fiscally impact those small businesses that are now eligible for the tax credits outlined in this proposal.

Small business located within a Regional Jail District, that would receive voter approval to impose a sales tax would expect to be fiscally impacted to the extent that they would collect and pay the sales tax within those districts.

If a small business is a wood energy producer, they could be economically impacted by the extension of the tax credit from 5 to 10 years. (House Amendment # 8)

DESCRIPTION

The act changes several provisions relating to political subdivisions.

BOONE COUNTY - CIRCUIT COURT EMPLOYEE'S RETIREMENT:

This act expands coverage under the County Employees' Retirement Fund to include any circuit court-appointed officer or employee who is hired and fired and controlled by the Boone County Circuit Court. As amended, the proposal requires adequate funds to be provided for the costs of coverage for any individuals which the system does not consider to be in a job classification that qualifies for coverage. (Section 50.1000, HA 34)

BUILDING CODES: Third Class Counties

Allows third classification counties to provide for inspections of construction, reconstruction, alteration or repair of any building or structure and any electrical wiring, electrical installation, plumbing or drain laying. Current law only allows first and second classification counties to regulate construction. (Sections 64.170 - 64.205)

PUBLIC NUISANCE - The act allows Jefferson County to enact ordinances to reduce conditions on property which constitute a public nuisance. The ordinances may state that if the owner does not remove the nuisance within 7 days of notice, the building commissioner may have the condition

DESCRIPTION (continued)

eliminated. Cost will be certified to the county clerk or officer in charge of finance and considered added to the annual real estate tax bill for that property as a personal debt of the owner. (Section 67.398)

Kansas City is authorized to enact nuisance and property maintenance code ordinances to protect public and private property. Any violation of such ordinance will result in a fine not to exceed $1000.00 or imprisonment not to exceed twelve months, or both. (Section 82.300)

LAW ENFORCEMENT AND FIRE PROTECTION:

This Section allows sales tax revenues that have been approved for the purpose of providing law enforcement services to be used for fire protection services. Current law only allows for the tax on all retail sales in certain counties, this proposal would make the tax allowable for any city located within a county which has enacted a county-wide sales tax for law enforcement.
(Section 67.582)

SPECIAL BUSINESS DISTRICT :

This act removes the requirement that notices of hearings on establishing, enlarging or decreasing a Special Business District be mailed by registered or certified mail with return receipt attached. It allows such notices to be sent by regular mail. (Section 71.794)

COMMUNITY IMPROVEMENT DISTRICTS - The act authorizes the removal of property from the Springfield Community Improvement District, or relocation of property from a certain zone of designation in the CID to a different zone. A public hearing must be conducted and have approval of the board. The district must be able to meet its financial obligations without the revenues from the proposed portion to be removed. (Section 67.1442)

The act describes additional notice requirements for Community Improvement Districts that submit a sales tax to the voters of the district including; publishing notice of the election, providing mail-in ballots, mailing notice of election to all registered voters and real property owners. (Section 67.1545)

JACKSON COUNTY- CITIES ANNEXATION:

No city located in Jackson County would be allowed to annex land on which the landowner is permitted by Jackson County to recover natural resources by metallic mining, nonmetallic mining, or is permitted to operate a landfill.

ENTERPRISE ZONE - Adds hotels and motels operated in Salem (Dent County) to the list of

DESCRIPTION (continued)

businesses and activities which qualify as a "revenue-producing enterprise" for purposes of enterprise zone tax relief laws. (Section 135.200)

TAX CREDITS - Current law requires that fifteen percent (15%) of the employees of a "new business facility described as Standard Industrial Classification (SIC) 3751" must meet certain eligibility requirements in order for the new business facility to be granted the tax credits and exemptions available to a business located within an Enterprise Zone. Currently, the Harley-Davidson plant in Kansas City is the only SIC 3751 business located in the state of Missouri.

