COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4335-12
Bill No.: SCS for HS for HB 1409
Subject: Economic Development.
Type: Original
Date: May 6, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	$2,702,019 to ($10,906,324)	($4,103,522 to $17,715,872)	($3,107,295 to $16,721,343)
Total Estimated Net Effect on General Revenue Fund*	**$2,702,019 to ($10,906,476)**	**($4,103,522 to $17,715,872)**	**($3,107,295 to $16,721,343)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Missouri Community College Job Training Retention Fund	$0	$0	$0
Highway Fund	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
Road Fund	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
Jobs Now	$0	$0	$0
Total Estimated Net Effect on Other State Funds*	**$0 to (Unknown)**	**$0 to (Unknown)**	**$0 to (Unknown)**

*** Some of the fiscal impact could be divided between the General Revenue Fund and the County Insurance Funds (which ultimately goes to local school districts) if tax credits are used against insurance premium taxes.**
Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 31 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government*	**Unknown to ($13,546,800)**	**Unknown to ($13,546,800)**	**Unknown to ($13,546,800)**

*** Some of the fiscal impact could be divided between the General Revenue Fund and the County Insurance Funds (which ultimately goes to local school districts) if some of the tax credits are utilized against insurance premium taxes.**

FISCAL ANALYSIS

ASSUMPTION

Sections 30.750 - 30.765, Linked Deposits, Farm Assistance, Small Business and Water Systems Loans;

Officials from the **Department of Economic Development (DED)** state this program is administered by the State Treasurer's Office (STO). The substitute appears to give DED the role of determining "targeted industries" for the purpose of identifying "multi-tenant development enterprises" eligible for the program. DED assumes it could do this work with current staff. Other costs would be determined by the STO.

Officials from the **Office of the State Treasurer (STO)** state these sections expand the cap on the linked deposit program by $10 million for eligible multi-tenet development enterprises. The impact on the Treasurer's budget of this bill is minimal. An additional $10 million in linked

ASSUMPTION (continued)

deposits would probably create an initial increased demand on staff to process applications, receive collateral, etc., but this workload increase should be able to be absorbed with existing staff.

Oversight assumes this part of the proposal allows the State Treasurer to invest $10 million in linked deposits for eligible multi-tenet development enterprises. This may reduce the interest proceeds earned by the State Treasurer, however, Oversight assumes the STO is not obligated to invest in the new enterprises and Oversight assumes the difference in interest proceeds between linked deposits and other investments would be minimal.

Sections 32.105 - 32.110, Neighborhood Assistance, Development Tax Program, and Affordable Housing;

Officials from the **Department of Economic Development (DED)** state the Development tax credit currently receives $4 million annually out of Neighborhood Assistance Program (NAP) cap. This would authorize the increase of that share to $6 million for FY05, FY06 and FY07.

The bill also deletes references to farmer's markets and new generation cooperatives. These were provisions that were enacted by SB 894 (2000) which was found unconstitutional in its entirety by the supreme court. Therefore, the provisions are in RSMo but are legally unenforceable. These changes would remove them from RSMo consistent with the court case.
DED assumes no impact for these changes.

Regardless, there is an overall annual cap on NAP so the overall fiscal impact would be $0. DED assumes the increase would be absorbed within the overall cap by NAP not reallocating surrendered/unused NAP credit allocation. So there would be no fiscal impact on the state.

Oversight assumes the total annual limit on tax credits that can be issued by these three programs has not changed, just the distribution between the three, therefore, although the changes may increase or decrease utilization of the programs, the changes will not result in a fiscal impact to the state.

Section 67.265, Cities or counties may enact ordinances or resolutions addressing substance related health issues;

ASSUMPTION (continued)

Oversight assumes this part of the proposal is permissive and has no fiscal impact to the state.

Section 67.1303, City of Springfield and Joplin as well as counties of Jasper and Butler (as well as cities therein) may impose a sales tax to voters for economic development purposes;

In response to a similar proposal from this year (HB 1476), officials with the **Department of Revenue, Department of Economic Development, Department of Labor and Industrial Relations, Department of Elementary and Secondary Education, Jasper County** each assumed this proposal would have no fiscal impact on their agencies.

Oversight assumes that the fiscal impact of this proposal on local governments is unknown, and is dependent upon a vote of the people.

Section 67.1401 - 671545, Community Improvement Districts (CID);

DED states this part of the proposal would allow more cities, towns, etc to use the CID Act and to allow any CID to adopt a sales tax. This part of the substitute has no effect on DED.

In response to perfected SB 1269 from this year, officials from the **Department of Revenue (DOR)** assumed this legislation expands the community improvement district law. It may have an impact on the Division of Taxation by creating more districts for DOR to track.

DOR assumed by allowing additional districts, additional programming to the existing MITS system will be required (692 hours for a cost of $23,085) for each district that does not coincide with the boundaries of existing political subdivisions. If there are additional community improvement districts, they will create the need for additional staff to track and maintain the new districts created by this legislation (one Tax Processing Technician I).

DOR assumed for each district created using the same boundaries as existing political subdivisions, there would be no additional programming costs.

It is unknown how many additional districts may be formed as a result of this legislation. It is also unknown if there are additional districts, whether the boundaries would be the same as existing political subdivisions.

ASSUMPTION (continued)

DOR assumed for purposes of the response, that there will be at least one new district with non conforming boundaries.

Also in response to perfected SB 1269 from this year, officials from **Jefferson County** stated the fiscal impact on this bill is potentially a positive one in that it will allow for additional tax revenue to pay for community improvement projects and possibly create additional revenues as a result of the improvements.

Also in response to perfected SB 1269 from this year, officials from the **City of Kansas City** assumed this legislation would not generate revenues or savings and would not have any cost or loss to their agency.

Oversight notes that any sales tax proposed would have to be approved by the voters of the improvement districts. **Oversight** assumes that if a district which does not comprise a county or municipality imposes a sales tax, then DOR officials could request additional resources from the General Assembly in order to administer the sales tax.

Section 71.620, Business License fee;

In response to a similar proposal from this year, officials from the **City of Maryland Heights** assumed no fiscal impact to their city or other statutory cities from this legislation.

