

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4657-10
Bill No.: SCS for SB 1279, 1162 & 1164
Subject: Cities, Towns and Villages; Economic Development; Urban Development;
 Revenue Department.
Type: Original
Date: March 19, 2002

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON STATE FUNDS | | | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| FUND AFFECTED | FY 2003 | FY 2004 | FY 2005 |
| General Revenue* | (\$264,701) to (Unknown) | (\$105,135) to (Unknown) | (\$108,336) to (Unknown) |
| | | | |
| Total Estimated Net Effect on <u>All</u> State Funds* | (\$264,701) to (Unknown) | (\$105,135) to (Unknown) | (\$108,336) to (Unknown) |

* Partially subject to appropriation.

| 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 | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 15 pages.

FISCAL ANALYSIS

ASSUMPTION

*KANSAS AND MISSOURI METROPOLITAN CULTURAL DISTRICT;
Section 67.642.*

In response to a similar version of this proposal, officials from the **City of Kansas City (CKC)** stated the fiscal impact for this bill will begin in July 2005 (FY 2006), according to Section 67.642 of this bill. CKC assumed that state funding could be as much as \$9.8 million per year. In addition, increased economic activity at Arrowhead and Kauffman stadiums will generate revenue in the form of increased earnings taxes, utility taxes and sales taxes for the City and additional income and sales taxes for the state which can be used to leverage additional economic development in and around the Sports Center Redevelopment Area.

Officials from the **Office of Administration - Budget and Planning (BAP)** state that, with this section, up to \$9.8 million after FY 2006 for projects undertaken and partially funded from a retail sales tax approved pursuant to sections 70.500 to 70.510. This section provides funding for the Kansas and Missouri Metropolitan Cultural District. BAP assumes the impact would be \$0 to \$9.8 million out of the general revenue fund, annually. BAP states this legislation does not mandate any appropriation and does not allow any appropriation until fiscal year 2006.

Oversight assumes the fiscal impact of this part of this proposal is beyond the scope of this fiscal note, since the state is allowed to make annual appropriations to the Kansas and Missouri Metropolitan Cultural Districts of up to \$9.8 million starting in FY 2006. Therefore, for purposes of this fiscal note, Oversight assumes this part of the proposal would have no fiscal impact in fiscal years 2003, 2004 and 2005.

*SPORTS CENTER REDEVELOPMENT AUTHORITY ACT; Sections 67.2000
to 67.2060.*

In response to similar legislation from this year, officials of the **Governor's Office** assumed no fiscal impact to their office.

In response to similar legislation from this year, officials of the **Department of Elementary and Secondary Education** assumed no fiscal impact to their department.

ASSUMPTION (continued)

In response to similar legislation from this year, officials of the **Missouri Department of Transportation (DHT)** assumed this proposal could require DHT to incur the expense of providing modern interstate-style highways serving the new sports centers and the surrounding redevelopment areas. Officials assume this legislation would have a significant indirect, “voluntary” cost impact. If the new facilities are built away from the current St. Louis and Kansas City stadiums, then DHT may need to add highway entrance and exit ramps, additional highway bridges, etc., to serve the public stadiums. Officials assume no fiscal impact.

In response to a previous version of this proposal, officials of the **Department of Revenue** assumed that MITS would need to create a taxing district (shape file) enclosing the redevelopment areas, which could be up to 6, in order to gather the sales revenues and / or sales taxes generated to be able to identify, report and track the “new state revenues”. It is estimated the above program changes will require 2,768 hours of programming at a total cost of \$92,340. The State Data Center cost to implement the proposed legislation will be \$18,013.

Officials of the **Department of Economic Development** assume no fiscal impact to their department.

Officials from the **Office of Administration- Division of Budget and Planning (BAP)** state this part of the proposal appears to permit a sports center redevelopment authority in St. Louis City and St. Louis County. Section 67.2009 allows the state to appropriate up to \$7 million per year, per project, beginning in Fiscal Year 2006, assuming the bill passes this session. There would be no cost to the state until FY 2006. Beginning in FY 2006, the state could incur a general revenue cost of up to \$7 million for debt service per year, per project, for 30 years. The bonds, over the 30 year period, are capped at \$100 million per project. BAP states that it appears two sports authorities could approve more than 1 project/plan, resulting in the construction or renovation or renovation of multiple sports facilities. Section 67.2033(14) adds a new definition of “major league” to include major league baseball, football, basketball, and hockey. It is unknown how many sports facilities would be approved under this section. Each one could cost up to \$7 million for debt service per year.