The act broadens the class of employees who count toward achieving the fifteen-percent requirement, in that it allows Harley-Davidson to count current employees who resided within the Enterprise Zone on the initial date of their employment and for 90 days thereafter regardless of whether the employee continues to reside within the Enterprise Zone on the date of the count, as long as the employee continues to reside in Missouri. (Section 135.230)

Limits the total amount of Missouri small business tax credits at one million dollars ($1 M) for certain enterprises. (Section 135.406)

ENTERPRISE ZONE: (Section 135.208)

The Department of Economic Development would designate one enterprise zone for any fourth class city with a population of at least three thousand five hundred but not more than four thousand five hundred inhabitants, which is located in Jackson County. The zone would be made in the city in an area that meets all the requirements of Section 135.205.

ENTERPRISE ZONE: ONE SATELLITE ZONE: (Section 135.209)

Any city in which an enterprise zone is designated pursuant to subsections 5 or 12 of Section 135.208, upon approval of the Director of Economic Development and the local governing body would be allowed to establish a satellite zone.

Designates the City of Sugar Creek located in Jackson County as an enterprise zone (Section 135.208);

Designates that the City of Sugar Creek located in Jackson County could also designate a satellite zone (Section 135.209);

Allows any employee of a new business facility with the North American Industry Classification

DESCRIPTION (continued)

System Number 336991 to be considered a resident of an enterprise zone, even if the employee ceases to live in an enterprise zone, as long as the following conditions are met:
1. The individual was a resident of an enterprise zone for one calendar month prior to his employment with the new NAICS 336991 business facility; 2. The individual remains employed with the new NAICS 336991 business facility, and;
3. The individual continues to reside in Missouri.
An NAICS 336991 business relates to motorcycles, bicycles, and parts (Section 135.230);

DISTRESSED COMMUNITIES:

Expands the definitions of "eligible residence", "new residence" and "project" as well as adds a definition for "central business district" used in the tax credit for rehabilitation and construction of residences in distressed communities and census block.. The proposal also increases the eligible tax credit from 15 to 20 percent of costs incurred for a new residence (Section 135.478 - 135.481)
Revises two tax credit programs. Under current law, of the $16 million in community improvement tax credits allowed, $8 million are to be allocated for "eligible residence" programs and $8 million for "qualifying residence" programs. The substitute states that if, by October 1 of the calendar year, the Director of the Department of Economic Development has issued all $8 million of the credits allowed for one of these programs and not the entire $8 million allowance for the other program, the director is required to reallocate 70% of any unused tax credits from the program which has not reached its $8 million cap to the one which has. The reallocated credits will be given to taxpayers who have applied for, but have not received, tax credits in that same year and who are engaged in projects in the area where the tax credit cap has been met for that same year. The maximum reallocated tax credit for any project cannot exceed $500,000 (Section 135.484);

Adds that projects involving the new construction, rehabilitation or substantial rehabilitation of more than one residence qualifying for the tax credit for rehabilitation and construction of residences in distressed communities may be submitted with one application. Also tax certificates may be approved upon completion for each individual residence rather than delaying until substantial completion of the entire project (Section 135.487);

Expands the definition of a "distressed community" (Section 135.530);

COUNTY COMMISSIONS: BOARD OF EQUALIZATION MEMBERSHIP:

County Commissions would have the option of appointing two citizen members to the County's Board of Equalization. The County Commission would also have the option of providing compensation for the two members. The two citizen member could not be county officials.
(Section 138.010 and 138.020)

DESCRIPTION (continued)

FOOD AND BEVERAGE INSPECTIONS: EXEMPTIONS:

Effective July 1, 2004, any manufacturer or distributor would be exempt from the provisions of Sections 196.365 to 196.445 if the manufacturer satisfies all applicable Food and Drug Administration regulations. (Section 196.367)

NURSING HOME DISTRICTS: BOARD OF DIRECTORS:

Following the initial election establishing a Nursing Home District Board of Directors, the County Commission would be allowed to choose to elect the board members at large. (Section 198.280)