Oversight assumes this part of the proposal would result in an unknown increase in revenue for those villages with less than 1,300 inhabitants that choose to increase their business license fee. Oversight will reflect the fiscal impact to villages as $0 to Unknown.

Section 94.578, Sales tax ballot language for Springfield;

Officials from the **Department of Revenue** state this increase would not cause any further administrative impact. The city would notify DOR and the rate for that city would be increased for a three year period. Notification would be needed to the businesses.

Oversight assumes this part of the proposal is permissive to the city of Springfield, and if the ballot measure passes, the proceeds raised will be utilized for "the purpose of funding the construction, operation, and maintenance of capital improvements in the city's center city."

ASSUMPTION (continued)

Springfield did not respond to our request for fiscal impact.

Sections 100.255 - 100.293, Jobs Now;

In response to perfected SCS for SB 1234, officials from the **Department of Transportation (DOT)** stated this legislation will have four (4) types of impacts on their agency:

(1) Under Section 100.293, a DOT representative serves on the "Jobs Now Recommendation Committee" and advises on grants, or low-interest, or interest-free loans from the Jobs Now Fund, to help fund Jobs Now projects;

(2) Under the same statute, subsection 4, the Missouri Highways and Transportation Commission (MHTC) and DOT may be asked to provide federal-aid matching highway or transportation funds, in conjunction with the Jobs Now project funds, to help develop a project with concurrent highway or transportation infrastructure development; and

(3) Under the real property tax assessment and payment exemptions in Section 135.1065 for real property in an "enhanced enterprise zone," any MHTC-authorized Transportation Development District (TDD) located in that same area and relying upon real property ad valorem taxation for part of its project revenues, will have those real property tax revenues reduced substantially or eliminated for at least 10 (and up to 25) years. Section 135.1065.4 & .5 could substantially hinder or adversely impact an MHTC/DOT-sponsored TDD project.

(4) Under new Section 100.255(11), it may actually cost the state money to save money, because of all of the mandated payouts it provides to an entity that provides a certified design or operation plan that allegedly costs less than the usual and customary average industry cost for construction and improvement of real estate; especially if the actual existence of such a cost savings is disputed and litigated, or this new design or plan is not accepted and used by the state but the entity seeks compensation for it anyway.

In summary, DOT assumed the impact of the legislation is an unknown loss to the Highway fund and the Road fund.

Oversight will range the DOT loss from $0 to an Unknown amount in the two funds.

DED states the Missouri Development Finance Board (MDFB) would issue revenue bonds based on the increased general revenue collected via the termination of several tax credit programs. There would be an appropriation for the payment of the bonds. DED has this line item in their current budget request for FY 2005. The proceeds from the sale of the bonds would be placed in a special MDFB fund called the "Jobs Now Fund." Development agencies, which essentially are governmental entities, can apply for grants or low-interest or no-interest loans from the MDFB

ASSUMPTION (continued)

from the Fund.

A Jobs Now Recommendation Committee is created with designees from DED, DNR, Agriculture and MoDOT. The Committee will work with MDFB to compile all necessary application materials and forms.

Applications will be submitted simultaneously to the Committee and to MDFB. The Committee will review the applications, prepare analyses and make recommendations for funding to the MDFB. MDFB makes the decisions as to the actual award of grants and low or no interest loans.

Eligible projects are basically public infrastructure. To make a grant or loan, MDFB must determine that the project needs the grant or loan to happen OR has a significant local economic impact OR it will create a lot of jobs. For the loans, MDFB has to ensure the project will create enough revenue to repay the loan. No loan or grant can exceed $5 million.

There is a 20% set-aside for projects otherwise meeting requirements but that also will leverage federal or other non-state funds for the project and a 20% set-aside for projects otherwise meeting requirements that are for infrastructure at public colleges and universities.

The bonds would be issued in FY 2005 with the first payments due in FY 2006. The payments would increase over time to reflect the greater tax credit savings over time. DED assumes bond payments for the Jobs Now program to be $0 in FY 2005, $8,502,000 in FY 2006 and $10,002,000 in FY 2007

Sections 100.263 & 100.286, MDFB Infrastructure Fund;

DED states this authorizes loans from the fund to be made to not for profit economic development entities. Requires a sub-account of the fund to be used for loan guarantees for "multi-tenant rental property." Seven year limit and $10 million per project for loan guarantees for MTRPs. Sets forth when guarantee will be paid and collateralization rates.

DED states it is not clear how funds would come to be in the sub-account that would then serve as collateral for a loan guarantee program. At this time, DED does not know whether it is assumed tax credits would be issued or there would be an appropriation into the fund sought. Either way, there would be a cost to Total State Revenues. At this time, DED assumes an unknown cost to the state.

ASSUMPTION (continued)

Section 100.710, Exception made for H&R Block in the BUILD program;

Oversight assumes this part of the proposal may increase utilization of the program, but the annual cap for the BUILD program is not adjusted with this section.

Section 100.850, Increase annual limit for tax credits in the BUILD program from $11 million to $15 million;

DED assumes that based upon current approvals and the timing of approvals and ensuing issuances of credits, it is anticipated that the additional cap would not actually be issued until FY06, and it would not all be authorized at once but the projects would be approved over a time period. DED assumes an increase in credits of $0 in FY 2005, $2.5 million in FY 2006 and $3 million in FY 2007.

Section 135.155, Sunset of the New and Expanded Business Facility Tax Credit;

DED assumes that the language of this new section, in conjunction with other sections "vesting" the receipt of credits in a facility for 10 years, means that this section would result in sunsetting the New/Expanding Business Facility ("BFC") Tax Credit Program such that projects that are "vested" (commencing operations before January 1, 2005 and properly applied etc) will continue to receive incentives; but no new projects.

DED states this would phase out the entitlement program over a ten year period. Although the FY05 projected costs of the program ($6,525,000) are lower than some previous years due to the economy, the average annual cost of the program from FY99 through FY01 (prior to the recession) was $6,720,345. In FY03 the cost was $7.9 million. The average of these years is $7.01 million. For the purposes of this note, we are assuming an average of $7,000,000 per year cost that would be phased out over a ten year period in increments of 10% added each year. Given the processing time frame on this program, conservative estimates would suggest the tax credit savings would begin to be realized in FY06.

