

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5194-01  
Bill No.: HB 2334  
Subject: Economic Development; Political Subdivisions; Business and Commerce  
Type: Original  
Date: February 12, 2020

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Bill Summary: This proposal extends the authorization of AIM Zones until 2030.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
General Revenue	\$0	\$0	\$0	\$0 or (Unknown)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 or (Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
Port Authority AIM Zone Fund*	\$0	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Direct impact on the Port Authority AIM Zone Fund is assumed to net to zero.  
 Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>Fully Implemented (FY 2024)</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</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 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>Fully Implemented (FY 2024)</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</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 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>Fully Implemented (FY 2024)</b>
<b>Local Government - Port Authorities/AIM Zones</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 or Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 68.075 - Advanced Industrial Manufacturing Zones Act

In response to similar legislation (SB 636), officials from the **Missouri Department of Economic Development (DED)** stated this proposed legislation would extend the authorization of the Advanced Industrial Manufacturing Zones Act (AIM Zones) from 2023 to 2030.

The proposed legislation amends the sunset date of the AIM Zones Act which will have an economic impact. This proposed legislation allows for the extension of the AIM Zone Program. This proposed legislation may encourage economic activity through an increase in projects in AIM zones, however, DED cannot estimate the increase or decrease to Total State Revenue because there have been no issuances to date.

**Oversight** notes DED anticipates this proposed legislation would have a fiscal impact but cannot quantify the impact at the current time as no issuances have occurred to date. Oversight assumes the issuances mentioned by DED to be issuances to the port authorities, who would identify and establish AIM zones, from the Port Authority AIM Zone Fund.

Oversight notes the Port Authority AIM Zone Fund receives revenue derived from fifty percent (50%) of the state tax withholdings imposed by Section(s) 143.191 to 143.265 on new jobs within an AIM zone after development or redevelopment has commenced. Oversight notes the state withholdings imposed on new jobs within an AIM zone is not remitted to General Revenue (GR), rather the tax revenue is deposited into the Port Authority AIM Zone Fund. In addition, the Port Authority AIM Zone Fund may receive appropriations from the General Assembly to be used for the administration of this act/program which is limited to no more than ten percent (10%) of the total amount deposited from withholding taxes on new jobs within an AIM zone.

Officials from the **Office of Administration - Budget & Planning Division (B&P)** state this proposed legislation has no direct impact on B&P, has no direct impact on GR or TSR and will not impact the calculation pursuant to Article X, Section 18(e) of the Missouri Constitution.

In response to similar legislation (SB 636), officials from **St. Louis County (the County)** stated the County anticipates no significant fiscal impact to the County's operations as a result of this proposed legislation.

ASSUMPTION (continued)

**Oversight** notes the **Missouri Department of Revenue**, the **Missouri Department of Transportation**, and the **Missouri State Treasurer's Office** have stated the proposed legislation would not have a direct fiscal impact on their respective entities. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these entities.

In response to similar legislation (SB 636), officials from the **City of Columbia**, and the **City of Springfield** stated the proposed legislation would not have a direct fiscal impact on their respective cities. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in this fiscal note for these entities.

**Oversight** will, for purposes of this fiscal note, report a fiscal impact of \$0 or (Unknown) impact to GR beginning in Fiscal Year 2024 as a result of the unknown amount of state withholding taxes that could be remitted into the Port Authority AIM Zone Fund in lieu of GR. Oversight notes the negative \$0 or (Unknown) impact can be extended to the sunset date of August 28, 2030.

Oversight will report the transfer in to the Port Authority AIM Zone Fund equal to \$0 or Unknown beginning Fiscal Year 2024 and will report the transfer out of the Port Authority AIM Zone Fund equal to \$0 or (Unknown) resulting in a net zero fiscal impact.

Oversight will further report a \$0 or Unknown impact to Local Political Subdivisions (Port Authorities/AIM Zones) beginning in Fiscal Year 2024 as a result of the unknown amount of revenue the entities could receive from state withholding tax disbursed to such entity from the Port Authority AIM Zone Fund. Oversight notes the \$0 or Unknown impact can be extended to the sunset date of August 28, 2030.

<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2024)
<b>GENERAL REVENUE FUND</b>				
<u>Revenue Reduction -</u> Section 68.075 - State tax withholding diverted into Port Authority AIM Zone Fund				
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>				
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>
<b>PORT AUTHORITY AIM ZONE FUND</b>				
<u>Revenue Gain -</u> Transfer In - Section 68.075 - State tax withholding diverted from GR into Port Authority AIM Zone Fund				
	\$0	\$0	\$0	\$0 or Unknown
<u>Revenue Loss -</u> Transfer Out - Section 68.075 - State tax withholding diverted from GR into Port Authority AIM Zone Fund distributed to Port Authorities				
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>
<b>ESTIMATED NET EFFECT ON PORT AUTHORITY AIM ZONE FUND</b>				
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT -</u> <u>Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2024)
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**LOCAL  
 POLITICAL  
 SUBDIVISIONS -  
 PORT  
 AUTHORITIES /  
 AIM ZONES**

<u>Revenue Gain -</u> Section 68.075 - Disbursements to the Port Authority from the Port Authority AIM Zone Fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or Unknown</u>
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**ESTIMATED NET  
 EFFECT ON  
 LOCAL  
 POLITICAL  
 SUBDIVISIONS -  
 PORT  
 AUTHORITIES /  
 AIM ZONES**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or Unknown</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Currently, no advanced industrial manufacturing (AIM) zone may be established after August 28, 2023. This bill extends the date to August 28, 2030. (Section 68.075)


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

Missouri Department of Economic Development  
Office of Administration - Budget & Planning Division  
St. Louis County  
Missouri Department of Revenue  
Missouri Department of Transportation  
Missouri State Treasurer's Office  
City of Columbia  
City of Springfield



Julie Morff  
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February 12, 2020



Ross Strobe  
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February 12, 2020