

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5586-02
Bill No.: HCS for HB Nos. 1646 & 1515
Subject: Business and Commerce; Tax Credits; Kansas City
Type: Original
Date: February 12, 2014

Bill Summary: This proposal prohibits issuance of certain incentives to a business relocating from certain counties in Kansas, if Kansas enacts a similar prohibition.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

In response to the previous version of this proposal, officials at the **Office of Administration's Division of Budget and Planning (BAP)** assumed this proposal would not fiscally impact BAP. This proposal prohibits the Department of Economic Development from issuing tax credits for the BUILD Program, New and Expanding Business Facility Program and the MO Works Program to businesses relocating from a Kansas border county to a Missouri border county, if the state of Kansas enacts similar prohibitions. If Kansas does not enact similar prohibitions, then DED will continue to issue tax credits to qualifying businesses in bordering counties. To the extent MO does or does not issue tax credits for these programs, General and Total State Revenues could be impacted.

Officials at the **Department of Economic Development** assume no fiscal impact from this proposal.

In response to the previous version of this proposal, officials at the **City of Kansas City** assumed they were unable to determine a fiscal impact from this proposal. It is hard to determine if growth is presumed to exist through the retention of existing jobs that might otherwise relocate to Kansas. The amount is dependent on the number of projects and therefore is unknown.

Officials at Cass County, Clay County, Jackson County and Platte County did not respond to **Oversight's** request for fiscal impact.

Oversight assumes this proposal requires action by the Kansas Legislature before it would go into effect. If the Kansas Legislature chooses not to act, this proposal would have no fiscal impact. If the Kansas Legislature chooses to adopt a similar proposal then a business would need to relocate in order for there to be a potential fiscal impact. Relocation of a business would be an indirect impact of the proposal and therefore, Oversight assumes this proposal would not have a fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2015
(10 Mo.)

FY 2016

FY 2017

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

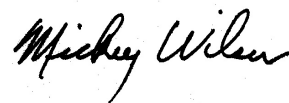
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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

City of Kansas City
Department of Economic Development
Office of Administration
Division of Budget and Planning



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Director
February 12, 2014

Ross Strobe
Assistant Director
February 12, 2014