Sections 135.207 - 135.288, Establishes a satellite zone and various enterprise zones, but states that no state benefits will be approved, awarded or issued to any person or entity for tax years beginning on or after January 1, 2005;

ASSUMPTION (continued)

Officials from the **Department of Revenue (DOR)** state the creation of additional enterprise zones will create additional credit claims. Personal Tax will need 1 Tax Processing Tech for every 3,000 additional claims created by this legislation. Minor programming will need to be needed for the sunset of 135.200, 135.258, 135.535 and 135.545 to place reason codes for denial of the credit claims.

Oversight assumes the new enterprise zones will not be able to receive state benefits, therefore, DOR will not need an additional FTE for this part of the proposal.

Regarding the many new enterprise zones, **DED** assumes because the state incentives for enterprise zones and satellite zones are discontinued for tax years CY05 and thereafter (135.288), that a facility would have to commence operations by December 31, 2004 to get any credits at all, and it is not anticipated that an application for and approval of an enterprise zone or satellite zone would take place between August 28, 2004 and December 31, 2004 such that a business in an EZ authorized by this section could receive any state incentives. The costs of this would be local only. No state impact.

DED stated they would still be required to administer the new enterprise zones created, and therefore assume the need for one Economic Development Incentive Specialist II (at $38,088 annually) plus E&E to administer several new enterprise zones. DED assumed the total cost of the FTE would be roughly $70,000 per year.

Oversight assumes DED will not pay for additional office space for this single FTE.

Regarding the phase out of the enterprise zone program, **DED** states this part of the proposal would phase out the current entitlement program over a ten year period. The FY 2005 projected costs of the program ($18,440,000) are lower than previous years due to the nation still being in recovery from the recession. The average annual cost of the program for FY 1999 through FY 2001 (prior to the recession) was $23,744,860. For the purposes of this note, DED is assuming an average of $22,000,000 per year cost that would be phased out over a ten year period in increments of 10% added each year. Given the processing time frame on this program, conservative estimates would suggest the tax credit savings would begin to be realized in FY 2006. Therefore, in FY 2006, DED assumes a savings of $2,200,000 (10% of $22,000,000) and then a savings of $4,400,000 ($2,200,000 + $2,200,000) in FY 2007.

ASSUMPTION (continued)

Section 135.530, Change in definition of "Distressed Communities";

DED states in describing distressed communities, this lowers the population level for census block groups from 2,500 to 500 for metropolitan statistical areas. Also adds federal empowerment zones, federal enhanced enterprise community, and certain state enterprise zones.

This bill repeals or stops the issuance of tax credits in two programs that are for distressed communities only (Transportation Development and Skills Development Account). Other programs with set-asides for distressed communities have exhausted the cumulative cap (CAPCO, Capital tax credit, Seed Capital tax credit). Neighborhood Preservation is a capped program already hitting the cap each year so while there may be more applications, there will not be a higher cost. Staff could absorb costs of processing additional applications there. The other program that would be affected is Rebuilding Communities. Based on significant changes to the administration of the program, even with the addition of areas and therefore more applicants we believe the program will come in no greater than currently projected. Additional applications could be processed without additional staff unless the volume is far greater than anticipated. DED assumes no fiscal impact from this part of the proposal.

Oversight assumes this part of the proposal may result in the increased utilization of some of the various tax credit programs that use the definition of distressed communities, however, many of the programs are capped, therefore, Oversight has already reflected the potential losses to the General Revenue fund in previous fiscal notes. Therefore, Oversight assumes this proposal would have a minimal fiscal impact on the General Revenue Fund.

Section 135.610 & 163.036, Betty L. Thompson Scholarship Tax Credit and corresponding Local School Funding Reduction;

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Department of Economic Development and the Department of Elementary and Secondary Education's authority to promulgate rules, regulations, and forms. SOS estimates the departments could require approximately 20 new pages of regulations in the Code of State Regulations at a cost of $27.00 per page, and 30 new pages in the Missouri Register at a cost of $23.00 per page. Costs due to this proposal are estimated to be $1,230, however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend

ASSUMPTION (continued)

entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal, however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

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

Officials from the **Department of Revenue (DOR)** state the legislation authorizes a tax credit that is administered by DED. Credits can be applied to Chapter 143, 147 and 153, excluding withholding. The credit is for tax years beginning January 1, 2004.

DOR states MINITS and COINS programming will be needed to handle the implementation of the credit. MINITS will need 1,384 hours at a cost of $46,170 and COINS will need 692 hours at a cost of $23,085.

One Tax Processing Tech will be needed for every 3,000 additional credits claimed, assuming DED will certify.

If the credit is not certified to DOR and to the Taxpayers by DED, Customer Assistance will need additional FTE to handle the incoming inquiries.

DOR assumes a cost of $103,943 in FY 2005, $34,516 in FY 2006 and $35,390 in FY 2007.

Oversight assumes DOR would incur the programming expenses as estimated; however, Oversight assumes DOR could administer the provisions of this proposal with existing resources or request additional staff through the budget process if the volume of tax credits warrants.

Officials from the **Department of Economic Development (DED)** assume they would be responsible for administering this new tax credit program. There appears to be an option to contract out for administration of the program, but for the purposes of this fiscal note, DED assumes in-house administration.

DED assumes that one person plus associated expenses would be required to administer the program. DED assumes the credits will go into effect in FY 2005 and that $5 million will be claimed in FY 2005 and $10 million will be claimed each year starting in FY 2006. The cost for

ASSUMPTION (continued)

personnel, expense, and equipment will be needed in FY 2005. The bill provides for reimbursement for administrative costs, up to 2% of the funds raised, to be paid to DED. If $10 million in tax credits are issued, it would generate approximately $14.3 million in contributions. Two percent of $14.3 million is $280,000. If lower amounts are contributed, the 2% would correspondingly decrease. At least $4 million in contributions would have to be raised in order for DED to break even (being reimbursed for expenses); otherwise, the costs would be assumed to come out of General Revenue. DED provides the costs herein as a cost to General Revenue as it is unknown how much in contributions might actually be leveraged in any year.

