

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2838H.02I
Bill No.: HB 1346
Subject: Political Subdivisions; Lakes, Rivers and Waterways; Transportation; Cities,
Towns, and Villages; Counties; Economic Development
Type: Original
Date: March 10, 2025

Bill Summary: This proposal modifies provisions governing port authorities.

FISCAL SUMMARY

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

*According to DED, unknown costs on how a “New job” is defined by DED under the Missouri Works Program could exceed the \$250,000 threshold.

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	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§68.010, 68.015, 68.025, 68.035, 68.040, 68.045, 68.055, 68.057, 68.060, 68.075, 68.085, 68.205 & 68.253 – Port Authorities

Officials from the **Department of Revenue (DOR)** state the following:

§68.010 - Port Authorities

Currently statutes allow the creation of port authorities. This proposal appears to modify how port authorities are created and can function. It should be noted that port authorities currently have the right to levy sales and use taxes, as well as property tax.

This proposal appears to grant port authorities the ability to acquire, own, lease, sell, mortgage and encumber property in adjoining municipalities and even other states. It also allows them to create and operate their own agencies and departments. This would also grant a port authority in Kansas City the right to establish park rangers.

This proposal would grant the Kansas City port authority the right to act in lieu of the Kansas City council under the Housing Authority program (Section 99.010-99.230), the Land Clearance program (Sections 99.300 – 99.660) and the Urban Redevelopment program (Section 353.010 – 353.190). **DOR** is unable to determine what fiscal impact this expansion of authority may involve.

This proposal adds language that any department to whom an appropriation is made for a port authority is to advance the funds to the port authority without using a reimbursement basis. This proposal adds language that requires the department to reasonably require the port authority to pay back any money not spent consistently with the provisions in the bill.

DOR notes that if money must be advanced then **DOR** would not have the time necessary to ensure the money is spent correctly.

This proposal adds language allowing port authority commissioners to be removed for neglect of duties. It also modifies the purchasing authority of the port authorities. These changes will not fiscally impact **DOR**.

§68.075 - AIM Zone Tax Credit program

This proposal modifies the AIM Zone tax credit program. The current program allows a port authority that creates new jobs to retain 50% of the state withholding tax for those jobs. This program does not have a cap on the amount of withholding retained.

This proposal attempts to modify the definition of “new job” for determining eligibility of the retained withholding. This proposal would allow any job designated by the MO Works program as a “new job” to be eligible as a new job under the AIM Zone tax credit program, regardless of when that new job was created. DOR notes that the language does not specify that the new job had to be created within the boundaries of the port authority. Therefore, this proposal could potentially increase the amount of withholding retained by the port authorities under the AIM Zone tax credit program. Per a report by DED the AIM Zone project has resulted in approximately 370 new jobs created as of FY 2022 while the MO Works new jobs exceeded 11,500. DOR assumes this proposal would allow the additional 11,500 peoples’ withholding to be retained by AIM Zones.

DED administers the AIM Zone and MO Works tax credit programs and DOR assumes they would be able to provide the best estimate of the additional loss to general revenue from this proposal.

Officials from the **Department of Economic Development (DED)** assume §68.075.1(3) changes the definition of New Job to include "No job that was created prior to the date of the notice of intent shall be deemed a new job, provided that any job determined by the Missouri DED to be eligible for retention of withholding tax under the Missouri works program established in sections 620.2000 to 620.2020 shall be deemed a new job for purposes of this section notwithstanding that such job may have been created prior to the date of the notice of intent."

The impact depends on what the language is intended to mean. If it means that even though jobs created before the notice of intent (NOI) for AIM normally wouldn't count, they can if they meet the eligibility criteria of the Missouri Works program (MWP), then the impact would be significant, but the amount is unknown.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DED. Oversight inquired DED regarding their response. DED believes the impact would be over the \$250,000 threshold and would impact the GR fund. Therefore, Oversight will reflect §68.075 as a \$0 to unknown cost that could exceed the \$250,000 threshold.

Oversight assumes §68.035 allows moneys to be appropriated to port authorities instead of on a reimbursement basis. Oversight will show no fiscal impact for this section of the proposal.

Oversight assumes §68.057 raises the cap on procurement requirements for contracts from \$25,000 to \$50,000.

Oversight did not receive any responses from Port Authorities regarding the fiscal impact of this legislation. Oversight notes the Kansas City Port Authority, the Marion County Port Authority, the Mid-America Port Commission, and the Pike Lincoln County Port Authority are currently registered and onboard in the Missouri Legislative Information System (MOLIS). However, these entities did not respond to Oversight's request for fiscal impact. Other Port Authorities are not registered with the MOLIS system.

Without additional information, **Oversight** cannot estimate the impact to Port Authorities from this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Officials from the **Department of Public Safety (Office of the Director & Missouri Highway Patrol)**, the **Missouri Department of Transportation**, the **City of Kansas City**, and the **City of Osceola** 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.

Rule Promulgation

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

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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<u>Cost – DED – new definition of new job §68.075</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE*	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

*According to DED, unknown costs on how a “New job” is defined by DED under the Missouri Works Program could exceed the \$250,000 threshold.

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<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 provides that if a port authority created as a political subdivision purchases or leases real property located within an adjoining municipality or state, such real property is deemed included within the port district and the port authority can exercise its powers there.

The bill permits port authorities to acquire, own, lease, sell, mortgage, encumber, or otherwise dispose of interest in real property in adjoining municipalities and states; to create and operate agencies and departments as necessary; and to perform other acts as necessary.

This bill grants a port authority in Kansas City additional powers. The port authority can establish port rangers as it deems necessary. Rangers must complete peace officer certification and take an oath of office. Powers and duties of port rangers are provided in the bill. The municipal police force maintains primary jurisdiction over the port authority at all times. This port authority can contract with other port authorities for administrative support and to exercise the powers delegated to port authorities.

The bill allows a department or office receiving an appropriation of state funds for a project to be undertaken by a port authority to, by agreement, advance the designated funds to the port authority in that fiscal year in lieu of providing the funds on a reimbursement basis. The port authority will be required to repay the funds in the event it violates the requirements of the agreement.

This bill allows commissioners of port authorities to serve until a successor has been appointed.

The bill permits a board of port authority commissioners to determine the qualifications, salaries, powers, and duties of the board in its bylaws if the governing body of the county or municipality that created the port authority fails to do so.

The bill specifies the method for removing a member of a board of port authority commissioners.

This bill authorizes port authorities to use additional procurement methods authorized by state law.

Currently, any expenditure by a port authority over \$25,000 must be competitively bid. This bill raises that amount to \$50,000. The bill also requires newspaper notification of these bids no fewer than 20 days prior to awarding the contract.

This bill allows records and documents submitted to a port authority pertaining to a business prospect the authority is negotiating to be considered closed records for the purposes of public disclosure law.

Under current law, "consent" is considered the written acknowledgment and approval of the creation of a district by the owners of real property collectively owning more than 60% of the assessed value of the real property within the boundaries of the proposed district, and more than 60% per capita of the owners of property within those boundaries. This bill lowers 60% to 50% in both instances.

This bill exempts consideration of a petition by the circuit court if the port authority is the owner of all real property within the district for which a change has been proposed or if 100% of the owners of all real property within the district have consented in writing to the project.

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 Revenue

Department of Economic Development

Department of Public Safety

Office of the Director

Missouri Highway Patrol

Missouri Department of Transportation

Kansas City

Osceola

Joint Committee on Administrative Rules

Office of the Secretary of State



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March 10, 2025



Jessica Harris

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March 10, 2025