

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4201-01  
Bill No.: HB 1227  
Subject: Economic Development; Enterprise Zones.  
Type: Original  
Date: March 1, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Economic Development (DED)** state this bill amends Section 135.215, RSMo, to allow the City of Springfield to extend their “local abatement incentive” on their existing enterprise zone past the current timeframe (25 years from the date of Zone designation) allowed in state statute. DED states the enterprise zone was established in Springfield on May 11, 1984, therefore, the 25 year local property abatement would expire in 2009. This proposal would extend it until 2016.

DED assumes no fiscal impact from the proposal because it deals with the abatement of local property taxes.

Officials from the **Department of Revenue** assume this proposal would have no fiscal impact on their agency.

Officials from the **Office of Administration - Budget and Planning (BAP)** assume the proposal would have no fiscal impact on their agency. BAP states this proposal may have a negative impact on General Revenue and Total State Revenue. BAP defers to DED for the fiscal impact to the state.

ASSUMPTION (continued)

Officials from the **Department of Insurance (INS)** state the proposal extends the statutory life of the Springfield enterprise zone by creating an exception to the no exemption rule. The new expiration is May 2016. If insurance companies invest or expend into the enterprise zone, they will be eligible for additional or continued tax credits which will reduce premium tax revenues. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund or deposited solely into the County Stock Fund depending on the type of company. County Foreign Insurance Fund and County Stock Fund proceeds are later distributed to school districts.

INS states they have no way to estimate how many, what type of company, or to what extent insurance companies will take advantage of the extension of tax credits available for the Springfield enterprise zone. Therefore, INS estimates an unknown loss of premium tax revenue to the three funds.

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

**Oversight** assumes the abatement of local property tax from this proposal is beyond the scope of the fiscal note, since the proposal extends the time period from May, 2009 to May, 2016.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that are utilizing the property tax abatement in the Springfield enterprise zone could get an extension of the abatement for an additional seven years.

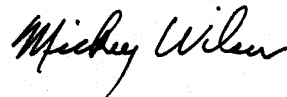
### DESCRIPTION

Current law allows improvements made to certain kinds of real property within an enterprise zone to be exempt from ad valorem taxes for up to 25 years, as long as certain requirements are met. This proposal allows the City of Springfield to continue this exemption until May 1, 2016.

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  
Department of Insurance  
Office of Administration - Budget and Planning  
City of Springfield



Mickey Wilson, CPA  
Director  
March 1, 2004