DED assumes a cost to General Revenue of $5 million in FY 2005 and $10 million each year thereafter for the tax credits, plus cost of roughly $80,000 per year for the additional 1 FTE Economic Development Incentive Coordinator (at $43,308 per year).

Oversight has, for fiscal note purposes only, changed the starting salary for the Economic Development Incentive Coordinator to correspond to other such positions within DED. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight also assumes DED would not incur additional costs for office space for the additional FTE.

In response to various versions of HB 1702 from this year, officials from the **Department of Elementary and Secondary Education (DESE)** stated the proposal authorizes a 70% state income tax credit for contributions to nonprofit educational assistance organizations. The cumulative amount of tax credits which may be claimed by all taxpayers contributing to a nonprofit educational assistance organization in any one fiscal year shall not exceed $10 million. The cumulative amount of tax credits shall be apportioned equally among all qualified nonprofit educational assistance organizations.

DESE assumed the Department of Revenue will likely experience an administrative burden, while the proposal has no impact to DESE. Tax credits will reduce income tax receipts flowing to the General Revenue fund. More tax credits mean less General Revenue available statewide for state use including education and fully funding the foundation formula.

DESE stated the changes outlined in section 163.036 will not impact the state's burden in terms of school funding. A district's loss of state aid for a pupil who is no longer enrolled in the school district, does not equate to an equal savings in state funding. It merely makes such funding available to distribute to school districts statewide. In addition, costs to educate students differ from district to district. Therefore, there can be no assumption that the transfer of students

ASSUMPTION (continued)

between districts will have an equal impact on both districts' education costs.

DESE estimated a $10 million reduction in General Revenue receipts in fiscal years 2005, 2006, and 2007 as a result of the proposal.

DESE also assumed there may be a cost to a school district receiving a scholarship student because the scholarship may not be sufficient to pay the cost of education in that district.

Oversight assumes one of the intentions of the proposal is to realize an offsetting savings to the GR fund for monies the state would otherwise have paid to local school districts for the pupils that are now receiving scholarships to attend other schools. With this assumption, Oversight will show a possible savings to the General Revenue Fund for this reduction in payments to local school districts.

In response to various versions of HB 1702 from this year, officials from the **School District of Kansas City, Missouri (KCMSD)** stated the proposed change in 163.036 would have a negative impact for KCMSD. The purpose of basing eligible pupil counts on the highest of three years is to shield school districts with declining enrollment from having to face sharp reductions in revenue. Imposing the proposed exception defeats the original purpose of allowing the highest of three years EP.

Further, in addition to the loss in foundation revenue due to the calculation of EP, this bill poses a serious burden on school districts to track information that it may not have access to. If an educational agency grants funds directly to a student, and the student uses the scholarship to transfer to another school the district may not be privy to the information. The proposal also creates a tremendous burden on the district to track who receives the education scholarship, and when it is received. And if the student leaves and returns within a school year, as occurs with charter students, the tracking becomes more complicated for purposes of this bill.

Oversight assumes that since the effective date of the program is for tax years beginning on or after January 1, 2004, that taxpayers would begin making contributions in calender year 2004 and utilize the credits against their returns filed in early calendar year 2005 or FY 2005. This would result in a possible loss to general revenue of up to $10 million in FY 2005. Oversight further assumes that scholarship charities would utilize the contributions by issuing scholarships for the school year 2004 - 2005.

Assuming that the $14.3 million in contributions ($10 million in tax credits / 70% credit rate) is divided by the maximum scholarship available ($3,800) to a qualified student, an estimated

ASSUMPTION (continued)

3,763 students would be able to receive the scholarship. According to information on the Department of Elementary and Secondary's web page, the state estimates spending roughly $3,600 per student in the 2002 - 2003 school year for basic state aid, free and reduced lunch and for transportation costs for students in the Kansas City and the St. Louis City school districts. If these same 3,763 students were to result in a savings to the state for not paying the Kansas City and St. Louis City school districts these amounts, the state could realize a savings of up to $13,546,800 ($3,600 x 3,763 students). **Oversight's** calculations are based upon the anticipated state funding level for basic state aid, free and reduced lunch and for transportation costs in the 2002 - 2003 school year per student in Kansas City and St. Louis school districts. The maximum potential savings of $13,546,800 assumes that the proposal would actually result in a reduced payment from the state to the local school districts and not just a change in the distribution of the same amount of funds. It also assumes that all of the students who receive a scholarship through this program had been enrolled in the Kansas City and St. Louis public school system, and now will be attending a private institution.

The state, however, would not realize a possible savings or would realize a reduced savings in certain circumstances, such as children who are home-schooled, or children who are currently attending private schools and now, through this program, are able to attend other private institutions. The state had not paid $3,600 for these children in the previous fiscal year, therefore the savings would be reduced. There is not information available to determine how many of the scholarships would be utilized by the children who are receiving more or less than the average amount spent per pupil by the state.

The state would also not realize a savings if the nonprofit education assistance organization allocated some of the contributions to directly assist income eligible students who attend public school in defraying costs of supplies, private instructional assistance, or other programs (as allowed in 135.610.6 (3)), while remaining in the same public schools.

Oversight has ranged the fiscal impact of the scholarship savings to the state from $0 to the maximum amount calculated per year.

Oversight notes that this fiscal note does not include shifting between school districts from Proposition C funds, Fair Share funds and Free Textbook funds which would result in a zero net effect to the local school districts.

Oversight assumes school districts in St. Louis County as well as the Kansas City and St. Louis public school districts may realize some potential cost savings as a result of the reduction in students that are now attending their schools, but would attend other schools as a result of this

ASSUMPTION (continued)

proposal. According to DESE reports, the Kansas City School District spent roughly $8,750 per student in 2003, while St. Louis City School District spent nearly $10,450 per student. Oversight couldn't determine the fixed versus the variable costs associated with these amounts. Therefore, Oversight has reflected a $0 to Unknown potential savings resulting from reduced variable expenses to the two local school districts.