BAP states that there is a provision that mandates that the stadium authority receives all the income derived from the sale of the “naming rights” to the stadium. After 10 years some of this revenue could be used to reimburse the state if the “new state revenues” as defined in Section 67.2003 do not meet or exceed the amount of the State’s annual appropriation. As there is no empirical basis for estimating the value of the “naming rights”, no estimate of the impact of this provision can be made.

BAP states that section 67.2045 exempts authority from all state taxation, and BAP defers to the Department of Revenue for a response regarding this section.

ASSUMPTION (continued)

BAP also states that there is no loss to existing revenue streams for the additional exemption contained in Section 67.2051 because it is only applicable if a stadium is constructed.

Officials of the **City of St. Louis- Division of Budget** assume that the City would realize a positive fiscal impact, from local taxes during the construction of the \$326 million dollar stadium through 2005. Beginning in 2005, officials assume the City would be required to appropriate \$4.2 million dollars per year for 30 years through the year 2034. Officials assume these annual payments are to be offset by the incremental taxes generated by activities at the new ballpark. Based on St. Louis Cardinals projections of incremental taxes over current levels the net present value at 6% of the incremental taxes over the required appropriations through the agreement period is a positive \$26.2 million dollars.

Oversight assumes based on research conducted by the Office of Administration- Division of Budget and Planning, that the first year for state fiscal impact would be Fiscal Year 2006. Therefore, fiscal impact would be beyond the scope of this fiscal note.

Oversight assumes this proposal is enabling legislation and as written does not require any affected city or county to establish a Sports Center Redevelopment Authority.

Oversight assumes that if the affected cities would establish a Sports Center Redevelopment Authority and if the Missouri General Assembly were to elect to annually appropriate funds to provide debt service for the established sports authority, the annual costs to the State's General Revenue Fund could be as much as \$7,000,000 for 30 years that would provide a net sum not to exceed \$100,000,000 in support of the sports authority plan.

The State would also realize income from its portion of revenues received from naming rights for the stadium. These funds would be deposited in the State's Naming Rights Fund. This fund could be drawn upon by the state in the event new state revenue from the area would be less than the cumulative annual appropriation for the applicable period made by the state for the debt services on the financing.

If an eligible city were to establish a stadium pursuant to this proposal the city would realize positive fiscal impact from local taxes during the construction of the stadium through fiscal year 2005. The amount of tax revenues is unknown. For purposes of this fiscal note Oversight assumes beginning in Fiscal Year 2006, the city would be required to appropriate approximately \$4,200,000 per year for 30 years, through calendar year 2034. St. Louis officials assumed this annual payment would be offset by new revenues that would be generated by activities associated with the new stadium.

ASSUMPTION (continued)

RS:LR:OD (12/01)

This proposal would allow St. Louis County to contribute tax revenues annually to the benefit of the Sports Center Redevelopment Authority. The proposal does not indicate what that amount would be.

In response to a previous version of this proposal, officials from **St. Louis County** stated this proposed bill has no direct fiscal impact on them because its language only permits, but does not require, participation by St. Louis County in funding a Sports Center Redevelopment Authority. However, if the negotiated Project Agreement pertaining to the State, St. Louis City, St. Louis County, and the St. Louis Cardinals is approved by the County Council, it calls for a series of payments starting at \$2 million dollars in 2003 and increasing by 3 percent compounded each year for a total of 30 years. Depending on interest rates, the present value of this stream is likely to be \$40 million to \$45 million dollars. The source of these funds is a local Hotel/Motel tax currently dedicated to convention and tourism purposes.

In response to a similar version of this proposal, officials from the **Secretary of State's Office (SOS)** stated this bill creates a Sports Center Redevelopment Authority and a Downtown Economic Stimulus Authority for municipalities. This authority will develop plans for economic development and improvements in roads, utilities and other facilities for development projects. This authority may borrow money and apply for and accept advances, grants, contributions and other forms of assistance. The authority may levy taxes. This bill also approves appropriations for a convention center in Branson and an exposition center in Springfield. There is created a Local Economic Opportunities Fund. The Department of Economic Development is charged with promulgating rules and regulations to administer the application and prioritization of funds for political subdivisions within the economic development regions created. This could create new rules or amendments by the Department of Economic Development which could result in SOS publishing rules in the Missouri Register and the Code of State Regulations.

