

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0600-01  
Bill No.: HB 84  
Subject: Tax Incentives; Economic Development; Taxation and Revenue - Sales and Use;  
 Taxation and Revenue - Property; Political Subdivisions; State Auditor  
Type: Original  
Date: January 11, 2019

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Bill Summary: This proposal changes the laws regarding tax increment financing districts.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §29.207 Auditing of Redevelopment Projects

Officials at the **Office of the State Auditor** assume this should not have a fiscal impact. However, any impact can be absorbed through current appropriations.

**Oversight** notes this proposal gives the Office of the State Auditor the power to audit any redevelopment projects created under the real property tax increment allocation act.

**Oversight** notes that the Office of the State Auditor has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

#### §99.805 and §99.845 Exclusion of Fire Protection District and Education Money from TIFs

Officials at the **Springfield Public Schools** assume there is no fiscal impact from this proposal.

Officials at the **Francis Howell School District** assume the proposed added language "For purposes of sections 99.800 to 99.865, "payment in lieu of taxes" shall not include revenue from any tax levied on real property whose revenue is dedicated to an education program or a fire protection district" seems to exclude school districts from the TIF. If my understanding is correct, then there would be no negative fiscal impact from the proposed legislation.

Officials at the **Kirksville R-III School District** assume any time taxes are deferred it has a negative fiscal impact on the district.

Officials at the **Metropolitan Zoological Park** assume any fiscal impact would be negligible.

**Oversight** notes this proposal prohibits education funds and funds for fire protection districts from being included in tax increment financing (TIF) proposals. Therefore, school and fire protection districts would still receive their tax money while the redevelopment project would receive less tax money. Oversight notes that since tax increment financing projects are optional for cities and counties, there will not be a direct fiscal impact.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, counties and school districts were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to [www.legislativeoversight.mo.gov](http://www.legislativeoversight.mo.gov).

ASSUMPTION (continued)

§99.820 Commission must Approve Redevelopment Plans

Officials at the **Department of Revenue (DOR)** assume there is no fiscal impact from this proposal.

Officials at the **Department of Economic Development (DED)** anticipate no fiscal impact as a result of this proposal.

Officials at the **Office of Administration Division of Budget and Planning (B&P)** assume no direct impact on B&P, no direct impact on General and Total State Revenue and this will not impact the calculation pursuant to Article X, Section 18(e).

**Oversight** notes this portion of the proposal requires a local commission to approve tax increment financing proposals prior to their implementation.

**Oversight** notes that the DOR, DED and B&P have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact to these agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<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

The proposed legislation appears to have no direct fiscal impact.

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 Economic Development  
Department of Revenue  
Francis Howell School District  
Kirksville R-III School District  
Metropolitan Zoological Park  
Springfield School District  
Office of Administration Division of Budget and Planning  
Office of the State Auditor

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January 11, 2019



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