

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4697H.02P
Bill No.: Perfected HCS for HB 2058
Subject: Transportation; Boards, Commissions, Committees, and Councils
Type: Original
Date: March 12, 2024

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Local Government	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown

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.

House Amendment #1 (HA1)

Oversight assumes HA1 changes added language from the bill in §67.007 and §238.232 and will have no fiscal impact on the amendment.

§§115.240, 137.067 & 137.073 – Ballot Language Relating to Taxation

In response to similar legislation from this year, HB 1517, officials from the **Office of Administration - Budget and Planning (B&P)** noted this proposal:

- Has no direct impact on B&P.
- Has no direct impact on general or total state revenues.
- Will not impact the calculation pursuant to Art. X, Sec. 18(e)

B&P defers to the local governments for the fiscal impact.

In response to similar legislation from this year, HB 1517, officials from the **Greene County Clerk** assumed the only cost for the County Clerk's Office is ballot titling. For ballot titling, there is no cost. However, with ballot titling can come legal issues. Therefore, the county estimates the County Clerk's Office legal counsel for court appearances, etc. for any ballot titling challenges. The legal counsel rate is \$240 an hour. An estimate of a minimum of 8 hours would be \$1,920.

Oversight assumes local political subdivisions could absorb costs related to this proposal.

Officials from the **Department of Revenue** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

In response to similar legislation from this year, HB 1517, officials from the **State Tax Commission** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

In response to similar legislation from this year, HB 1517, officials from the **City of Kansas City, the City of Springfield, Jackson County Election Authority, Kansas City, Platte County Election Authority, St. Louis City BEC, St. Louis County Election Authority,**

Newton County Health Department, Eureka Fire Protection District (EURE) - St. Louis, and the Cole Camp Ambulance District 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.

Officials from the **Joint Committee on Administrative Rules** assumed this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to similar legislation from this year, HB 1517, officials from the **Office of the Secretary of State (SOS)** noted many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight does not anticipate a fiscal impact from this proposal. However, Oversight received a limited number of responses from local political subdivisions related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local political subdivisions 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.

House Amendment #2 (HA2)

Officials from the **Department of Revenue** assume the amendment will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight assumes HA2 will have no fiscal impact on this amendment.

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

<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
LOCAL POLITICAL SUBDIVISIONS			
<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
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<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.

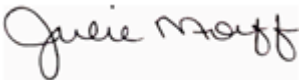
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

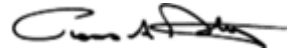
Kansas City
Tipton
Springfield
Jefferson City
Jackson County
Pettis County Ambulance District
Office of Administration - Budget and Planning
Department of Social Services
Jackson County Board of Elections
Kansas City Board of Elections
Platte County Board of Elections
St. Louis County Board of Elections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

L.R. No. 4697H.02P
Bill No. Perfected HCS for HB 2058
Page 9 of 9
March 12, 2024

St. Louis City Board of Elections
State Tax Commission
Joint Committee on Administrative Rules
Greene County Clerk
Newton County Health Department
Eureka Fire Protection District
Cole Camp Ambulance District



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March 12, 2024



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March 12, 2024