SOS assumes this action could require as many as approximately 32 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 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 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 and 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

ASSUMPTION (continued)

raise fees to defray costs would likely be made in subsequent fiscal years.

LOCAL ECONOMIC OPPORTUNITIES ACT; Section 67.2150.

Officials from the **Department of Economic Development (DED)** state this part of the proposal creates a "Local Economic Opportunities Fund" that is to be administered by DED. DED assumes this would require them to hire personnel to administer and oversee the fund.

DED assumes the need for a Planner IV (at \$55,860) and a Market Development Program Coordinator (at \$47,100) to oversee the Local Economic Opportunities Funds and dispense them to each of the four economic development regions created in 67.2150 RSMo.

Officials from the **Office of Administration - Budget and Planning** state this part of the proposal would result in an unknown impact.

Oversight assumes this part of the proposal would result in a possible unknown loss of sales tax and income tax revenue to the General Revenue fund depending on the amount of amount of economic development project revenues collected from the Sports Complex, Exposition Center in Springfield and the Convention Center in Branson. Oversight has ranged this fiscal impact from \$0 to (Unknown) starting in FY 2005 since Oversight assumes appropriations for some of these projects will begin in FY 2005.

Oversight assumes the Department of Economic Development may require the requested FTE starting in FY 2005, since this would be the earliest that the state would receive anticipated receipts, if any, into this program. Oversight has ranged the fiscal impact from \$0 to DED's anticipated cost of the two requested FTE.

EXPOSITION CENTER IN SPRINGFIELD; Section 99.845.14.

Officials from the **City of Springfield** state that since this bill is voluntary, it will not fiscally impact their city.

ASSUMPTION (continued)

Officials from the **Office of Administration - Budget and Planning (BAP)** state this part of the proposal requires an annual appropriation starting in FY 2005 for the City of Springfield to support an Exposition Center. BAP states the total project is not to exceed \$18 million (over 23 years). BAP states there does not appear to be an annual limit on the appropriation.

Oversight assumes the total appropriation for this project shall not exceed \$18,000,000 over 23 years, starting in FY 2005. Therefore, Oversight has reflected the cost of this part of the proposal as a range of \$0 (construction not completed on time) to \$800,000, which is the total \$18,000,000 divided by 23 years. Annual totals could vary substantially.

CONVENTION CENTER AND ARENA FACILITY IN BRANSON; Section 99.845.15.

Officials from the **City of Branson** assume the proposed Convention Center and Arena Facility will be constructed in 2003 and 2004 and will generate roughly \$4.1 million in additional tax revenue in 2005, \$7.7 million in 2006 and \$8.4 million in 2007. The sources of additional tax revenue is state sales tax, county and city sales taxes, property taxes and tourism taxes. The City estimates the amount of state sales tax collected that will be utilized for debt service during this period is \$525,750 in 2005, \$1.1 million in 2006 and \$1.2 million in 2007.

Officials from the **Office of Administration - Budget and Planning (BAP)** state this part of the proposal requires an appropriation of up to \$1.4 million each year (over 23 years) starting in FY 2005 to the City of Branson, not to exceed a total state commitment of \$32 million.

Oversight assumes the annual appropriation for this project shall not exceed \$1,400,000 in any fiscal year, starting in FY 2005. Therefore, Oversight has reflected the cost of this part of the proposal as a range of \$0 (construction not completed on time) to the maximum of \$1,400,000.

MISSOURI DOWNTOWN ECONOMIC STIMULUS ACT; Sections 99.915 - 99.984.

Officials from the **Department of Economic Development (DED)** state the bill enacts the Missouri Downtown Economic Stimulus Act. Certain taxes deemed new increment would be diverted to pay for the development of the area (or noncontiguous areas). PILOTS, EATS, and "other net new revenues,"

ASSUMPTION (continued)

which purport to be incremental state sales tax revenues and incremental state income taxes attributable to new hires. To be eligible for the state revenue portion, an application is made to the Missouri Development Finance Board. If approved, state revenue that is "other net new revenues" would be paid to a special fund in the city rather than to the state.

DED states this bill would include more state revenues than State TIF currently does. State TIF

allows up to half of one or the other type of state increment to go to a project. This act dedicates 100% of both types of state increment. Of importance to determining fiscal impact is that the incremental state income tax for "new jobs" is based upon new hires in the area after approval of the development plan. This does not ensure that the new jobs are new to the state and therefore there is a potential for a loss of revenue that the state currently receives.