COMMON SEWER DISTRICTS: MEMBERSHIP

In Jackson County, common sewer districts would have an eight member Board of Trustees to consist of the County Executive, the Mayors of the four cities constituting the largest users of flow during the previous year, the Mayors of two cities which are not among the four largest users and who are members of the Advisory Board of the District and one member of the County Legislature. In the event the District would extend into any bordering county in which the greatest portion of the district lies, the number of members would be increased by one, or would have nine members. (Section 204.300)

COMMON SEWER DISTRICTS- JACKSON COUNTY- BONDS:

Common Sewer Districts in Jackson County would require an approval of a majority of the voters of the sewer district, or the written assent of three-quarters of the customers of the sewer district. The term “customer” is defined as a political subdivision within the district which has a service or user agreement with the district; or a duly created subdistrict. (Section 204.370)

JAIL DISTRICTS: CERTAIN THIRD CLASS COUNTIES, SALES TAX:

This proposal would authorize Regional Jail Commissions in certain third class counties to have a 1/8%, 1/4%, 3/8% or ½ of 1% district sales tax for the purpose of operating a Regional Jail District, if approved by qualified voters of the district. The proposal contains further provisions, which include: ballot language; implementation and effective date of the tax depositing revenue; use of funds collected; and establishment of the Regional Jail District Sales Tax Trust Fund and its operation. The provisions of this proposal will expire August 28, 2015. (Section 221.407 and 221.425)

MISSOURI RIVER BRIDGE AT ST. CHARLES : TO BE “VETERANS MEMORIAL BRIDGE”:

DESCRIPTION (continued)

This section would require the Department of Transportation to designate the bridge crossing the Missouri River between St. Louis County and St. Charles County on state highway D, also known as the Page Extension, as the “Veterans Memorial Bridge”. (Section 227.319)

PUBLIC CEMETERIES - The act provides that abandoned public cemetery lots revest to the public cemetery. In order to qualify as abandoned, the title of the lot must be vested in the owner for at least fifty years.

The governing body of the cemetery must serve notice upon the lot owner if the lot owner is a resident of the county in which the cemetery is located. If the lot owner is not a resident of the county in which the cemetery is located, the governing body may have the notice published for two weeks in a newspaper of general circulation within the county. If no one claims to be the lot owner within the time specified on the summons or published notice, the cemetery lot will be deemed abandoned and the governing body may bring an action in the appropriate circuit court to terminate the rights of the parties, in such court, and the abandoned cemetery lots revert to the governing body of the cemetery. This act does not apply to any lot in any cemetery where a perpetual care contract has been entered into by the lot owner and the cemetery, county, city, town or village. (Section 214.030)

ROAD DISTRICTS - PROCEDURES FOR DIS-INCORPORATION:

Whenever a petition, signed by a majority of the residents within a road district, is filed with the County Commission of Jasper County, the County Commission will have the power, if in its opinion the public good will be advanced, to dis-incorporate the road district. The Commission would need to hold a public hearing before taking action. If the Commission would receive a petition signed by at least fifty qualified voter living within the road district, the Commission would have the County Clerk certify the question for an election of the voter residing within the road district.

CERTAIN COUNTIES LANDFILL FEES:

This bill allows counties of the second and fourth classification to impose a voter-approved county landfill fee not to exceed $1.50 per ton. Counties of the third classification can already do this. Counties imposing the fee must establish an economic development authority. The bill also expands the uses of county landfill fees to include road construction and maintenance for roads directly affected by a landfill located within the county. (Sections 260.830 and 260.831)

ERADICATION OF NOXIOUS WEEDS:

This proposal requires persons, corporations, partnerships, the state highway and transportation

DESCRIPTION (continued)

commission, state agencies, county commissions, township boards, school boards, drainage boards, railroad companies, governing bodies of incorporated cities, other transportation companies and persons supervising state-owned lands to control the spread of and eradicate by methods approved by the Environmental Protection Agency and in compliance with the manufacturer's label instructions cut-leaved teasel (Dipsacus laciniatus), common teasel (Dipsacus fullonum) and kudzu vine (Pueraria lobata) which are designated as noxious and dangerous weeds to agriculture. (Section 263.232)

