

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0651-01
Bill No.: HB 103
Subject: Economic Development; Taxation and Revenue - General
Type: Original
Date: March 15, 2007

Bill Summary: This proposal establishes additional tax increment financing guidelines.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government*	\$0	\$0	\$0

*** Offsetting gains and losses to various local political subdivisions.**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** and the **Department of Economic Development** each assume the proposal would not fiscally impact their respective agencies.

In response to a similar proposal from last year, officials from the **School District of Kansas City** assumed the proposal would result in a positive fiscal impact on the district revenue. Tighter guidelines will result in fewer projects qualifying for the incentive, and the district will receive its share of the incremental revenue from the projects.

Officials from the **St. Louis Public Schools**, the cities of **St. Louis, Kansas City, Springfield** and **Fulton**, and the counties of **St. Louis, Franklin, Platte** and **St. Charles** did not respond to our request for fiscal impact.

Oversight assumes the additional restrictions placed on future TIF projects will not fiscally impact local governments. Oversight also assumes the referendum clauses within the proposal will not fiscally impact local governments as the TIF projects are discretionary.

Oversight assumes the net effect to all local political subdivisions, municipal special allocation funds and all other local taxing entities would net to zero.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2008
(10 Mo.)

FY 2009

FY 2010

LOCAL POLITICAL SUBDIVISIONS

Income to School Districts - real property levies attributable to the residential portion of TIF residential developments shall pass through to school districts (99.866)

Unknown

Unknown

Unknown

Loss - to municipalities' Special Allocation Fund for real property levies attributable to the residential portion of TIF residential developments shall pass through to school districts (99.866)

(Unknown)

(Unknown)

(Unknown)

**TOTAL ESTIMATED NET EFFECT
 TO ALL LOCAL POLITICAL
 SUBDIVISIONS**

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

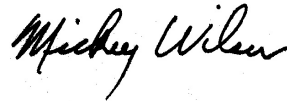
This bill changes the laws regarding tax increment financing (TIF). The bill specifies that if a TIF project includes residential uses, real property tax revenues attributable to the residential portion of the development will go directly to the affected school districts unless commission members representing the affected districts say they will forgo this revenue

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
Kansas City Public Schools

NOT RESPONDING: cities of Kansas City, St. Louis, Springfield, Fulton, counties of St. Louis, St. Charles, Franklin, Platte and the St. Louis Public School district

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 15, 2007