In a manner similar to Local TIF, DED receives annual reports and must prepare an annual report on MODESA areas and to provide assistance in some cases.

DED assumes the need for the assistance of contract labor to review information received and produce the two reports required by Chapter 99 changes. DED also assumes contract labor help to develop the manual required by 99.984 RSMo and assumes that annual updates would be required. DED assumes there will be some unknown costs to comply with 99.969 that requires General Revenue to pay for DED costs to provide assistance with this section. Cost would be unknown. The Missouri Development Finance Board (MDFB) anticipates the need of one professional FTE (at \$50,000) to accomplish tasks imposed plus associated expenses. MDFB would recover these costs as development finance costs from the proceeds received by the authority from the municipality or the state. Therefore, these costs are stated as local costs. All costs for DED and MDFB are estimates and are subject to adjustment.

DED assumed there would be an unknown impact on state tax revenue collections. This proposal may actually result in a net loss of revenue to the state due to the fact that it does not require that the state income tax diverted be for new jobs to the state but only for new hires to a business in the development area after the approval of the development plan.

Oversight assumes the costs incurred by DED would be paid from the General Revenue fund.

ASSUMPTION (continued)

Officials from the **Office of Administration - Budget and Planning** state this part of the legislation could have a significant impact on general revenue. It reduces revenues that otherwise would come into the state general revenue fund.

Section 99.969.5: Gives a sales tax offset to municipalities for local development in amounts ranging from \$10 million to \$40 million, per municipality. It is unknown how many municipalities would participate in the program. The Senate Committee Substitute language reduces the number of development plans to be approved by the Missouri Development Finance Board to five. The

legislation does not stipulate if this is five projects per year or five projects total. Assuming five development plans are approved, the amount of potential revenue not collected by the state could be up to \$50 to \$200 million annually (depending on the size of the municipality). The state would be committed to these plans for 35 years.

Section 99.969.6(1): Gives a 100% sales tax credit to any new or existing business in a development project area. Independent of the language in the bill, it is estimated that in FY 2003, \$919.4 million in local sales tax revenue will be generated. It is unknown how much in local sales taxes would be generated in these project areas that employers could then take as a credit against their tax liability.

Section 99.969.6(2): Gives new employees of an approved development project area an entitlement to receive a 100% credit against their state income tax liability. The amount of credits that could be claimed against this section is unknown. BAP state they have no way of estimating the number of new jobs that would qualify under this language.

In response to a previous version of this proposal, officials from the **Department of Revenue (DOR)** stated this proposal will create numerous questions from business and taxpayers within the approved development projects. DOR stated the additional calls and additional work can be handled with existing resources.

DOR also assumed Information Technology; Programming changes to MINITS to recognize the new credit will need to be done. It is estimated that the changes will require 1,384 hours of programming at a total cost of \$46,170. The State Data Center cost to implement the proposed legislation will be \$9,007.

ASSUMPTION (continued)

DOR also assumed the need for two Tax Processing Tech I's (at \$21,192) to handle the additional volume of tax credits that will occur as a result of this bill.

Oversight assumes the Department of Revenue will be able to handle some additional tax credit filings with existing staff. Oversight does not know the potential tax credits to be utilized as a result of this portion of the proposal. If the bill generates excessive tax credit filings, Oversight assumes DOR would request the additional needed FTE through the normal budget process.

Officials from the **City of Springfield** assume this proposal would not fiscally impact them since it is optional.

Officials from the **City of Kansas City** assume this proposal would not fiscally impact their city.

Officials from the **Missouri State Senate** and the **Missouri House of Representatives** each assume this proposal would not fiscally impact their respective agencies.

Oversight assumes the loss of revenue for the state is \$0 to unknown, since the proposal is permissive to any Missouri municipality and the Downtown Economic Stimulus Authority may designate various portions of the city as development areas, as long as they meet the specified requirements.

JACKSON COUNTY RESEARCH PARK; Section 172.273.

Officials from the **University of Missouri** assume this proposal would not fiscally impact them.

Officials from the **Office of Administration - Budget and Planning** state the fiscal impact from this part of the proposal is unknown - subject to appropriation.