WEEKEND DIRECTIONAL SIGNS - Authorizes any person in St. Louis City, St. Louis County, Jefferson County, Warren County, St. Charles County and Franklin County to erect weekend directional signs for advertising the sale of or lease of private property without consent from the State Highways and Transportation Commission. (Sections 227.010 and 227.230)

PUBLIC WATER SUPPLY DISTRICTS - This portion of the act provides for the ability to enter into an agreement and the resolution of disputes regarding provision of water service to property annexed into a political subdivision that is also located in a water district which does not currently receive water service from the political subdivision or water district. (Section 247.165)

LIMITED LIABILITY COMPANY: KANSAS CITY, HOUSING:

This section would require any limited liability company located in Kansas City to file with the City Clerk an affidavit listing the name and address of at least one person who has management control for the real property owned, leased or rented, whether the property is occupied or unoccupied. property. (Section 347.048)

PUBLIC WATER SUPPLY DISTRICTS- SEWER DISTRICTS: JOINT CONTRACT:

The bill also modifies the definition of the term "joint contract" to mean a contract entered into among contracting municipalities or between municipalities and public water supply districts or sewer districts for the purpose of establishing a commission. In current law, joint contract means a contract entered into between municipalities, public water supply districts, sewer districts, or nonprofit water companies. (Section 393.705)

REMEDIATION PROJECTS: FRANKLIN COUNTY:

Changes the definition of "allowable costs" for redevelopment and remediation projects to include demolition of any building or structure which is located on the site of an abandoned or underutilized property within Washington in Franklin County (Section 447.700);

DESCRIPTION (continued)

ST. LOUIS COUNTY- EMERGENCY COMMUNICATIONS SYSTEM:

This bill allows St. Louis County to establish an Emergency Communications System District. The purpose of the Emergency Communications System is to provide a wireless communication network that permits governmental or public safety entities to communicate within the area served. The district would be managed by a seven-member commission appointed by the chief executive officer of the county. The bill outlines the qualifications and term of office of commission members and the powers of the commission. The powers of the commission include the issuance of bonds.

The issuance of bonds must be approved by the voters of the district. The county, upon voter approval, may levy and collect a sales tax not to exceed one tenth of 1% or a property tax not to exceed 6 cents per $100 of assessed valuation for the purpose of establishing and maintaining the system. All funds collected from the tax will be deposited in the Emergency Communication System Fund established by the bill.

LAND SALE: ST. FRANCOIS COUNTY: HABITAT for HUMANITY INC.

This Section would authorize the Governor to sell, transfer, grant and convey all interest in property, consisting of .58 acres, owned by the state in St. Francois County to the St. Francois County Habitat for Humanity Inc. (Section 1)

HOUSE AMENDMENT 1: PERSONAL PROPERTY TAX EXEMPTION:

Exempts from taxation for state, county, or local purposes all personal property leased for a period of at least one year to this state, any city, county, or political subdivision, or to any religious, educational, or charitable organization, provided the property leased is used exclusively for religious worship, school, and colleges.

HOUSE AMENDMENT 5: State Penitentiary Redevelopment Commission:

This proposed legislation establishes the Missouri State Penitentiary Redevelopment Commission. The duties of this commission will be to acquire title to and redevelop the Missouri State Penitentiary property. The proposal also creates the Missouri State Penitentiary Redevelopment Commission Fund, which is to be administered by the commission. Money in the fund is to be used solely for the purposes of the commission. Any funds remaining in the Missouri State Penitentiary Redevelopment Commission Fund shall be transferred to the general revenue fund upon dissolving of the commission.

HOUSE AMENDMENT 8 : WOOD ENERGY TAX CREDITS:

DESCRIPTION (continued)

Extends the period in which a wood energy producer can claim a tax credit from 5 years to 10 years.

