

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0405-01
Bill No.: HJR 20
Subject: Economic Development; Counties; Business and Commerce; Political
Subdivisions
Type: Original
Date: March 3, 2017

Bill Summary: This proposes a constitutional amendment to require public approval in the relevant county before authorizing tax increment financing.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$0 or (More than \$7,800,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0 or (More than \$7,800,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of the Secretary of State (SOS)** assume each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, a joint resolution proposing a constitutional amendment is submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a Joint Resolution to a vote of the people, §115.063.2, RSMo, requires the state to pay the costs. The cost of the special election has been estimated to be \$7.8 million based on the cost of the 2016 Presidential Preference Primary. This figure was determined through analyzing and totaling expense reports from the 2016 Presidential Preference Primary received from local election authorities.

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2013, at the August and November elections, there were 5 statewide Constitutional Amendments or ballot propositions that cost \$2.17 million to publish (an average of \$434,000 per issue). In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation and the SOS was appropriated \$1.19 million to publish the full text of the measures. Due to this reduced funding, the SOS reduced the scope of the publication of these measures. In FY 2015, at the August and November elections, there were 9 statewide Constitutional Amendments or ballot propositions that cost \$1.1 million to publish (an average of \$122,000 per issue). Despite the FY 2015 reduction, the SOS will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

ASSUMPTION (continued)

Oversight has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2018. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled statewide primary election is in August 2018 and the next scheduled general election is in November 2018 (both in FY 2019). It is assumed the subject within this proposal could be on one of these ballots; however, it could also be on a special election called for by the Governor. Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2018.

Officials at the **St. Louis County** assume that to hold a countywide municipal election in April, the cost would be \$300,000 to \$350,000, so unless the TIF vote were held in a general election it would be costly.

Officials at **Cole County** estimate election costs of \$35,000 to have an election to approve a TIF.

Officials at the **Platte County Board of Election Commission** assume the cost of a countywide election is \$75,000. Based on population of an improving district, the district will pay some portion of the \$75,000.

Officials at the **City of Kansas City** assume a potentially large negative fiscal impact on the City, in an indeterminate amount.

Officials at the **City of West Plains** assume the opportunity cost of lost sales tax related to new development associated with this proposal is impossible to quantify. The cost of an election is \$12,000.

Officials at **Boone County** assume this could result in a tax savings to many affected tax entities, including counties, schools, fire and library districts that receive property and/or sales taxes, since this measure would preclude diversion of essential voter-approved revenue streams unless taxpayers agree to it.

Officials at the **St. Louis County Board of Election Commission** and **Callaway County** each assume there is no fiscal impact from this proposal.

ASSUMPTION (continued)

Oversight notes this proposal requires a political subdivision to hold an election and receive approval of a majority of the voters before enacting a redevelopment plan. Oversight notes that the price a political subdivision pays for an election is determined by the number of political subdivisions holding an election at the same time as well as the number of candidates and/or issues on the ballot. Oversight notes that if this joint resolution is adopted at the November 2018 election, the first projects impacted by this proposal would be projects beginning in December 2018. Oversight is unable to determine if or when a political subdivision may choose to hold an election and therefore, will not show a fiscal impact from this proposal in the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE			
<u>Cost</u> - Election reimbursements to local governments if a special election is called by the Governor.	\$0 or (More than \$7,800,000)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (More than \$7,800,000)	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2018 (10 Mo.)	 FY 2019	 FY 2020
LOCAL GOVERNMENTS			
<u>Reimbursement</u> - Election costs	More than \$7,800,000	\$0	\$0
<u>Cost</u> - Special election for proposed constitutional amendment if a special election is called by the Governor.	\$0 or (More than \$7,800,000)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<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

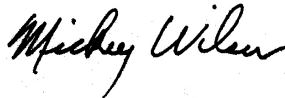
Upon voter approval, this proposed Constitutional amendment prohibits counties and other political subdivisions from authorizing tax increment financing pursuant to a redevelopment plan unless such plan is approved by a majority of the qualified voters of that county or political subdivision.

This amendment also contains a grandfather clause, exempting already authorized redevelopment plans from the resolution unless a county or political subdivision tries to modify, amend, or expand such a redevelopment plan.

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

Boone County
Callaway County
City of Kansas City
City of West Plains
Cole County
Office of the Secretary of State
Platte County Board of Election Commission
St. Louis County
St. Louis County Board of Election Commission



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March 3, 2017

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March 3, 2017