

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3751-01
Bill No.: SB 887
Subject: Bonds - General Obligation and Revenue; Cities, Towns and Villages; Economic Development; Planning and Zoning; Property, Real and Personal.
Type: Original
Date: January 28, 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 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development** state this proposal requires municipalities to provide additional notice about industrial development projects, and should have no fiscal impact on their agency.

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

Officials from the **City of Kansas City (CKC)** state 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 a specific plan be approved by the governing body, that the other taxing jurisdictions involved be formally notified in writing and given an opportunity to be heard at a public hearing (held after publication of notice), and that the impact of the project on real and personal property taxes be estimated.

CKC states the City currently prepares a plan for such projects. This bill requires that plan to be more specific and detailed and that would entail only a nominal increase in cost. The City currently holds public hearings before such projects. The only additional costs for those hearings attributable to this bill would be for the formal publication of public notice and the formal written notices (certified mail) to the other taxing jurisdictions that are not currently required, which would likely amount to approximately \$1,000 per project. 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 **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 this additional cost is unknown but minimal to each local government, but may not be minimal in the state-wide aggregate.

<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
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Counties, Cities, Towns or Villages

<u>Costs</u> - new requirements for industrial development projects	(Unknown)	(Unknown)	(Unknown)
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FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal requires municipalities to provide additional notice about industrial development projects.

Current law provides definitions related to industrial development projects. New definitions are given for "revenue bonds" and "taxing district" (Section 100.010).

Current law requires any municipality which desires an industrial development project to prepare plans. This proposal requires the municipality to prepare a written plan first that sets forth the activities the municipality will undertake. Any plan involving the issuance of revenue bonds or conveyance of a property interest to the municipality must be approved by a majority of its governing body. Prior to approval, the municipality must supply each taxing district with a copy of the plan and must accept comments (Section 100.040).

Under current law, certain information must be included in the plan. After approval by majority vote in Section 100.040, this act requires the municipality to approve a specific plan by ordinance that is consistent with that which was approved by vote. Additional information must be included in any plan involving the issuance of revenue bonds or the conveyance of property to the municipality (Section 100.050).

DESCRIPTION (continued)

A new section lists specific requirements for projects involving the issuance of revenue bonds or property conveyance to a municipality. The governing body must provide written hearing notices to taxing districts, written statements of impact on property, hold public hearings, and give notice of changes to the plan. The notice of hearing must be given within 15 days before the hearing and must include specific information. Notice of the plan must be provided to taxing districts at least 30 days before the public hearing and comments must be solicited (Section 100.062).

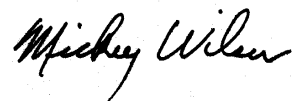
Current law requires municipalities to file a report with the Department of Economic Development. This proposal requires municipalities to include a list of any property purchased with bond proceeds in the report. If a municipality undertakes a project involving the issuance of revenue bonds or conveyance of property, then it must also provide a copy of the report to affected taxing districts (Section 100.105).

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
State Tax Commission
City of Kansas City

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



Mickey Wilson, CPA
Acting Director
January 28, 2002