HOUSE AMENDMENT 11: CLAY COUNTY RECREATIONAL LEASES:

Section 64.342
Would limit the Clay County Commission from making a lease or concession grant to no longer than twenty-five years. Section 64.342 authorizes Clay County to acquire and regulate marinas, parks, playgrounds, concession stands, lakes etc.. If an operator is in default or if no bids are received during the open bid period, the county may operate the marina for a period not to exceed a cumulative total of twenty-four months.

HOUSE AMENDMENT 12 - SEXUAL VIOLENCE CRISIS CENTERS:

These Sections would allow a tax credit for persons contributing to unplanned pregnancy resource centers or sexual violent crisis centers. Section 135.630, RSMo, defines "unplanned pregnancy resource center" as one that provides predominantly free assistance in the event of an unplanned pregnancy but does not perform childbirths or abortions and is tax exempt. Sexual violence crisis service centers are nonprofit organizations which provide services to sexual violence victims, their significant others, secondary victims, and the community relating to rape, sexual assault, and sexual abuse. Sections 620.1400, 620.1420, 620.1430, 620.1440, and 620.1450 - the Missouri Individual Training Account Program Act has been repealed. (Sections 135.552 and 135.630)

HOUSE AMENDMENT 13- ASSESSORS

In all appeals allowed in Section 137.180, the burden of proof as to the increase in property values would be on the Assessor.

HOUSE AMENDMENT 14- BROWNFIELD PROGRAM-DEMOLITION TAX CREDIT:

Sections 447.700 and 447.708 of this proposal allows the demolition and reconstruction of buildings or structures which are not the object of remediation to count as allowable costs under the brownfield remediation tax credit
program if:

(1) The buildings or structures are located on an abandoned or underutilized property which is approved for financial assistance through the program; and

(2) The demolition is part of a redevelopment plan approved by the Director of the Department of Economic Development and by the local government with jurisdiction in the area in which the

DESCRIPTION (continued)

project is located.

The proposal also allows properties immediately adjacent to any abandoned or underutilized property to qualify as an "eligible project" under the brownfield remediation program if the abandoned or underutilized property meets program requirements.

HOUSE AMENDMENT 19 - Ozark Mo,- Speed Limit:

The Mo. Highway Department would reduce the speed from 45 to 35 miles per hour on Highway 14 at the East city limit line in Ozark Mo.

HOUSE AMENDMENTS 23 AND 24: TAX CREDITS AND CAPCOs :

Section 135.150- Caps Business Facility Credits at $4 million per year resulting in a $4 million savings per year.

Section- 135.400- Redefines Community Development Corporation and changes principal owners designation from 50% to 35% for Capital Tax Credits.

Sections 135.403- 135.423- Amends the Capital Tax Credit Program and makes other changes to Capital Tax Credits.

Sections 135.500, 503, 508,516, & 527 - Capco- adds authority for an allocation of tax credits for investments in CAPCOs totaling $40 million. The credits would be taken over a period of ten years or $4 million per year. A revision of the current rules and regulations for the CAPCO program would need to be undertaken by DED.

Section 135.535 - Lowers the cap on Rebuilding Communities from $10 million to $7.5 million.

Section 135.545- Lowers the cap on Transportation Development Tax Credits from $10 million to $7.5 million.

Sections 348.300, and 302 changes the definitions for Seed Capital Tax Credits, and funds the program at $4 million per year.

HOUSE AMENDMENT 21- SCHOOLS:

Sections- 160.400, 405, 410, 415, 420, and 167.349: Charter Schools:

DESCRIPTION (continued)

This proposal would revise laws governing charter schools. Among provisions which might cause fiscal impact, it would:

1) allow the operation of charter schools in territories where they are currently authorized, even if the school districts currently comprising those territories cease to exist or cease to operate in those territories;

2) allow the Kansas City School District to re-employ retired teachers, who would not lose retirement benefits (under current law, the St. Louis City School District may do this);

3) require school districts which re-employ retired teachers to pay the actuarial cost of re-employment to the affect retirement system (the retirement system would certify that cost to the hiring school district);