Oversight assumes an unknown amount of appropriation from the General Revenue Fund would be needed to establish a research, development and office park in Jackson County to foster life sciences related to business development and provide business incubator facilities for new life sciences related companies. Funding would be needed for all three fiscal years in the scope of this fiscal note for continued funding of the facilities.

ASSUMPTION (continued)

Oversight has reflected the fiscal impact to local governments as \$0, since all of these proposals are permissive and does not require municipalities or counties to participate in the economic stimulus projects. Oversight has also not reflected the potential positive economic impact that may occur from these projects.

This proposal could impact Total State Revenues.

| <u>FISCAL IMPACT - State Government</u> | FY 2003 | FY 2004 | FY 2005 |
|---|----------|---------|---------|
| GENERAL REVENUE | (10 Mo.) | | |
| <u>Cost to Department of Revenue</u> | | | |

| <u>FISCAL IMPACT - State Government</u> | FY 2003 (10 Mo.) | FY 2004 | FY 2005 |
|---|---------------------|---------------------|-------------------------|
| for Programming costs (various) | (\$110,353) | \$0 | \$0 |
| <u>Loss</u> - loss in sales tax and income tax revenue (Local Economic Opportunities Act) * | \$0 | \$0 | \$0 to (Unknown) |
| <u>Costs</u> - DED | | | |
| Personal Service (2 FTE) | \$0 | \$0 | \$0 to (\$110,877) |
| Fringe Benefits | \$0 | \$0 | \$0 to (\$39,927) |
| Expense and Equipment | <u>\$0</u> | <u>\$0</u> | <u>\$0 to(\$39,753)</u> |
| <u>Total Costs</u> - DED (Local Economic Opportunities Act) | \$0 | \$0 | \$0 to (\$190,557) |
| <u>Loss</u> - of sales tax revenue to the City of Springfield for their exposition center * | \$0 | \$0 | \$0 to (\$800,000) |
| <u>Loss</u> - of sales tax revenue to the City of Branson for their convention center * | \$0 | \$0 | \$0 to (\$1,400,000) |
| <u>Loss</u> - loss in sales tax and income tax revenue (Downtown Economic Stimulus) | \$0 to (Unknown) | \$0 to (Unknown) | \$0 to (Unknown) |
| <u>Costs</u> - DED | | | |
| Contract labor charges (Downtown Economic Stimulus) | (\$25,000) | (\$13,800) | (\$14,609) |
| <u>Costs</u> - MDFB | | | |
| Personal Service (1 FTE) | (\$41,667) | (\$51,250) | (\$52,531) |
| Fringe Benefits | (\$15,004) | (\$18,455) | (\$18,916) |
| Expense and Equipment | <u>(\$17,500)</u> | <u>(\$21,630)</u> | <u>(\$22,280)</u> |
| <u>Total Costs</u> - MDFB (Downtown Economic Stimulus) | (\$74,171) | (\$91,335) | (\$93,727) |
| <u>Costs</u> - Department of Revenue Programming changes (Downtown Economic Stimulus) | (\$55,177) | \$0 | \$0 |
| <u>Costs</u> - University of Missouri research, development and office park in Jackson County * | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |

| <u>FISCAL IMPACT - State Government</u> | FY 2003 (10 Mo.) | FY 2004 | FY 2005 |
|---|--|--|--|
| ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND | <u>(\$264,701) to (UNKNOWN)</u> | <u>(\$105,135) to (UNKNOWN)</u> | <u>(\$108,336) to (UNKNOWN)</u> |

* Subject to Appropriation

| <u>FISCAL IMPACT - Local Government</u> | FY 2003 (10 Mo.) | FY 2004 | FY 2005 |
|---|---------------------|-------------------|-------------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

This proposal would fiscally impact small businesses in the newly created Local Economic Opportunities Act and the Missouri Downtown Economic Stimulus Act.

DESCRIPTION

This proposal creates several community development projects.

KANSAS AND MISSOURI METROPOLITAN CULTURAL DISTRICT - This proposal authorizes annual appropriations of up to \$9.8 million to fund projects undertaken and partially funded by a retail sales tax relating to the Kansas and Missouri Metropolitan Cultural District. Appropriated moneys shall only be used if the cumulative annual sales tax revenue generated exceeds the cumulative annual appropriation. No moneys shall be appropriated until the cultural district retail sales tax is renewed or extended.

ST. LOUIS CARDINALS BALLPARK AND BALLPARK VILLAGE - This proposal also creates the "The Sports Center Redevelopment Authority Act".

