

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1331H.01I
Bill No.: HB 660
Subject: Transportation; Boards, Commissions, Committees, And Councils; Political
Subdivisions
Type: Original
Date: January 26, 2025

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Local Government*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*Oversight assumes special taxing districts could potentially lose revenue if TDDs are exempt from taxation under 26 U.S.C. Section 501(c), but assumes the loss would not reach the \$250,000 threshold.

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

Officials from the **Fruitland Area Fire Protection District** state this could impose a fiscal impact in the event a tax increase was defeated and having to wait to put the measure back on the ballot. In their case, they do not ask the voters for a tax increase on property tax unless all other means of funding have been exhausted. With the increasing costs of doing business, they could be put in a bad financial position if they have to go through two plus years to eventually get a tax increase passed.

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.

In response to similar legislation from 2024, Perfected HCS for HB 2058, officials from the **Branson Police Department** assumed 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 **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)

Oversight assumes TDD revenue for LPS could be impacted from this proposal. Oversight does not have any further information from agencies on the number of TDDs that are tax exempt in the State of Missouri in order to determine the fiscal impact. Therefore, Oversight will reflect a \$0 or negative unknown impact to LPS that would be less than the \$250,000 threshold for this proposal.

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

In response to similar legislation from 2024, 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.

In response to similar legislation from 2024, HB 1517, officials from the **City of Springfield, Eureka Fire Protection District (EURE)** 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.

Responses regarding the proposed legislation as a whole

Officials from the **Office of Administration - Budget and Planning (BAP)** defer to the local governments for the potential fiscal impact of this proposal. BAP assumes 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.

Officials from the **Department of Revenue, the Department of Social Services, the Department of Commerce and Insurance, the Department of Natural Resources, the Missouri Department of Transportation, Kansas City, Jackson County Board of Elections, the Platte County Board of Elections, the St. Louis City Board of Elections, the St. Louis County Board of Elections, the Newton County Health Department, the Phelps County Sheriff's Office, the Kansas City Police Department, the St. Louis County Police Department** and the **Joint Committee on Administrative Rules** 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.

In response to similar legislation from 2024, Perfected HCS for HB 2058, officials from the **Office of the State Courts Administrator** 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.

Officials from the **Office of the Secretary of State (SOS)** note 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 only reflects the responses received from state agencies and political subdivisions; however, other cities, counties, county health departments, 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 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue/Loss</u> – potential revenue loss to TDD from property tax exemptions under 26 U.S.C. §501(c) §§67.1521, 238.230 & 238.232 p. 3	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

FISCAL IMPACT – Small Business

There could be a direct fiscal impact to small businesses from §67.007 if a previous rejected proposal is resubmitted to the voters and it does not have a substantial change.

FISCAL DESCRIPTION

This 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.

The 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.

The 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 also requires that any ballot measure proposing a tax alteration on real property must clearly state the impact of the proposed change in terms of the actual amount per \$100,000 of a property's market value within the ballot language.

The bill requires that if voters are asked to approve a permanent increase to the tax rate ceiling before a temporary levy increase expires, the ballot language must clearly indicate that if the permanent increase is approved, the temporary levy will become permanent.

The bill defines "current tax rate ceiling" and "increased tax rate ceiling". When a majority of voters in a political subdivision approve a tax rate increase, the subdivision must use the current tax rate ceiling and the approved increase for the following tax year. If the assessed valuation of real property decreases in that year, the subdivision can adjust its levy rates to ensure it receives the same revenue it would have received without the property value reduction. The use of the increased tax rate ceiling must be revenue neutral, as mandated by the Missouri Constitution.

This bill further requires that any project proposals from a transportation development district be submitted to the Missouri Highways and Transportation Commission, or to the local transportation authority, as applicable, for approval prior to the construction or funding of any

project. The Missouri Highways and Transportation Commission, or the local transportation authority, as applicable, must approve the project by a two-thirds majority if the proposed project is to be funded by a sales 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

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
Fruitland Area Fire Protection District
State Tax Commission
St. Louis City Board of Elections
Joint Committee on Administrative Rules
Greene County Clerk

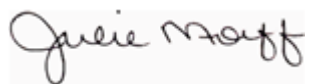
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Newton County Health Department
Eureka Fire Protection District
Cole Camp Ambulance District



Julie Morff
Director
January 26, 2025



Jessica Harris
Assistant Director
January 26, 2025