Sections 135.1050 - 135.1075, Enhanced Enterprise Zones;

In response to a related proposal from this year, officials from **DED** stated the fiscal impact differences are that this program is discretionary and is capped at issuance of $7,000,000 in tax credits annually. A business will receive, each year for up to ten years, the lesser of the amount of credits it is authorized to receive from DED up front based on the projected state economic benefit of the project or credits calculated according to a formula:

- $400 credit per new job
- $400 per new employee zone resident
- $400 per new employee receiving salary higher than county average
- $ = 2% of new investment

Credits must be applied to the tax liability of the year for which they are issued, but they are transferable (75¢ minimum) and refundable.

DED projects no costs until FY06 due to time to designate EE Zones and delay in a company receiving tax credits until after 1st year in the program. DED assumes 10% will be added to commitments each year until $4 million annual cap is reached, therefore, DED assumes a $400,000 cost in FY 2006 and an $800,000 cost in FY 2007. Note the Sunset Act provisions were removed in this SCS.

Officials from the **Department of Revenue** state this part of the proposal provides a tax credit for corporations in an enhanced zone for business facilities. Taxation assumes that this will be processed the same as the current BFC program. However, if the legislation needs to be tracked separately, DOR will need programming costs for both MINITS AND COINS ($69,255).

Sections 178.980 - 178.985, Job Training for Retained Jobs;

In response to HB 1421 from this year, officials from the **Office of the State Treasurer**,

ASSUMPTION (continued)

Department of Higher Education and the **Office of Administration - Divisions of Accounting** and **Personnel** each assumed the proposal would not fiscally impact their agencies.

Also in response to HB 1421 from this year, officials from the **Office of the State Courts Administrator** assume the proposal would not fiscally impact the courts.

Officials from the **Department of Revenue (DOR)** state this legislation is worded similar to current statute on the New Jobs Training Program. Business Tax would need to develop a form identical to what is currently used in the MO-JTC for employers to use if application has been approved.

DOR states that the Department of Economic Development would be the approving agency, along with Office of Administration, and the businesses would be advised if they have been approved. Legislation indicates DOR's responsibility would be to collect and process. DOR's Taxation division does not anticipate a large number of these withholding employers to be affected by this legislation and the withholding tax system will utilize the current JTC programming for processing. Therefore, it is anticipated that there will not be any additional administrative impact.

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Department of Economic Development's authority to promulgate rules, regulations, and forms. SOS estimates the division could require approximately 20 new pages of regulations in the Code of State Regulations at a cost of $27.00 per page, and 30 new pages in the Missouri Register at a cost of $23.00 per page. Costs due to this proposal are estimated to be $1,230, however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal, however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

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

In response to HB 1421 from this year, officials from the **Department of Economic**

ASSUMPTION (continued)

Development - Division of Workforce Development (DWD) stated they would coordinate and conduct many aspects of the Retained Jobs Training Program. DWD assumes they would need 1.5 FTE Workforce Development Specialist IVs (each at $45,156 annually) to implement this bill. The requested positions would be responsible for evaluating the proposed projects within the overall job training efforts of the state, ensuring that the project will not duplicate other job training programs, and determining the relocation risk of businesses that apply for the program. It is also estimated that an $8 million appropriation from the Missouri Community College Job Retention Program Fund would be needed to retire certificates issued.

DWD assumed the cost of the required FTE and corresponding fringe benefits and expense and equipment would cost roughly $101,000 per year to the General Revenue Fund.

The DWD stated this proposal mirrors an existing program currently in place that is utilized for new jobs (Community College New Jobs Training Program). Currently, this program has $55 million in certificates outstanding, and requires at least $16 million annually in appropriations to retire these certificates. Since the program in this proposal is allowed to issue roughly half of the certificates outstanding as compared to the existing program ($25 million versus $55 million), DWD assumed the payments needed to retire the certificates under the proposal would also be roughly half, or $8 million annually. This takes into account principle plus interest, and the fact that most of the projects are retired before the eight to ten year window allowed (as specified in subdivision (2) of section 178.981).

In response to this proposal, **DED** now states that because the program requires an appropriation, and there is none in the FY05 budget that passed out of the House, it is assumed the 1st year funds would be via supplemental appropriation for FY05 towards the end of FY05. Because of the time limitation on the program and the fact that bonds are involved, DED assumes a maximum number of projects would be approved at the beginning of the program and because payments to retire bonds in less than the general number of years would need to be higher than usual. Based upon the outstanding bond amount and term of bonds, and based upon experience in Community College New Jobs Training Bonds Program (178.892 to 178.896, RSMo), and assuming that the full $15 million would be authorized in the 1st active year, DED now estimates a cost of $0 in FY 2005 and $6 million in each FY 2006 and FY 2007.

DED still assumes the need for 1.5 FTE and costs associated with that.

Oversight has adjusted the salary of the 1.5 FTE Workforce Development Specialist IVs to better represent actual salaries of state workers with the same title within the Division of Workforce Development.

ASSUMPTION (continued)

Oversight will assume that the junior college districts will sell all of the $15 million in certificates available per Section 178.983 in Fiscal Year 2005.

Oversight will also assume that all proceeds deposited into the Missouri Community College Jobs Training Retention Program Fund will be disbursed each year.

Section 190.304, Ballot for Greene County to pay the operation of emergency telephone service and operational costs associated with the answering and dispatching of emergency calls;

Oversight assumes this part of the proposal is permissive to the Greene County, and if the ballot measure passes, the proceeds raised will be utilized to pay the operation of emergency telephone service and operational costs associated with the answering and dispatching of emergency calls.

Greene County did not respond to our request for fiscal impact.

Section 620.472 - 620.484, Job Training;

DED states this appears to create a tax credit for training capped at $500,000 annually. DED assumes the maximum redemption of $500,000 each year beginning in FY05 and assumes current staff (combined with staff needed for Retained Job Training, above) could absorb duties of this program

DOR states Personal Tax will need 1 Tax Processing Tech for every 3,000 claims received.

DOR also states MINITS and COINS programming will be needed to handle the implementation of the credit. MINITS will need 1,384 hours at a cost of $46,170 and COINS will need 692 hours at a cost of $23,085.