St. Louis may establish a "Sports Center Redevelopment Authority". The Authority will consist of a nine-member board of commissioners. Members must be Missouri residents, and the members shall elect the chair of the Authority. The Authority is granted the power of eminent domain.

When a sports center redevelopment plan is adopted by the city and the authority, for a period not to exceed thirty-five years, economic activity taxes generated within the sports center redevelopment area

shall be deposited into the special allocation fund of the city for the purposes enumerated, including paying project costs and obligations.

The maximum state appropriation shall not exceed \$7 million per year for a maximum of 30 years, for debt service financing that will provide a net sum not to exceed \$100 million.

Prior to bonds being issued, all parties must deposit funds or financial instruments necessary to complete the construction of the stadium into a construction fund. The awarding authority may not discriminate against bidders based on their becoming or refusing to become signatories with one or more labor organizations.

SPRINGFIELD - Allows for the annual appropriation for funding of an exposition center in Springfield. Beginning in FY 2005, the state shall annually appropriate one half of the new state revenues from the redevelopment area. However, in no event shall the aggregate contribution of the state exceed \$18 million and the amount of debt financed shall not exceed \$9 million.

BRANSON - Allows for the annual appropriation for funding of a convention center and arena in Branson. Beginning in FY 2005, the state shall annually appropriate one half of the new state revenues from the redevelopment area. However, in no event shall the aggregate contribution of the state exceed

DESCRIPTION (continued)

\$32 million and shall not exceed a \$1.4 million appropriation over 23 years.

LOCAL ECONOMIC OPPORTUNITIES FUND - One half of the increased state revenues from sales taxes and income taxes withheld in certain development areas less the debt service obligations will be deposited in the Local Economic Opportunities Fund. The fund is then further subdivided into four regional funds and the regions are established. Funds from the regional subaccounts may be appropriated for infrastructure improvements and economic stimulus projects. Certain political subdivisions receiving funding are excluded from appropriations from the regional subaccounts. The Department of Economic Development shall establish an application and prioritization process. Political subdivisions shall not receive more than 25% of a subaccount and may not receive appropriations for more than five consecutive years.

MISSOURI DOWNTOWN ECONOMIC STIMULUS ACT - Establishes a Missouri Downtown Economic Stimulus Act Joint Legislative Committee which will consist of eight members of the General Assembly, four from each body.

A Downtown Economic Stimulus Authority is created in each municipality upon the enact of an

ordinance establishing a development area in accordance with the act. Each Authority will be governed by a Board of Commissioners which will consist of between 3 and 13 members with staggered terms of 3 years. Commissioners will be appointed by the mayor or chief executive.

The powers of the Authority shall be exercised by its Board of Commissioners and powers of the authority are specified. The Authority shall be a public body corporate and politic. Powers granted to the authority are specified, including the right to acquire property by eminent domain within the development area. Certain information must be included in a development plan.

Prior to the adoption of the ordinance designating the development area, adopting a development plan or adopting a development project, the authority must hold a public hearing.

A municipality may adopt development financing for the development project area and a special allocation fund for the deposit of certain taxes from the development area to be apportioned or diverted pursuant to the Real Property Tax Increment Allocation Redevelopment Act if all or a part of the development project area becomes subject to tax increment financing.

The municipality may submit the development plan to the Missouri Development Finance Board for approval of the use of tax increment financing and if submitted must contain certain information. The Missouri Development Finance Board may only approve five projects for tax increment financing.

DESCRIPTION (continued)

The Authority must make a report to the Director of the Department of Economic Development by the end of February each year. The Director shall then compile a report for submission to the Governor and General Assembly.

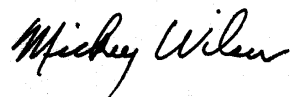
Every five years after the establishment of a development plan, the governing body of the authority must hold a public hearing. The Director of the Department of Economic Development shall provide information and technical assistance as requested by any municipality.

JACKSON COUNTY RESEARCH PARK - The Curators of the University of Missouri are authorized to establish a research, development and office park in Jackson County to foster life sciences related business development.

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
Office of the Secretary of State
Office of Administration - Budget and Planning
University of Missouri
City of Kansas City
City of St. Louis
City of Branson
City of Springfield
St. Louis County
Department of Elementary and Secondary Education
Department of Transportation



Mickey Wilson, CPA
Acting Director
March 19, 2002