

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4958-01  
Bill No.: SB 647  
Subject: Capitol Improvements; Courts; Historic Preservation; Public Buildings; Tax Credits; Transportation Department  
Type: Original  
Date: February 10, 2012

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Bill Summary: This proposal provides for funding of the capitol complex revitalization project by modifying the historic preservation tax credit program.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>       |                |                                   |                |
|---|----------------|-----------------------------------|----------------|
| <b>FUND AFFECTED</b>                                      | <b>FY 2013</b> | <b>FY 2014</b>                    | <b>FY 2015</b> |
| General Revenue   | \$0            | Unknown up to \$50,000,000        | \$0            |
|   |                |                                   |                |
| <b>Total Estimated Net Effect on General Revenue Fund</b> | <b>\$0</b>     | <b>Unknown up to \$50,000,000</b> | <b>\$0</b>     |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |                |                |   |
|---|----------------|----------------|---|
| <b>FUND AFFECTED</b>  | <b>FY 2013</b> | <b>FY 2014</b> | <b>FY 2015</b>                          |
| State Road Fund   | \$0            | \$0            | (Unknown greater than \$100,000)        |
| Capitol Complex Revitalization Fund*                          | \$0            | \$0            | \$0                                     |
| <b>Total Estimated Net Effect on <u>Other</u> State Funds</b> | <b>\$0</b>     | <b>\$0</b>     | <b>(Unknown greater than \$100,000)</b> |

\* Revenue and expenses net to zero.

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 7 pages.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2013    | FY 2014    | FY 2015    |
|   |            |            |            |
|   |            |            |            |
| <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 2013  | FY 2014  | FY 2015  |
|   |          |          |          |
|   |          |          |          |
| <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 2013    | FY 2014    | FY 2015    |
| <b>Local Government</b>                    | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 8.008 Capitol Complex Revitalization Fund

Officials at the **Office of State Treasurer** assume that there is no fiscal impact from this proposal.

Officials at the **Office of Administration's Division of Facilities Management, Design and Construction (FMDC)** assume there are many considerations that must occur prior to implementation. Concerning MoDOT and their headquarters becoming a Capitol Annex FMDC would defer to MoDOT. MoDOT's potential for construction of a new building and/or increase in their lease budget for the misplacement of staff currently housed there. Additionally, MoDOT may want to lease this building to state entities instead of giving up total control of the building. The impact is unknown.

Officials at the **Missouri Department of Transportation (MoDOT)** assume an unknown greater than \$100,000 impact because the proposal does not indicate any funds being paid to MoDOT to relocate their office space from 105 West Capitol. MoDOT believes the appraised value of the property at 105 West Capitol is not enough to cover the cost of purchasing a new facility.

**Oversight** assumes that since the transfer of the funds to the Capitol Complex Revitalization Fund does not occur until FY 2015 that the earliest MoDOT would relocate would be in FY 2015. Oversight will show the impact to the State Road Fund in FY 2015.

#### Sections 253.550 and 253.559 Historic Preservation Tax Credit

Officials at the **Budget and Planning** assume this proposal reduces the cap on Historic Tax Credits from \$140 million to \$50 million, and sunsets the program on 8/28/18. Authorizations under this program averaged \$131.4 million over FY's 2009-2011. Based on prior redemption patterns, this proposal will increase General and Total State Revenues by \$1.9 million in FY13, \$8.1 million in FY14, and \$20.4 million in FY15, with additional amounts in subsequent years.

DED shall estimate the savings from this proposal, and beginning in FY 2015 transfer such amounts from the General Revenue fund to the Capitol Complex Revitalization Fund, until the aggregate amount in that fund is \$50 million.

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ASSUMPTION (continued)

Officials at the **Department of Economic Development (DED)** assume the proposed legislation will have a positive impact on Total State Revenues from Unknown to \$50 million. Historically, the estimated amount of tax credits authorized per fiscal year for the Historic Preservation tax credit program is \$100 million. The proposed legislation caps the amount of authorized tax credits at \$50 million which may increase the state's tax revenues by \$50 million. The proposal also transfers funds from General Revenue to the Capitol Complex Revitalization Fund which must be appropriated in order for the funds to be spent. DED is unable to determine the amount of funds that may be appropriated under Section 8.008.

