

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1857-01
Bill No.: HB 701
Subject: Economic Development; Revenue Department; Taxation and Revenue.
Type: Original
Date: March 8, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

In response to a similar proposal from this year (SB 343), officials from the **Department of Revenue** assumed the proposal would not fiscally impact their agency.

Officials from the **Department of Economic Development (DED)** state the bill combines the current state TIF limit of \$15 million per year with the \$150 million per year cap on MODESA. The impact of the change can not be projected. The bill also includes language allowing for staff salaries to be charged against TIF projects. Some parts of 5 employees' salaries could be charged against fees, depending on time spent on the programs. DED would anticipate use of current GR funding with administrative fee cost collections going to offset costs, resulting in additional revenue to the state. DED assumes a positive unknown state economic impact since billing and collected funds will be deposited back into state GR.

Officials from the **Office of Administration** did not respond to Oversight's request for fiscal impact.

Oversight assumes that since the appropriated spending from the Supplemental Tax Increment Financing Fund (848) in FY 2004 was only \$1,784,758, and the appropriated spending from the

ASSUMPTION (continued)

State Supplemental Downtown Development Fund (766) in FY 2004 was \$0, limiting the two programs to a combined annual limit of \$150 million (instead of \$165 million) will have no fiscal impact on the state.

Oversight also assumes DED was already allowed to recoup administrative costs from project developers on an annual basis per subsection 99.845.13, and the new language in the proposal again allows DED to recoup administrative costs, although this time from new state revenues deposited into the Missouri supplemental tax increment financing fund. Therefore, Oversight will assume the replacement language in subsection 99.845.13 will not result in additional revenues to the state's General Revenue Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

The proposal provides that the annual amount of the revenues approved for disbursements from the MO supplemental tax increment financing fund, in combination with the annual amount of other new revenues approved for disbursements from the state supplemental downtown development fund (under Section 99.960, RSMo) shall not exceed one hundred fifty million dollars.

DESCRIPTION (continued)

Under the act, redevelopment project costs may include portions of salaries and expenses of the Department of Economic Development and the Department of Revenue allocable to each redevelopment project approved for disbursements from the MO supplemental tax increment financing fund for administrative functions associated with such redevelopment project. The amounts shall be recovered from new state revenues deposited in the MO supplemental tax increment financing fund.

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 Revenue
Department of Economic Development

NOT RESPONDING: Office of Administration



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Director
March 8, 2005