

COMMITTEE ON LEGISLATIVE RESEARCH
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0846-01
Bill No.: SB 392
Subject: Economic Development; Enterprise Zones; Business and Commerce
Type: Original
Date: February 12, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0 to (\$200,000)	\$0 to (\$200,000)	\$0 to (\$200,000)
Total Estimated Net Effect on <u>All</u> State Funds	\$0 to (\$200,000)	\$0 to (\$200,000)	\$0 to (\$200,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development (DED)** state this proposal would allow DED to issue additional New Business Facility Tax Credits to a SIC code associated with cycle manufacturers. The proposal would have little impact on DED.

The DED assumed additional Business Facility Tax Credits could be issued and result in a cost of \$0 to \$200,000 range but that the costs would likely be offset by positive economic benefits to the state. No administrative costs are projected.

Officials from the **Department of Revenue (DOR)** state this legislation will allow taxpayers, for the purpose of achieving the 15% employment requirement in new business facility, to count employees who were residents of the enterprise zone at the time they were employed by the new business facility.

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.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE			
<u>Costs</u> - Business Facility Tax Credits	\$0 to (\$200,000)	\$0 to (\$200,000)	\$0 to (\$200,000)

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

A direct fiscal impact to small businesses within the Standard Industrial Classification (SIC) code 3751 could be expected as a result of this proposal, if they can now qualify for the New Business Facility Tax Credits.

DESCRIPTION

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.

This proposal 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 regardless of whether the employee continues to reside within the Enterprise Zone on the date of the count.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Department of Revenue



Jeanne Jarrett, CPA
Director
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