

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4791-03
Bill No.: Perfected SCS for SB 1331
Subject: Economic Development; Cities, Towns and Villages.
Type: Original
Date: March 30, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
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 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development (DED)** state this bill would allow a portion of a county to be deemed the "municipality" apparently for the purposes of the project size requirements set forth in the definition of a "major initiative." While this could allow additional projects to participate in the program, the program mechanism is such that there should be no loss of state revenue only incremental increases associated with approved projects.

DED states they have a decision item (DI) pending for FTE to administer the MODESA and MORESA programs enacted last year. Assuming DED is approved for these DIs, DED assumes the increase in applications that could occur due to this change would not be significant enough to need additional FTE. If our DI is not approved or there is an unexpected increase in the number of applicaitons due to this change, DED would request additional FTE in the future.

In response to a previous version of this proposal, officials from **St. Louis County** stated the bill allows a county to designate a particular area within its boundaries as a "municipality" for the purposes of offering MODESA incentives. It would allow St. Louis County to designate specific unincorporated areas for MODESA development, but there are no MODESA projects currently in existence. The impact on future revenues will depend on whether any such projects are proposed. MODESA requires that a countywide authority be created to make recommendations regarding development proposals. MODESA may impact future real property and sales taxes.

ASSUMPTION (continued)

Passage of HB 289 in 2003 established the Missouri Downtown Economic Stimulus (MODESA) Act and the Missouri Rural Economic Stimulus Act (MORESA) . The annual cap of new state revenue that would be redirected back to the MODESA projects is \$150 million while for MORESA projects it is \$12 million. This proposal does not change the annual caps established in subsections 99.963.1(1) and 99.1048.1(1), which was reflected on the fiscal note in 2003.

Oversight assumes that since this proposal does not change the annual caps, the proposal may result in increased utilization of the programs, but not more than what reflected in the fiscal note for TAFP HB 289 in 2003. Therefore, Oversight assumes this proposal will not have a fiscal impact to the state.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<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.

DESCRIPTION

This proposal revises the definition of "municipality" to include a portion of a county designated by the county as a development project area for the purposes of Sections 99.915 to 99.1060, RSMo.

The SCS deletes the language "or such portion of any said county designated by the county as a development project for purposes of Section 99.915 to 99.1060" and adds language "census designated place".

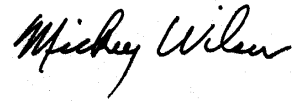
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

RAS:LR:OD (12/02)

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SOURCES OF INFORMATION

Department of Economic Development
St. Louis County

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 30, 2004