Officials at the **Office of Administration's Division of Facilities Management, Design and Construction (FMDC)** assume there are many considerations that must occur prior to implementation. If the MoDot building does become a State Capitol Annex, FMDC is unable to determine at this time, the cost to renovate the building to accommodate the overflow of state entities from the Capitol to meet their facility needs. There would be additional Capitol renovation to redistribute the overcrowding of the Capitol. Also, there is the questions of does this automatically make the Annex a state-owned operation, which we do not have any funds to operate this site currently in our budget, like the utilities, janitorial, and maintenance. The impact of this proposal is unknown.

Officials at the **Office of State Treasurer** assume that there is no fiscal impact from this proposal.

**Oversight** assumes this proposal reduces the historic preservation tax credit cap starting in FY 2014 and continues at a reduced rate until the savings from the reduced cap equals \$50 million. Oversight will show the savings in revenue from the reduced cap as unknown up to \$50 million in FY 2014 and zero (all money saved in FY 2014) or unknown up to \$50 million (the difference between what was collected in FY 2014 and \$50 million) in FY 2015.

**Oversight** assumes this proposal requires the transfer of the savings from the reduced historic preservation tax credit to the Capitol Complex Revitalization Fund to begin in FY 2015. Oversight will show for the fiscal note that the transfer is up to \$50 million in FY 2015.

**Oversight** assumes that the Office of Administration will use all the funds in the Capitol Complex Revitalization Fund to begin the renovation of the proposed projects. Oversight assumes that all the money received by the fund will be spent and that the Fund will net to zero.

FISCAL IMPACT - State Government

FY 2013  
 (10 Mo.)

FY 2014

FY 2015

**GENERAL REVENUE**

Savings - from reducing the cap on the historic preservation tax credit

\$0    Unknown up to \$50,000 000    \$0 or Unknown up to \$50,000,000

Transfer Out- funding of the Capitol Complex Revitalization Fund

\$0    \$0    (Up to \$50,000,000)

**ESTIMATED NET EFFECT ON GENERAL REVENUE**

**\$0**    **Unknown up to \$50,000,000**    **\$0**

**STATE ROAD FUND**

Cost - relocation costs to a new facility

\$0    \$0    (Unknown greater than \$100,000)

**ESTIMATED NET EFFECT ON STATE ROAD FUND**

**\$0**    **\$0**    **(Unknown greater than \$100,000)**

**CAPITOL COMPLEX REVITALIZATION FUND**

Transfer In - from general revenue

\$0    \$0    Up to \$50,000,000

Cost - renovation of capitol complex

\$0    \$0    (Up to \$50,000,000)

**CAPITOL COMPLEX REVITALIZATION FUND**

**\$0**    **\$0**    **\$0**

FISCAL IMPACT - Local Government

FY 2013  
(10 Mo.)

FY 2014

FY 2015

\$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 act modifies the amount of historic preservation tax credits that the Department of Economic Development is permitted to authorize each fiscal year, beginning with fiscal year 2014, and requires that funds be transferred from General Revenue to a new fund, the Capitol Complex Revitalization Fund, based on the estimated amount of additional state tax revenues collected due to the changes to the historic preservation tax credit program, until the fund has received a total of fifty million dollars.

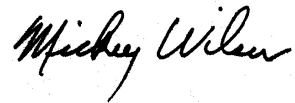
Under current law, the Department of Economic Development is prohibited from issuing more than one hundred forty million dollars in historic preservation tax credits in any fiscal year for projects which will receive more than two hundred and seventy-five thousand dollars in tax credits. Beginning fiscal year 2014, and each fiscal year thereafter until the Capitol Complex Revitalization Fund has received a total of fifty million dollars, this act would prohibit the Department of Economic Development from approving more than fifty million dollars in historic preservation tax credits increased by the amount of any recisions of approved applications for tax such credits.

Funds in the Capitol Complex Revitalization Fund are required to be used by the Division of Facilities Management, Design, and Construction to renovate and restore the facilities and grounds of the state capitol, the governor's mansion, the supreme court building, and to convert a building occupied by the Missouri Department of Transportation to an annex to the state capitol.

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

Budget and Planning  
Department of Economic Development  
Missouri Department of Transportation  
Office of Administration  
Office of State Treasurer

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

Mickey Wilson, CPA  
Director  
February 10, 2012