

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4697H.02C  
 Bill No.: HCS for HB 2058  
 Subject: Transportation; Boards, Commissions, Committees, and Councils  
 Type: Original  
 Date: February 21, 2024

Bill Summary: This proposal modifies provisions relating to certain special taxing districts.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<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 2025	FY 2026	FY 2027
<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.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</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 2025</b>	<b>FY 2026</b>	<b>FY 2027</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 \$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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0 or (Unknown) to Unknown</b>	<b>\$0 or (Unknown) to Unknown</b>	<b>\$0 or (Unknown) to Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§67.1421 & 238.225 – Certain Special Taxing Districts

In response to similar legislation from 2023, Perfected HCS for HB 536, officials from the **City of Tipton**, the **City of Jefferson**, **Jackson County** and the **City of Springfield** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

#### §67.007 – Ballot Proposals by Political Subdivisions to impose a new tax or increase the rate of an existing tax

In response to similar legislation from 2023, Perfected HCS for HB 536, officials from the **Pettis County Ambulance District** assumed this proposal could potentially cause a shortfall in the budget for multiple years causing reduction in EMS services to the service area.

Officials from the **Branson Police Department** assume a negative impact from this proposal. This proposal has the potential to severely limit the ability to pass public safety sales taxes, impacting the ability for municipalities and counties to supply adequate public safety services.

**Oversight** assumes this section of the proposal requires a local political subdivision (LPS) to not resubmit to the voters any ballot measure imposing a new tax or increasing an existing tax if it was rejected by the voters of the LPS during the election cycle under section 115.205 or two years. The proposal also allows a LPS to resubmit to the voters a previously rejected tax proposal sooner than the election cycle if the new proposal states a “substantial change” as outlined in subsection 2 of the section. Therefore, Oversight assumes the proposal would not have a direct fiscal impact.

In response to similar legislation from 2023, Perfected HCS for HB 536, officials from the **City of Springfield**, the **Jackson County Board of Elections**, the **Kansas City Board of Elections**, the **St. Joseph Police Department** and the **Lincoln County Assessor’s Office** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

§§67.1521, 238.230 & 238.232 – Transportation Development Districts (TDD)

Officials from the **Department of Revenue (DOR)** assume this proposal adds language that would grant a property tax exemption to 501(c). Property tax is handled by the State Tax Commission and the county assessors. This is expected to be an unknown loss to the counties. DOR defers to the counties for fiscal impact.

The only property tax collected by the State is the Blind Pension Fund. Exempting property from tax is expected to result in a loss to the Blind Pension Fund. The Fund is administered by the Department of Social Services. DOR defers to them for the fiscal impact.

The rest of the provisions in this proposal will not have a fiscal impact on DOR.

**Oversight** assumes TDD revenue in LPS could be impacted and will reflect a \$0 or negative unknown impact to LPS for this section.

§67.2677 – Municipal Franchise Fees for Video Service Providers

Officials from **Kansas City** assume this section modifies the definition of video service provider to exclude streaming devices. Limiting the definition might have a negative fiscal impact if the City were allowed to include streaming in with video service.

In response to similar legislation from 2023, Perfected HCS for HB 536, officials from the **City of Springfield** anticipated a possible negative fiscal impact of an indeterminate amount from this bill if a court case in pending litigation involving another city determines that streaming services are obligated to pay video service licensing fees, since this bill would revise the definition of "video service" to exclude businesses offering streaming content.

**Oversight** assumes this proposal may create a fiscal impact to local political subdivisions that collect the franchise entity fee in Section 67.2689, as that fee utilizes the "video service" definition, which is being amended by this bill. Oversight will reflect a \$0 to potential unknown revenue and potential unknown loss to local political subdivisions.

Responses regarding the proposed legislation as a whole

Officials from the **Office of the State Courts Administrator**, the **Office of Administration - Budget and Planning**, the **Department of Social Services**, the **Department of Commerce and Insurance**, the **Department of Natural Resources**, the **Missouri Department of Transportation**, the **Office of the Secretary of State**, the **Platte County Board of Elections**, the **St. Louis City Board of Elections**, the **St. Louis County Board of Elections**, the **Phelps County Sheriff's Office**, the **Kansas City Police Department**, the **St. Louis County Police Department** and the **State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other cities, counties, county assessors, county circuit clerks, county collectors, county treasurers, local law enforcement agencies, fire protection districts and ambulance districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue/Loss</u> – potential revenue loss to TDD from property tax exemptions §§67.1521, 238.230 & 238.232 p.4	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue/Loss</u> – potential Video Service Provider Fees change from definition change to “video service” §67.2677 p.4	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<u>\$0 or (Unknown) to Unknown</u>	<u>\$0 or (Unknown) to Unknown</u>	<u>\$0 or (Unknown) to Unknown</u>

FISCAL IMPACT – Small Business

There could be a direct fiscal impact to small businesses if a previous rejected proposal is resubmitted to the voters and it does not have a substantial change.

FISCAL DESCRIPTION

The bill specifies that if a political subdivision submits a tax proposal for a new or increased tax authorized under a specific statute and it does not pass, the proposal cannot be submitted again for two years following the rejection.

A political subdivision may, however, resubmit a previously rejected tax proposal sooner than two years if the new proposal has one of the following "substantial changes": (1) A reduction equal to or greater than 25% of the rate of tax imposed by the previously rejected proposal; or (2) A dedicated fund other than the dedicated fund stated in the previously rejected proposal.

This bill allows a political subdivision to reintroduce a previously rejected tax proposal to voters before the next election cycle if the new proposal introduces a new tax authorized by law or increases the rate of existing tax authorized by law in a federal or state-declared natural disaster area.

This bill requires that if the governing body of a municipality wishes to establish a sales tax by way of a proposed community improvement district, the ordinance must be approved by a two-thirds vote of the governing body.

Any ordinance or petition approved under these provisions that establishes a district that is funded by a sales tax is required to pass by at least a two-thirds majority vote.

This bill exempts non-profit entities pursuant to 26 U.S.C. Section 501(c) from any property tax or special assessment that might be levied by a taxing district.

This bill excludes from the definition of "video service" a video service provider that provides content that is accessed via streaming.

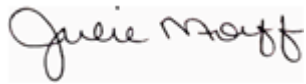
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

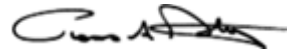
Kansas City  
Tipton  
Springfield  
Jefferson City  
Jackson County  
Pettis County Ambulance District  
Office of Administration - Budget and Planning  
Department of Social Services  
Jackson County Board of Elections  
Kansas City Board of Elections  
Platte County Board of Elections  
St. Louis County Board of Elections  
Lincoln County Assessor's Office  
St. Joseph Police Department  
Department of Revenue  
Office of the State Courts Administrator

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Department of Commerce and Insurance  
Department of Natural Resources  
Missouri Department of Transportation  
Office of the Secretary of State  
Phelps County Sheriff's Office  
Branson Police Department  
Kansas City Police Department  
St. Louis County Police Department  
State Tax Commission  
Platte County Board of Elections  
St. Louis City Board of Elections



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February 21, 2024



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