

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5324-01
Bill No.: HB 1609
Subject: Economic Development, Tourism, Housing, Department of Economic Development, St. Louis City, Entertainment, Sports and Amusements
Type: Original
Date: January 26, 2018

Bill Summary: This proposal authorizes the State and political subdivisions thereof to appropriate funds to aid land clearance projects in St. Louis.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(Up to \$6,000,000)	(Up to \$6,000,000)	(Up to \$6,000,000)
Total Estimated Net Effect on General Revenue	(Up to \$6,000,000)	(Up to \$6,000,000)	(Up to \$6,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration Division of Budget and Planning (B&P)** assume this proposal would allow the state to appropriate funds to St. Louis City for land clearance projects that were developed before August 28, 2018. The proposal requires any such land clearance project to produce a positive net fiscal impact for the state over the term of such agreement. The annual amount of state appropriation authorized may not exceed \$6 million per year.

Officials at the **Department of Economic Development (DED)** assume this legislation allows the State, acting through DED and Office of Administration, to appropriate funds for the purpose of land clearance projects or projects located within a city not within a county in order to develop, construct, reconstruct...any tourism infrastructure facilities existing as of 8-28-18 for which application is made and approved on or before 8-28-19. Appropriation is limited to portion of tax revenues derived directly or indirectly from the projects. The term shall not exceed 30 years. Annual cap shall not exceed \$6 million. The project shall be determined to produce a positive net fiscal impact for the state. DED shall make an annual written report to governor and general assembly regarding the project.

This will cause an impact of \$6 million dollars to the state and DED will need to hire one Economic Development Incentive Specialist III (\$53,136) to administer the program. It is possible that the \$6 million dollar impact will be offset by the requirement for a net positive fiscal impact.

Oversight notes that due to the limited amount of funding available for this program, \$6 million annually, that only a few projects may be impacted yearly. Oversight assumes that DED can absorb the cost of this program using existing resources. Should the number of projects justify the increased FTE, those FTE could be sought through the appropriation process.

Officials at the **Department of Agriculture, Department of Conservation, Department of Natural Resources, Division of Tourism** and the **Department of Health and Senior Services** each assume there is no fiscal impact from this proposal.

Officials at the **Office of Administration's Division of Accounting** and the **Division of Facilities Management, Design and Construction** each assume there is no fiscal impact from this proposal.

ASSUMPTION (continued)

Oversight notes this proposal states any agreement shall be determined to produce a positive net fiscal impact for the state over the term of such agreement. Oversight considers the positive benefits of the agreement to be an indirect impact and will not reflect it in the fiscal note.

Oversight notes this proposal states the State shall not appropriate more than \$6 million per year. Therefore, Oversight will show the fiscal impact as Up to \$6,000,000.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
Costs - DED - appropriation for qualified land clearance projects	(Up to <u>\$6,000,000</u>)	(Up to <u>\$6,000,000</u>)	(Up to <u>\$6,000,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(Up to <u>\$6,000,000</u>)	(Up to <u>\$6,000,000</u>)	(Up to <u>\$6,000,000</u>)
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<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.

FISCAL DESCRIPTION

This bill authorizes the state, acting through the Department of Economic Development and the Office of Administration, or any other public body, to appropriate funds to aid in the planning, undertaking, or carrying out of a land clearance project to develop, construct, reconstruct, rehabilitate, repair or improve any tourism infrastructure facilities in existence as of August 28, 2018. Application for such projects must be made and approved by the Department of Economic Development on or before August 28, 2019. Any annual appropriation for such project must be limited to a portion of tax revenues derived directly or indirectly from the project. The annual

FISCAL DESCRIPTION (continued)


amount of the state appropriation may not exceed \$6 million per year for any one project and must be determined to produce a positive net fiscal impact for the state over the terms of the project agreement.

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 Agriculture
Department of Conservation
Department of Economic Development
 Division of Tourism
Department of Health and Senior Services
Department of Natural Resources
Office of Administration
 Division of Accounting
 Division of Budget and Planning
 Division of Facilities Management, Design and Construction

Ross Strobe



Acting Director
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