Oversight assumes DOR would incur the programming expenses as estimated; however, Oversight assumes DOR could administer the provisions of this proposal with existing resources or request additional staff through the budget process if the volume of tax credits warrants.

Section 620.1039, Sunset of the Qualified Research Tax Credit;

ASSUMPTION (continued)

DED can issue up to $10 million in R&D credits per year. The credit can be carried forward for up to five years. Current projections for redeemed credits for FY 2004 and FY 2005 are $8.5 million each year given the effects of the current economic downturn ($10 million in credits would be issued each year and that amount would eventually be redeemed annually as the economy recovers). It is assumed for this fiscal note that $8.5 would be redeemed in FY 2006 and $9 million in FY 2007. With the repeal of the credit as set forth in this bill, and taking into account total credits issued since FY 1999 but not redeemed as of FY 2003, and current projected redemptions for FY 2004 and FY 2005 as above, with the remaining outstanding credits being redeemed in equal parts in FY 2006, FY 2007 and FY 2008. Therefore, DED assumes a savings of $7.5 million in FY 2006 and $8.0 million in FY 2007.

Sections 620.1400 - 620.1460; Deletion of the Skills Development Account;

DED states they have very conservatively estimated costs of program at $1,000 - a nominal amount to reflect that it is an entitlement program and anyone eligible who applied would be given tax credits. DED assumes a savings of $1,000 per year from the repeal of this program.

Oversight assumes that since this program has not had any credits issued or redeemed in the last two years, the repeal of this program will not have a fiscal impact to the state.

Section 620.1560, Deletion of the Mature Worker Tax Credit;

DED states they have very conservatively estimated costs of program at $1,000 - a nominal amount to reflect that it is an entitlement program and anyone eligible who applied would be given tax credits.

Oversight assumes that since this program has not had any credits issued or redeemed in the last two years, the repeal of this program will not have a fiscal impact to the state.

Regarding the Senate Committee Substitute, officials from the **Department of Insurance** state the new tax credit programs could result in an unknown cost to the General Revenue Fund, the County Foreign Insurance Fund and the County Stock Insurance Fund.

This proposal could decrease Total State Revenues.

FISCAL IMPACT - State Government	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE			
Savings - potential savings from discontinuance of current New or Expanded Business Facility tax credit program (135.155)	$0	$700,000	$1,400,000
Savings - potential savings from discontinuance of current Enterprise Zone tax credit program (135.286)	$0	$2,200,000	$4,400,000
Savings - Education costs the state would not pay to the local school districts for students receiving the scholarship set up through this proposal (Section 163.036) *	$0 to $13,546,800	$0 to $13,546,800	$0 to $13,546,800
Savings - up to 2% of contributions may be used to offset expenses incurred by DED or the designated nonprofit oversight organization (Section 135.610.10(7) **	$0 to $61,695	$0 to $65,550	$0 to $67,248
Savings - potential savings from deletion of Qualified Research Expense Credit (620.1039)	$0	$7,500,000	$8,000,000
Costs - Jobs Now bond payments (Sections 100.255 - 100.293)	$0	($8,502,000)	($10,002,000)
Costs - MDFB Infrastructure Fund (Sections 100.263 - 100.286)	(Unknown)	(Unknown)	(Unknown)
Costs - Department of Revenue Programming (Section 135.610)	($69,255)	$0	$0
Costs - Department of Revenue Programming (Section 135.1070)	($69,255)	$0	$0

FISCAL IMPACT - State Government (continued)	FY 2005 (10 Mo.)	FY 2006	FY 2007
Costs - Department of Revenue			
Programming (Section 620.484)	($69,255)	$0	$0
Costs - Department of Economic Development (DED) Section 135.610 (Scholarship Charity Tax Credit)			
Personal Service (1 FTE)	($30,760)	($37,835)	($38,781)
Fringe Benefits	($12,735)	($15,664)	($16,055)
Expense and Equipment	($18,200)	($12,051)	($12,412)
Total Costs - DED	($61,695)	($65,550)	($67,248)
Costs - Department of Economic Development (DED) for Sections 178.980 - 178.985 (Job Training)			
Personal Service (1.5 FTE)	($45,146)	($55,542)	($56,931)
Fringe Benefits	($18,695)	($22,994)	($23,569)
Expense and Equipment	($931)	($1,152)	($1,185)
Total Costs (DED)	($64,772)	($79,688)	($81,685)
Costs - DED (for Sections 135.208 - 135.263) - new Enterprise Zones			
Personal Service (1 FTE)	($39,040)	($40,016)	($41,017)
Fringe Benefits	($16,163)	($16,567)	($16,981)
Expense and Equipment	($17,041)	($12,051)	($12,412)
Total Costs - DED	($72,244)	($68,634)	($70,410)
Loss - increase in the annual limit for tax credits for the BUILD program (Section 100.850)	$0	($2,500,000)	($3,000,000)
Loss - Expansion of definition of "distressed community" (Section 135.530)	(Minimal)	(Minimal)	(Minimal)
Loss - Tax Credits for Contributions to educational assistance organizations (Section 135.610)*	($10,000,000)	($10,000,000)	($10,000,000)

FISCAL IMPACT - State Government (continued)	FY 2005 (10 Mo.)	FY 2006	FY 2007
Loss - new Enhanced Enterprise Zone program (Section 135.1070.5)	$0	($400,000)	($800,000)
Loss - Jobs Training Tax Credit (Section 620.484)	($500,000)	($500,000)	($500,000)
Transfer Out - Percentage of gross wages paid to project employees transferred to Missouri Community College job training retention program fund (Sections 178.980 - 178.985)	$0	($6,000,000)	($6,000,000)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND ***	**$2,702,019 to ($10,906,476)**	**($4,103,522, to $17,715,872)**	**($3,107,295 to $16,721,343)**

*** The net effect to the General Revenue Fund from the Scholarship Charity Tax Credit Program assumes the maximum amount of tax credits are being utilized by taxpayers and that the average anticipated savings per pupil are being realized by the state.**

**** Administrative costs for DED (or possible designated nonprofit oversight organization) shall be no more than 2% of contributions.**

***** The fiscal impact could be divided between the General Revenue Fund and the County Insurance Funds (which ultimately goes to local school districts) if some of the tax credits are utilized against insurance premium taxes.**

