

COMMITTEE ON LEGISLATIVE RESEARCH
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3666-03
Bill No.: SCS for SB 1040
Subject: Economic Development; Bonds - General Obligations and Revenue; Property, Real and Personal.
Type: Original
Date: April 16, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development** state this proposal requires an approval plan of development for industrial development projects, and should have no fiscal impact on their agency.

Officials from the **Office of Administration, Department of Revenue** and the **Office of the Secretary of State** each assume this proposal would not fiscally impact their respective agencies.

In response to similar legislation from this year, officials from the **City of Kansas City (CKC)** stated this bill requires no additional cost to the City unless they wish to authorize a project which would involve the issuance of revenue bonds or the conveyance of fee interest in property to the City. If the City wishes to authorize such a project, this bill would add the new and additional requirements that the impact of the project on real and personal property taxes be estimated.

CKC stated they currently prepare a plan for such projects. This bill requires that plan to be more specific and detailed, which would entail only a nominal increase in cost. The City currently holds public hearings before such projects. The other additional costs that would be incurred by the City, if this bill is adopted and the City elects to authorize a project, would be estimating the impact of a project on tax revenue to all the taxing jurisdictions. If the project is a large one, that cost to the City could be substantial (\$10,000 or more). If it is a small, limited project, the City assumes the written estimate could be prepared for something less than \$10,000.

Officials from the **State Tax Commission** assume this proposal would not fiscally impact their agency.

Officials from the **City of St. Louis, St. Louis County, Jackson County, City of Springfield** and the **City of Independence** did not respond to Oversight's request for fiscal impact.

Oversight assumes the proposal would result in additional costs to local governments that have industrial development projects, if those projects involve the issuance of revenue bonds or involves the conveyance of a fee interest in property. Oversight assumes additional cost would result from the additional research and reporting that would be required and the amount is unknown but minimal to each local government, but may not be minimal in the state-wide aggregate.

Oversight also assumes the proposal may reduce property tax collections since some industrial development properties and the capital improvements made to them will go on the tax rolls later than under current law.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2003 (10 Mo.)	 FY 2004	 FY 2005
COUNTIES, CITIES, TOWNS or VILLAGES			
<u>Loss</u> - Potential loss in property tax revenues	(Unknown)	(Unknown)	(Unknown)
<u>Costs</u> - new requirements for industrial development projects	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT TO COUNTIES, CITIES, TOWNS OR VILLAGES	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

Any municipality proposing to carry out a project for industrial development must first, by majority vote of the governing body of the municipality, approve the plan for the project. This proposal adds to the requirements of the plan for projects approved after August 28, 2002.

Such project plan shall include, in addition to the current law, the following information: (1) A statement identifying each taxing district affected by such project; (2) The most recent equalized assessed valuation of the real property and personal property included in the project, and an estimate as to the

DESCRIPTION (continued)

equalized assessed valuation of real property and personal property included in the project after

development; (3) An analysis of the costs and benefits of the project on each taxing district; and
(4)

Identification of any payments in lieu of taxes, contributions, grants or other payments of any nature whatsoever expected to be made by any lessee of the project, and the disposition of any such payments by the municipality.

The proposal requires a public hearing, with notice provisions, to hear and consider the proposed plans and any objections.

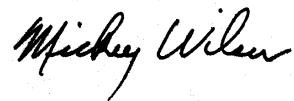
Industrial development projects are considered new construction for the purposes of Section 137.073, relating to property tax assessments.

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
Office of the Secretary of State
Office of Administration
Department of Revenue
City of Kansas City
State Tax Commission

NOT RESPONDING: **City of St. Louis, Jackson County, City of Springfield
City of Independence, St. Louis County**



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