

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2108-01
Bill No.: HB 884
Subject: Business and Commerce; Economic Development; Taxation and Revenue.
Type: Original
Date: April 19, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

In response to a similar proposal from the 2004 session (HB 1659), officials from the **City of Springfield** assumed the proposal would not fiscally impact their agency.

Officials from the cities of **St. Louis, Kansas City, Cape Girardeau** and **Poplar Bluff** did not respond to Oversight's request for fiscal impact.

Oversight assumes the changes outlined in the Section 71.800, raising the levy limit on properties within the Special Business District from \$0.85 to \$1.50 per \$100 assessed valuation, could result in an increase in revenue to these districts. Oversight will reflect this possible increase in revenue as a range of \$0 (no increase in tax rates enacted) to a positive Unknown amount of revenue generated for the special business districts.

<u>FISCAL IMPACT - State Government</u>	FY 2006	FY 2007	FY 2008
	(10 Mo.)		
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
SPECIAL BUSINESS DISTRICTS			
<u>Income</u> - Levy cap for raised from \$0.85 to \$1.50 per \$100 assessed valuation within special business district.	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT TO SPECIAL BUSINESS DISTRICTS	<u>\$0 TO UNKNOWN</u>	<u>\$0 TO UNKNOWN</u>	<u>\$0 TO UNKNOWN</u>

FISCAL IMPACT - Small Business

Small businesses within special business districts may have to pay additional property taxes as a result of this proposal.

DESCRIPTION

Currently, the governing body of a city must conduct a survey which includes a suitable location and the approximate cost of the improvements when establishing a special business district. This proposal requires the petitioners instead of the governing body to submit the results of the survey to the governing body.

The proposal allows the governing body to modify the tax rate ceiling by resolution.

Currently, the governing body of the city creating the district has sole discretion as to how the revenue derived from any taxes can be used for the district. For districts administered by an appointed board of commissioners, the bill gives the board sole discretion as to how the revenue derived from any taxes can be used for the district instead of the governing body.

The allowable tax a district may impose on real property is increased from 85 cents to \$1.50 on every \$100 of assessed valuation to pay for the district's operating expenses.

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

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SOURCES OF INFORMATION

City of Springfield

NOT RESPONDING: cities of St. Louis, Kansas City, Cape Girardeau and Poplar Bluff.

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial "M".

Mickey Wilson, CPA
Director
April 19, 2005