

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1696-02
Bill No.: SB 508
Subject: Counties; Economic Development; Bonds - General Obligation and Revenue;
Taxation and Revenue - Property.
Type: Original
Date: March 7, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
None			
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development** and the **Office of Administration - Divisions of Design and Construction, Budget and Planning and Accounting** each state this proposal would not have a fiscal impact on their respective agencies.

Officials from the **City of Springfield** states that a feasibility study will cost from \$5,000 to \$20,000 and a city would charge a minimum of two percent for administering it, or from \$100 to \$400.

In response to similar legislation from last year, officials from the **City of Kansas City (CKC)** stated the bill requires no additional cost to the City unless they wish to authorize a project which would involve the issuance of revenue bonds or the conveyance of fee interest in property to the City. If the City wishes to authorize such a project, the bill would add the new and additional requirements that the impact of the project on real and personal property taxes be estimated.

CKC stated they currently prepare a plan for such projects. The bill requires that plan to be more

ASSUMPTION (continued)

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specific and detailed, which would entail only a nominal increase in cost. The City currently holds public hearings before such projects. The other additional costs that would be incurred by the City, if the bill is adopted and the City elects to authorize a project, would be estimating the impact of a project on tax revenue to all the taxing jurisdictions. If the project is a large one, that cost to the City could be substantial (\$10,000 or more). If it is a small, limited project, the City assumes the written estimate could be prepared for something less than \$10,000.

Officials from the **City of St. Louis, City of Independence, City of Eureka** and **St. Louis County** did not respond to our request for fiscal impact.

Oversight assumes the proposal would result in additional costs to local governments that have industrial development projects, if those projects involve the issuance of revenue bonds or involves the conveyance of a fee interest in property. Oversight assumes additional cost would result from the additional research and reporting that would be required and the amount is unknown but minimal to each local government, but may not be minimal in the state-wide aggregate.

Oversight also assumes the proposal may reduce property tax collections since some industrial development properties and the capital improvements made to them will go on the tax rolls later than under current law.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
COUNTIES, CITIES, TOWNS or VILLAGES			

<u>Loss</u> - Potential loss in property tax revenues	(Unknown)	(Unknown)	(Unknown)
<u>Costs</u> - new requirements for industrial development projects	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT TO COUNTIES, CITIES, TOWNS OR VILLAGES	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

Any municipality proposing to carry out a project for industrial development must first, by majority vote of the governing body of the municipality, approve the plan for the project. This proposal adds to the requirements of the plan for projects approved after August 28, 2003.

Such project plan shall include, in addition to the current law, the following information: (1) A statement identifying each taxing district affected by such project; (2) The most recent equalized assessed valuation of the real property and personal property included in the project, and an estimate as to the equalized assessed valuation of real property and personal property included in the project after development; (3) An analysis of the costs and benefits of the project on each taxing district; and (4) Identification of any payments in lieu of taxes, contributions, grants or other payments of any nature whatsoever expected to be made by any lessee of the project, and the disposition of any such payments by the municipality.

Projects of a county must be located within an unincorporated area of such county except that such

DESCRIPTION (continued)

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projects may be located within the incorporated limits of a city, town, or village within such county when approved by the governing body of such city, town, or village.

The proposal requires a public hearing, with notice provisions to the public and school districts, to hear and consider the proposed plans and any objections, if the plan for the project is approved after August 28, 2003.

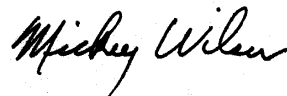
After such plan is approved, payments in lieu of taxes may be made by the lessee to reimburse the municipality for the actual costs of issuing the development bonds and administering the plan.

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

Department of Economic Development
Office of Administration
City of Springfield
City of Kansas City

NOT RESPONDING: City of St. Louis, City of Independence, City of Eureka and
St. Louis County



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