4) require urban school districts (the Kansas City School District) to lease buildings to charter schools on substantially equivalent terms and at substantially equivalent prices and to negotiate in good faith fair market prices for vacant properties and make them available for lease to charter schools within the districts (this provision would not affect any contracts in effect on or before January 1, 2001);

5) disallow the per-pupil deduction in payments by school districts to charter schools of amounts needed to pay leasehold bonds;

6) create a Charter School Sponsor Oversight Fund, administered by the Coordinating Board for Higher Education, which would provide grants to sponsors of charter schools to offset the costs of sponsorship and establish a formula for appropriations to the Fund;

7) revise the procedures and time frames for chartering schools (including appeals of denials of charters to the State Board of Education);

8) require charter schools to publish audit and annual financial reports under terms of chapter 165; require charter school sponsors to perform criminal background checks on prospective board members and to take reasonable steps needed to confirm sponsored charter schools are operating in conformity with their charters and sections 160.400 to 160.420; make charter school board members subject to the same liability for official acts as members of public school boards; and,

9) allow the University of Missouri - Rolla to sponsor charter schools.

STATE SCHOOL MONEYS FUND: Sections 160.534 - 166.324: House Amendment 21:

DESCRIPTION (continued)

This proposal would redirect excursion gambling boat proceeds in excess of proceeds received in FY 2001 from State School Moneys Fund for distribution through the Foundation Formula to the School Building Property Tax Relief Fund (the new name of the current School Building Revolving Fund).

Moneys would be redirected over a five-year period beginning in Fiscal Year 2003, and the General Assembly would appropriate money from the General Revenue Fund to replace moneys redirected from the State School Moneys Fund.

The Department of Elementary and Secondary Education would make grants to school districts from the School Building Property Tax Relief Fund on a matching basis. School district matches would be based on a sliding scale ranging from districts putting up 50% of the amount of state grants to districts putting up 75%.

The proposal provides standards for prioritizing grants and would allow applications for grants that involve renovation of historic buildings to be eligible for a 5% reduction in the district match.

HOUSE AMENDMENT - 26 : Absorption of Municipalities:

This proposal amends Section 72.300 by allowing two or more municipalities which are adjoining or contiguous to each other on two or more sides and which are located in a county of the third class having a population of not less than twenty thousand nor more than thirty thousand may provide for absorption of the corporate existence. Current law would only allow this procedure to occur in a county of the third class having a population of not less than twenty-five thousand.

HOUSE AMENDMENT 12- TAX CREDITS- SEXUAL VIOLENCE CRISIS CENTER, AND UNPLANNED PREGNANCY:

This proposal would allow a tax credit for persons contributing to unplanned pregnancy resource centers or sexual violent crisis centers. Section 135.630, RSMo, defines "unplanned pregnancy resource center" as one that provides predominantly free assistance in the event of an unplanned pregnancy but does not perform childbirths or abortions and is tax exempt. Sexual violence crisis service centers are nonprofit organizations which provide services to sexual violence victims, their significant others, secondary victims, and the community relating to rape, sexual assault, and sexual abuse.

If a taxpayer would contribute at least $100, then he or she may take a tax credit of up to fifty percent of the amount contributed to a resource or crisis center. The credit may not exceed $50,000 in a year and any amount exceeding the taxpayer's state tax liability may be carried over for four years. Each

DESCRIPTION (continued)

year, the director of the Department of Social Services would determine which facilities are unplanned pregnancy resource centers and may request information in order to determine this status. The cumulative amount of tax credits claimed due to contributions may not exceed two million dollars in any fiscal year for each credit. The director of Department of Social Services would have the authority to reallocate tax credits among unplanned pregnancy resource centers. While the Department of Public Safety would certify the sexual violence crisis service centers and the tax credits and to apportion the credits when the applications for the credits exceed the statewide cap. Each resource center would provide to the Department of Revenue the identity of each taxpayer who has contributed to the center and the amount of the contribution. This proposal would apply to all taxable years beginning after December 31, 2001 and expire on January 1, 2007.