MISSOURI COMMUNITY COLLEGE JOB TRAINING RETENTION PROGRAM FUND			
Transfer In - Percentage of gross wages paid to project employees transferred from the General Revenue Fund (Sections 178.980 - 178.985)	$0	$6,000,000	$6,000,000

FISCAL IMPACT - State Government (continued)	FY 2005 (10 Mo.)	FY 2006	FY 2007
Expense - appropriations to community college districts of withholding taxes collected per the agreements *	$0	($6,000,000)	($6,000,000)
ESTIMATED NET EFFECT TO THE MISSOURI COMMUNITY COLLEGE JOB TRAINING RETENTION PROGRAM FUND	**$0**	**$0**	**$0**

*** Subject to Appropriation**

HIGHWAY FUND

Loss - Department of Transportation (Jobs Now - Sections 100.255 - 100.293)	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
ESTIMATED NET EFFECT TO THE HIGHWAY FUND	**$0 TO (UNKNOWN)**	**$0 TO (UNKNOWN)**	**$0 TO (UNKNOWN)**

ROAD FUND

Loss - Department of Transportation (Jobs Now - Sections 100.255 - 100.293)	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
ESTIMATED NET EFFECT TO THE ROAD FUND	**$0 TO (UNKNOWN)**	**$0 TO (UNKNOWN)**	**$0 TO (UNKNOWN)**

JOBS NOW FUND (from Sections 100.255 - 100.293)

Income - from sale of revenue bonds or appropriation from general assembly	Unknown	Unknown	Unknown

FISCAL IMPACT - State Government (continued)	FY 2005 (10 Mo.)	FY 2006	FY 2007
Costs - Loans or Grants to Jobs Now applicants	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT TO THE JOBS NOW FUND	**$0**	**$0**	**$0**

FISCAL IMPACT - Local Government	FY 2005 (10 Mo.)	FY 2006	FY 2007
COMMUNITY COLLEGE DISTRICTS SPECIAL PROJECTS FUNDS (from Sections 178.980 - 178.985)			
Income - appropriations from the Missouri junior college retained job training fund	$0	$6,000,000	$6,000,000
Income - other income received by the district required by the agreement	Unknown	Unknown	Unknown
Expenses - program costs for the projects	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT TO THE COMMUNITY COLLEGE DISTRICTS SPECIAL PROJECTS FUNDS	**$0**	**$0**	**$0**

FISCAL IMPACT - Local Government (continued)	FY 2005 (10 Mo.)	FY 2006	FY 2007
LOCAL GOVERNMENTS			
Income - Sales tax proceeds for economic development purposes (Section 67.1303 & 94.578)	$0 or Unknown	$0 or Unknown	$0 or Unknown
Income - Cities/Counties Increased Sale/Use Tax (Sections 67.1401 - 67.1545)	$0 or Unknown	$0 or Unknown	$0 or Unknown
Income - Increase in business license fee (from Section 71.620)	$0 or Unknown	$0 or Unknown	$0 or Unknown
Income - Greene County for mobile phones (Section 190.304)	$0 or Unknown	$0 or Unknown	$0 or Unknown
ESTIMATED NET EFFECT TO LOCAL GOVERNMENTS	**$0 or UNKNOWN**	**$0 or UNKNOWN**	**$0 or UNKNOWN**
LOCAL SCHOOL DISTRICTS (from Section 163.036)			
Savings - of educational expenses of not educating students who receive scholarships to attend other schools	$0	$0 to Unknown	$0 to Unknown
Loss - of state funding for students who receive scholarships from program to attend other schools	$0	$0 to ($13,546,800)	$0 to ($13,546,800)
ESTIMATED NET EFFECT TO LOCAL SCHOOL DISTRICTS	**$0**	**UNKNOWN TO ($13,546,800)**	**UNKNOWN TO ($13,546,800)**

FISCAL IMPACT - Small Business

Small businesses could be impacted by the changes to various programs within the proposal.

DESCRIPTION

This substitute makes changes to various economic development programs.

Sections 30.750 - 30.765 establish "Eligible multi-tenant development enterprises" to the list of linked deposits which the State Treasurer may invest. The aggregate amount of deposits is raised by $10 million to $360 million at any one time, with no more than $10 million to be used for linked deposits to eligible multi-tenet development enterprises.

Sections 32.105 & 32.110 makes changes to the allocation of tax credits in the Neighborhood Assistance Program.

Section 67.265 adds that any city or county of this state may enact ordinances or resolutions addressing substance related health issues.

Section 67.1303 allows Springfield, Joplin, Jasper County and Butler County to propose a ballot measure to voters for a sales tax for economic development purposes.

Sections 67.1401 - 67.1545 of the proposal expands the community improvement district law to enable any district formed as a political subdivision to establish a sales tax to fund the district. Consistent with constitutional provisions, such tax, under the current law, would have to be submitted to a vote of the people

Under current law, a business license tax up to $10,000 may be imposed by villages with less than 1,300 inhabitants. Section 71.620 increases that limit to $15,000.

Section 94.578 authorizes Springfield to put a ballot measure in front of voters to enact a sales tax for improvements in the city's center city.

Sections 100.255 - 100.293 implements the "Jobs Now" initiative. The initiative creates the jobs now fund which will come under the industrial development authority, and will be able to receive funds similarly to the existing development and reserve fund and the guarantee fund. The moneys in the fund will be expended for grant and loans as approved by a new a "Jobs Now Recommendation Committee", comprised of representatives of the department of economic development, the department of agriculture, the department of natural resources, and the

DESCRIPTION (continued)

department of transportation. The proposal establishes and application process for such loans and grants.

This substitute also adds to the definition of "eligible industry" in regards to the BUILD program, to incorporate "a project for a world headquarters of a business whose primary function is tax return preparation" and has created a minimum of 100 new jobs for eligible employees (Section 100.710).

The substitute also increases the annual amount of tax credits available for the BUILD program from $11 million to $15 million (Section 100.850).

The substitute also sunsets the tax credits for the New or Expanded Business Facility program as of January 1, 2005 (Section 135.155).

