

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5098-01  
Bill No.: HB 1847  
Subject: Elementary and Secondary Education  
Type: Original  
Date: March 12, 2018

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Bill Summary: This proposal specifies that a school board may vote to remove its operating levy from a certain definition related to tax increment financing for redevelopment projects.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<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>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Local Government</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Elementary and Secondary Education (DESE)**, **Department of Revenue (DOR)** and **Department of Economic Development** assume the proposal will have no fiscal impact on their organizations.

Officials from **Missouri Tax Commission** assume this proposal has no fiscal impact as the levy decision would be related to Tax Increment Financing of the redevelopment project and would be authorized by the affected governing body in this case the school board.

Officials from the **Office of Administration - Budget and Planning** assume this proposal will have no impact upon total state revenues or the calculation under Article X, Section 18(e).

Officials from the **Kirksville R-III School District** assume this proposal will have a positive fiscal impact on the district.

Officials from the **Wellsville-Middletown R-1 School District**, **West Plains School District** and **Summersville R2 School District** assume the proposal will have no fiscal impact on their organizations.

**Oversight** notes this proposal allows a school board to remove its operating levy from the definition of operating levies subject to tax increment financing for redevelopment projects under section 99.845. Oversight notes, property taxes within a tax increment financing district are frozen for a period of time and the property owners make Payments in Lieu of Taxes (PILOTS) to a special allocation fund which are then used to reimburse the developer for eligible project costs.

**Oversight** has, based on the tax increment financing information on the Department of Revenue website (2017 Tax Increment Financing in Missouri - Local TIF Project Information and Financial Data - February 1, 2018 and the 2016 Tax Increment Financing in Missouri - Local TIF Project Information and Financial Data - February 1, 2017), estimated the annual PILOTS amount at \$36,039,098 for 2017 for a sample of the tax increment financing projects. Due to time constraints, Oversight notes this number does not include all the PILOTS for the tax increment financing projects listed on DOR's website; therefore, Oversight assumes the annual PILOTS could exceed \$36,039,098.

ASSUMPTION (continued)

**Oversight** notes that a district's operating levy may be removed from the definition if a two-thirds majority of the school board votes in favor of the decision. Oversight cannot estimate the number of school boards which would opt to remove their operating levy from the definition subject to tax increment financing. Oversight will show a fiscal impact of \$0 (no school boards opt to remove their operating levy from the definition) to an unknown increase in revenue to school districts. Oversight assumes there would be an offsetting loss to the TIF district, but Oversight does not consider TIF districts to be local political subdivisions.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
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**LOCAL SCHOOL DISTRICTS**

Revenue Increase - opt to remove the school operating levy from the definition of levies subject to tax increment financing

\$0 to Unknown   \$0 to Unknown   \$0 to Unknown

**ESTIMATED NET EFFECT ON  
LOCAL SCHOOL DISTRICTS**

\$0 to Unknown   \$0 to Unknown   \$0 to Unknown

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill authorizes a school board to remove its district's operating levy from the definition of levies that are subject to tax increment allocation financing for redevelopment projects pursuant to Section 99.845, RSMo. The bill specifies that a district's operating levy will be removed from the definition if a two-thirds majority of the school board votes in favor after permitting public comment on the matter at two consecutive school board meetings.

FISCAL DESCRIPTION (continued)

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 Elementary and Secondary Education  
Department of Economic Development - Business and Community Services Division  
Department of Revenue  
Office of Administration - Budget and Planning  
Kirksville R-III School District  
Wellsville-Middletown R-1 School District  
West Plains School District  
Summersville R2 School District

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March 12, 2018