

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0787S.01I
Bill No.: SB 22
Subject: Taxation and Revenue - General; Tax Incentives; Political Subdivisions
Type: Original
Date: January 20, 2021

Bill Summary: This proposal would modify provisions relating to tax increment financing.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government*	\$0	\$0	\$0

*Fiscal impact to local political subdivisions will net to zero

FISCAL ANALYSIS

ASSUMPTION

Section 99.805 – Real Property Tax Increment Allocation Redevelopment - Definitions

Oversight notes this section modifies the definition of “Blighted Area”. This section removes from the definition the areas of improper subdivision or obsolete platting and removes the condition that retards morals that currently permit classification as a blighted area.

This section modifies the definition of “Conservation Area”. This section removes morals from being a detrimental cause to become a blighted area.

This section requires that, for all redevelopment plans and projects approved on or after January 1, 2022, in a retail area, a conversation area meet the dilapidation factor as one of the three factors required.

This section establishes the definition of “Port Infrastructure Project”. A port infrastructure project shall be docks and associated equipment, cargo and passenger terminals, storage warehouses, or any other similar infrastructure directly related to port facilities located in a port district and located within one-half of one mile of a navigable waterway.

This section establishes the definition of “Retail Area”. A retail area shall be a proposed redevelopment area for which most of the projected tax increment financing revenue will be generated from retail businesses, which shall be businesses that primarily sell or offer to sell goods to a buyer primarily for the buyer’s personal, family, or household use and not primarily for business, commercial or agriculture use.

This section establishes the definition of “Retail Infrastructure Projects”. Retail infrastructure projects shall be highways, roads, streets, bridges, sewers, traffic control systems and devices, water distribution and supply systems, curbing, sidewalks, storm water and drainage systems, or any other similar public improvements but in no case shall retail infrastructure projects include private structures.

Section 99.810 – Real Property Tax Increment Allocation Redevelopment – Redevelopment Plan

Oversight notes this section states a study shall be conducted by a party other than the proponent of any redevelopment plan(s). The study shall detail how the area meets the definition of an area eligible to receive tax increment financing.

Section 99.843 – Real Property Tax Increment Allocation Redevelopment – Greenfield Areas

Oversight notes this section prohibits new projects from being authorized in Greenfield areas.

Currently, tax increment financing projects may be authorized within Greenfield areas so long as such project is not located within a city not within a county or any county subject to the authority of the East-West Gateway Council of Governments.

This section prohibits any projects within Greenfield.

Section 99.847 – Real Property Tax Increment Allocation Redevelopment – Flood Plains

Oversight notes this section prohibits new projects from being authorized in an area designated as a flood plain by the Federal Emergency Management Agency unless such project is located in: Jackson County, Jefferson County, Platte County, or Clay County, the City of Springfield, the City of St. Joseph, in a port district with such financing utilized for port infrastructure projects, or in a levee or drainage district so long as such district was created prior to August 28, 2021.

This section shall not apply to tax increment financing projects approved prior to June 30, 2022.

This section provides that projects within a flood plain within St. Charles County shall not be authorized unless the redevelopment area abuts a river or major waterway.

Section 99.848 – Real Property Tax Increment Allocation Redevelopment – Ambulance Districts, Fire Protection Districts, Governing Bodies Operating 911 Centers

Oversight notes this section is modified to reduce the number of districts that receive reimbursement from the Special Allocation Fund. Currently, any district or county imposing a property tax for the purposes of providing emergency services shall be entitled to reimbursement from the Special Allocation Fund in the amount of at least fifty percent (50%) but no more than one hundred percent (100%) of the district's tax increment.

This section modifies who may be entitled to such reimbursement stating only ambulance districts, fire protection districts or any governing body operating a 911 center shall be entitled to reimbursement.

Officials from the **City of Hale**, the **City of Sugar Creek**, the **St. Clair Fire Protection District**, and the **Nodaway County Ambulance District** assume this proposed legislation will have an impact on their organizations.

Officials from the **Office of Administration – Budget & Planning Division**, the **Missouri Department of Revenue**, the **Missouri Department of Public Safety – State Emergency Management Agency**, the **Missouri State Tax Commission**, the **City of Corder**, the **City of**

Hughesville, the City of O’Fallon, the City of Springfield, the City of Ballwin, and the High Point R-III School District do not anticipate this proposed legislation will have a fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, for purposes of this fiscal note, Oversight will not report a fiscal impact for these organizations.

Oversight will not show a net fiscal impact as a result of the changes made to the tax increment financing laws. Oversight assumes the changes put forth may or may not impact future development projects; however, Oversight assumes this would be an indirect impact of the proposed legislation. However, Oversight assumes the various changes to the Special Allocation Fund may impact the distributions of those funds from various projects – but would net to zero across the local political subdivisions / districts.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<u>Revenue</u> – some local political subdivisions/ districts may see larger distributions	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Loss</u> – some local political subdivisions/ districts may see smaller distributions	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET FISCAL IMPACT TO LOCAL POLITICAL SUBDIVISIONS	<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.

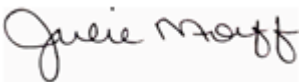
FISCAL DESCRIPTION

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

City of Hale
City of Sugar Creek
St. Clair Fire Protection District
Nodaway County Ambulance District
Office of Administration – Budget & Planning Division
Missouri Department of Revenue
Missouri Department of Public Safety – State Emergency Management Agency
Missouri State Tax Commission
City of Corder
City of Hughesville
City of O’Fallon
City of Springfield
City of Ballwin
High Point R-III School District



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January 20, 2021



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