

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0678H.01I
Bill No.: HB 977
Subject: Tax Incentives; Economic Development; Taxation and Revenue - Sales and Use;
Taxation and Revenue - Property; Political Subdivisions; Auditor, State
Type: Original
Date: March 29, 2021

Bill Summary: This proposal would change the laws regarding Tax Increment Financing Districts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- ☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Political Subdivisions*	\$0	\$0	\$0
Local Government	\$0	\$0	\$0

*Oversight assumes economic activity taxes/payments in lieu of taxes retained by local political subdivisions and the non-collection of economic activity taxes/payments in lieu of taxes by Tax Increment Financing Districts will net zero (\$0).

FISCAL ANALYSIS

ASSUMPTION

Oversight assumes this proposed legislation would prevent Tax Increment Financing Districts from collecting any economic activity tax or payments in lieu of tax from any tax that is dedicated to a specific purpose, as imposed by a local political subdivision, unless such local political subdivision, or the commission established under Section 99.820, has voted to allow the Tax Increment Financing Districts to collect the economic activity tax or payments in lieu of tax for such tax(es).

Therefore, **Oversight** assumes local political subdivisions may benefit as a result of the retained taxes that would have otherwise been diverted to and collected by the Tax Increment Financing Districts.

Oversight further assumes Tax Increment Financing Districts may recognize reduced revenues as a result of local political subdivisions retaining economic activity taxes or payments in lieu of taxes for the taxes that are dedicated to a specific purpose.

Officials from the **Springfield R-XII School District** anticipate this proposed legislation will result in an unknown fiscal impact, depending on activity.

Officials from the **High Point R-III School District** anticipate this proposed legislation will result in a fiscal impact.

Officials from the **Nodaway County Ambulance District** anticipate this proposed legislation will result in a fiscal impact.

Oversight notes this proposed legislation would become effective August 28, 2021 (Fiscal Year 2022)

Therefore, for purposes of this fiscal note, **Oversight** will report a revenue gain to local political subdivisions that impose taxes that are dedicated to a specific purpose equal to an unknown amount beginning in Fiscal Year 2022.

Oversight will report a revenue reduction to Tax Increment Financing Districts equal to an unknown amount beginning in Fiscal Year 2022.

Oversight assumes the general effect on local political subdivisions will offset and net to zero (\$0).

Officials from the **Office of Administration – Budget & Planning Division**, the **Missouri Department of Economic Development**, the **Missouri State Tax Commission**, the **Missouri Department of Revenue**, the **City of Corder**, the **City of Kansas City**, the **City of O’Fallon**, the **City of Springfield**, and the **Crawford County 911 Board** do not anticipate this proposed legislation will cause a fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for these organizations.

<u>FISCAL IMPACT –</u> <u>State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Gain – Section 99.851 – Retained Tax(es) By Political Subdivisions Imposing tax(es) Dedicated For A Specific Purpose</u>	Unknown	Unknown	Unknown
<u>Revenue Reduction – Section 99.851 – Tax Increment Financing Districts Non- Collection Of Economic Activity Tax(es) Dedicated For A Specific Purposes</u>	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<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

Beginning August 28, 2021, this bill prohibits a redevelopment project from collecting economic activity taxes or payments in lieu of taxes from any tax whose revenues are dedicated to a specific purpose unless the governing body of the municipality or the commission established under current law has voted to allow the redevelopment project to collect the economic activity taxes or payments in lieu of taxes of that tax.

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 Administration – Budget & Planning Division

Missouri Department of Economic Development

Missouri Department of Revenue

Missouri State Tax Commission

City of Corder

City of Kansas City

City of O'Fallon

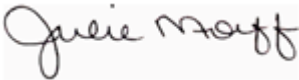
City of Springfield

Crawford County 911 Board

Nodaway County Ambulance District

High Point R-III School District

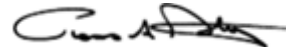
Springfield R-XII School District



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March 29, 2021



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March 29, 2021