The substitute also creates numerous enterprise zones and a satellite zone. (Sections 135.207 - 135.262). The proposal goes on to declare that the state benefits for enterprise zones will cease as of January 1, 2005 (Sections 135.286 and 135.288).

Current law defines "distressed community" to include various areas including metropolitan statistical areas and certain census block groups. Regarding census block groups, this substitute modifies the definition to say that a distressed community includes census block groups which have a population of at least 500, down from the current law population requirement of 2,500. The proposal also adds to the definition by including within the definition federal empowerment zones, federal enhanced enterprise communities, or a state enterprise zone designated before January 1, 1986, if such zones or communities lie in metropolitan statistical areas. (Section 135.530).

Sections 135.610 and 163.036 enact the Betty Thompson Scholarship Tax Credit;

The program authorizes an individual income tax credit for contributions of $200 or more to a Missouri nonprofit educational assistance organization. Contributions for the educational expenses of a taxpayer's dependent do not qualify. The amount of the tax credit will be equal to 70% of the contribution.

The amount of the tax credit cannot exceed the tax liability of the taxpayer in any one year. Any unused credit can be carried forward for four years.

DESCRIPTION (continued)

The cumulative amount of tax credits cannot exceed $10 million per fiscal year. The Director of the Department of Economic Development will establish a procedure to apportion the tax credits among all nonprofit educational assistance organizations.

The director will annually determine which organizations may be classified as nonprofit educational assistance organizations. The proposal lists the conditions for qualification.

The proposal allows the director to contract with a nonprofit educational assistance organization to be a designated nonprofit oversight organization to administer the program. Contributions are to be distributed to the educational assistance organization for student scholarships less up to 2% for administrative costs.

School boards of certain school districts may opt to participate in this program by adopting a resolution and submitting it to the Department of Elementary and Secondary Education.

The proposal requires the eligible pupil count to be adjusted if a pupil no longer is enrolled or transfers to another school because of using the proceeds of an educational scholarship.

The tax credit will apply to all tax years beginning on or after January 1, 2004.

Sections 135.1050 - 135.1075 enacts Enhanced Enterprise Zones. The proposal also prevents new revenue producing enterprises from utilizing the existing enterprise zone law after January 1, 2005. These new enhanced enterprise zones will have criteria for qualification.

To be in a zone, an area must meet all the following criteria:

(1) The area is blighted, has pervasive poverty, unemployment, and general distress;

(2) At least sixty percent of the residents living in the area have incomes below ninety percent of the median income of all residents within the state of Missouri;

(3) The resident population of the area must be at least five hundred but not more than one hundred thousand at the time of designation as an enterprise zone if the area lies within a metropolitan statistical area, as established by the United States Census Bureau, or if the area does not lie within a metropolitan statistical area, the resident population of the area at the time of designation must be at least five hundred but not more than forty thousand inhabitants. If not, the population of the area must be at least fifty percent of the population of the jurisdiction. However, no enhanced enterprise zone shall consist of the total area within the political

DESCRIPTION (continued)

boundaries of a county; and

(4) The level of unemployment within the area exceeds one and one-half times the average rate of unemployment for the state of Missouri over the previous twelve months, or the percentage of area residents employed on a full-time basis is less than fifty percent of the statewide percentage of residents employed on a full-time basis.

In addition, an area, to qualify as an enhanced enterprise zone, must be demonstrated by the governing authority to have either:

(1) The potential to create sustainable jobs in a targeted industry; or

(2) A demonstrated impact on industry cluster development.

The enhanced enterprise zone designation, if approved by the joint committee, would be in effect for 25 years.

The benefits of an enhanced enterprise zone are similar to those of current enterprise zones, including tax credits. Up to $4 million in benefits can be authorized annually for this program.

The substitute also creates the authority for community college districts to enter project agreements, with the approval of the Department of Economic Development after consultation with the Office of Administration, with employers who have retained jobs that represent a substantial investment in technology or that were at risk of relocation out of state. The proposal specifies the requirements for qualifying employers. Community colleges will provide job training, skills assessments, and training facilities, among other services, and may subcontract with other public and private colleges and with governmental agencies. The agreements may provide that program costs would be met by receipt of retained jobs credits from withholding, based on 2.5% of the gross wages paid to employees in the first 100 retained jobs and 1.5% for any additional retained jobs. The employer is responsible for meeting any shortfall in withholdings. Community college districts may issue industrial retained job training certificates to provide funds for the payment of costs of the programs, with a statewide cap of $15 million. The substitute also sets timetables for approval of projects; establishes special funds; and regulates the disbursal of moneys to those funds, certification of withholdings, and borrowing for and issuance of certificates by community college districts. The provisions of this section will expire six years from the effective date and no certificates can be sold after July 1, 2014. (Sections 178.980 - 178.985).

DESCRIPTION (continued)

Section 190.304 allows Greene County to put before the voters a tax on their mobile phone lines to pay for the operation of emergency telephone service and the operational costs associated with the answering and dispatching of emergency calls.

Sections 620.472 - 620.484 establishes a new $500,000 annual tax credit for fifty percent of the costs arising from employment of an approved third-party training provider engaged in new or expanding industry training or basic industry retraining programs.

Section 620.1039 sunsets the Qualified Research Tax Credit stating "for all tax years beginning on or after January 1, 2005, no tax credit shall be approved, awarded, or issued to any person or entity claiming any tax credit under this section."

The substitute also deletes the Skills Development Account Tax Credit (Sections 620.1400 - 620.1460).

The substitute also deletes the Mature Worker Tax Credit (Section 620.1560).

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 Insurance
Department of Revenue
Office of the State Treasurer
Department of Higher Education
Department of Transportation
Office of Administration
    Division of Accounting
    Division of Personnel
Office of the State Courts Administrator
Office of the Secretary of State
Department of Labor and Industrial Relations
Department of Elementary and Secondary Education
City of Maryland Heights
Jefferson County
Jasper County

RAS:LR:OD (12/02)

SOURCES OF INFORMATION (continued)

NOT RESPONDING: City of Springfield, Greene County

Mickey Wilson

Mickey Wilson, CPA
Director
May 6, 2004