

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1570-02  
Bill No.: HB 908  
Subject: Kansas City; Economic Development  
Type: Original  
Date: April 6, 2011

---

Bill Summary: This proposal requires Missouri counties of the Kansas City Metropolitan Area to expend \$1.50 for every expenditure of \$1.00 by Kansas counties in the Kansas City Metropolitan Area to promote economic development.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
General Revenue	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(More than \$100,000)</b>	<b>(More than \$100,000)</b>	<b>(More than \$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<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 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **State Tax Commission** and the **Department of Revenue** assume that there is no fiscal impact from this proposal.

Officials from the **County of Clay** assume the State of Missouri will be picking up the tab; therefore, the County assumes there would be no fiscal impact from this proposal. If the proposal changes and requires the expenditure of county funds, then the County would be opposed.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**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.

Officials from the **Department of Economic Development - Division of Business and Community Service (DED)** assume an unknown negative impact over \$100,000 as a result of this proposal, as it would be difficult for DED to determine the amount of funds being spent by the state of Kansas on promoting economic development in the Kansas City Metropolitan Area. The proposal requires the state of Missouri to expend \$1.50 to promote economic development in counties of the Kansas City Metropolitan Area for every \$1.00 spent to promote economic development by the state of Kansas in counties of the Kansas City Metropolitan Area. "Expenditure" is defined as "appropriation, grant, financial award, loan, debt authorization, tax authorization, or an reduction in revenue collected as a result of a tax deduction, tax exemption, tax credit, tax abatement, or other tax preference, in connection with any program administered by the department of economic development, or any other applicable program."

ASSUMPTION (continued)

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume the proposed legislation should not result in additional costs or savings to BAP. This proposal may result in reduced general and total state revenues, if incentive programs are expanded, or require an increase in general revenue expenditures. This proposal may encourage other economic activity, BAP cannot estimate the induced revenue.

**Oversight** has, for fiscal note purposes, assumes General Revenue will be the funding source since no funding source is designated in this proposal.

**Oversight** assumes there will be some fiscal benefit resulting from this proposal; however, Oversight considers those benefits to be an indirect impact and have not reflected them on the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
---	---------------------	---------	---------

**GENERAL REVENUE FUND**

Costs - Department of Economic  
 Development (\$620.1930)

Promote economic development in  
 counties of the Kansas City Metropolitan  
 area

<u>(More than</u> <u>\$100,000)</u>	<u>(More than</u> <u>\$100,000)</u>	<u>(More than</u> <u>\$100,000)</u>
--	--	--

**ESTIMATED NET EFFECT ON  
 GENERAL REVENUE FUND**

<u>(More than</u> <u>\$100,000)</u>	<u>(More than</u> <u>\$100,000)</u>	<u>(More than</u> <u>\$100,000)</u>
--	--	--

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
---	---------------------	---------	---------

<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.

KG:LR:OD

### FISCAL DESCRIPTION

Beginning July 1, 2013, this bill requires that for every dollar spent by the State of Kansas for promoting economic development in the Kansas counties that are part of the Kansas City metropolitan area, the State of Missouri must spend \$1.50 for promoting economic development in the Missouri counties that are part of the Kansas City metropolitan area. "Kansas City metropolitan area" means the multicounty metropolitan area straddling the border between Missouri and Kansas consisting of the Missouri counties of Jackson, Platte, Clay, and Cass and the Kansas counties of Johnson, Leavenworth, and Wyandotte.

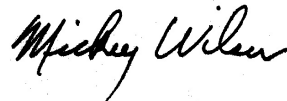
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Office of Secretary of State  
County of Clay  
State Tax Commission  
Department of Revenue  
Department of Economic Development  
-Division of Business and Community Services  
Office of Administration  
-Division of Budget and Planning

### NOT RESPONDING

County of Cass  
County of Platte  
City of Kansas City



Mickey Wilson, CPA  
Director  
April 6, 2011