Tax credits available pursuant to 135.552-135.630 would not be available after December 31, 2006.

HOUSE AMENDMENT 16- TWA FLIGHT 800 MEMORIAL:

This bill requires the General Assembly to appropriate $1,000 for each of the seven Missourians who died on TWA Flight 800 on July 17, 1996. The funds will be disbursed on the effective date of the bill to the Families of Flight 800 Memorial Fund for the TWA Flight 800 International Memorial in Smith Point Beach, New York.

HOUSE AMENDMENT 18- MO. MULTI-CULTURAL CENTER

This proposal would establish a "Missouri Multicultural Center and Program" within the office or the Lieutenant Governor to serve as a resource for immigrants, refugees, governmental and non-governmental agencies in this state.

The proposal would establish a twenty-five member "Multicultural Citizens' Advisory Committee" to develop and implement or facilitate the Program.

HOUSE AMENDMENT 20 - Elevator Inspections:

This amendment would exempt any device, other than a device located in a public building, that is not used by the general public, from elevator inspections.

HOUSE AMENDMENT 22- TAXPAYER RELIEF- HEARING:

This act authorizes the Department of Revenue (DOR) and the Administrative Hearing Commission (AHC) to abate all or part of the tax liability of a taxpayer in certain situations, including those situations in which:

DESCRIPTION (continued)

1. The taxpayer fails to collect, account for or pay a tax which others in the same industry or occupation also failed to pay, perhaps due to miscommunication between DOR and a specific industry or profession about the taxability of a certain event or transaction;

2. The taxpayer does not have sufficient ability to pay the entire amount of the tax due; or

3. Collection of the tax would undermine compliance with the tax laws.

The act directs that in situations where DOR or the AHC grant this type of relief to a taxpayer, the application of the tax at issue shall be prospective for that taxpayer, such that the taxability of the event or transaction begins after the DOR or AHC decision on the issue. In order to qualify for whole or partial abatement, a taxpayer must agree to several conditions set forth in the act, such as waiving his or her right to appeal the decision and paying his or her own attorney fees and expenses.

HOUSE AMENDMENT 38- CONTIGUOUS PROPERTY REDEVELOPMENT FUND:

Section 447.721 of this substitute creates the Contiguous Property Redevelopment Fund within the Department of Economic Development. The fund will be used for grants to the City of St. Louis, St. Louis County, Greene County, Kansas City, and Jackson County for acquiring and redeveloping contiguous properties within the areas. The department may promulgate rules for the administration of the program, including the form used to apply for the grants. The department is to give preference to those projects proposing the assembly of a greater number of acres than other projects and those projects for which a private interest in the usage of the property exists, once redevelopment of the property is completed. The provisions of this Section expire on August 28, 2006.

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 the Governor
Office of the Lt. Governor
Missouri State Senate
Missouri House of Representatives
Department of Social Services
Department of Higher Education
Office of Secretary of State

SOURCES OF INFORMATION (Continued)

Department of Public Safety
Office of State Treasurer
State Tax Commission
Department of Corrections
Department of Conservation
Department of Mental Health
Department of Elementary and Secondary Education
Office of State Courts Administrator
Department of Agriculture
Office of Attorney General
Department of Insurance
Office of Administration
Department of Health
Department of Natural Resources
Missouri Department of Transportation
Department of Revenue
Department of Economic Development
Kansas City Manager's Office
City of Springfield
City of Blue Springs
Director of Administration- St. Louis County
City of Hannibal
Platte County Commission
City of Salem
County Employees Retirement Fund
Christian County
Polk County
Adair County
City of Independence
Southwest Missouri State University
University City Police Dept.
Le May Fire Protection District
Creve Coeur Police Dept.
City of Brentwood Police Dept.

SOURCES OF INFORMATION (Continued)

City of Jefferson
Cole County Commission
University of Missouri

Jeanne Jarrett, CPA
Director
May 15, 2001