

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5244-01
Bill No.: HB 1449
Subject: Kansas City, Economic Development
Type: Original
Date: February 14, 2012

Bill Summary: This proposal prohibits the use of economic incentives to attract jobs from Kansas to Missouri if Kansas does likewise or requires Missouri to exceed Kansas's economic development funding in the metropolitan area.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> 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 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Budget and Planning** assume this proposal would prohibit the use of certain economic incentives to attract jobs from the Kansas side of the Kansas City metropolitan area if Kansas enacts a similar law. This could increase General and Total State Revenues by an unknown amount.

In the event Kansas does not enact a similar law, this proposal would require Missouri to exceed Kansas's economic development funding in the Kansas City metropolitan area. This could lower General and Total State Revenues by an unknown amount.

Officials at the **Department of Economic Development (DED)** assume an unknown negative impact over \$100,000 as a result of this proposal, as it would be difficult for DED to determine the amount of funds being spent by the state of Kansas on promoting economic development in the Kansas City Metropolitan Area. The proposal requires the state of Missouri to expend \$1.50 to promote economic development in counties of the Kansas City Metropolitan Area for every \$1.00 spent to promote economic development by the state of Kansas in counties of the Kansas City Metropolitan Area. "Expenditure" is defined as "appropriation, grant, financial award, loan, debt authorization, tax authorization, or an reduction in revenue collected as a result of a tax deduction, tax exemption, tax credit, tax abatement, or other tax preference, in connection with any program administered by the department of economic development, or any other applicable program."

Officials at the **Joint Committee on Administrative Rules** assume that there is no fiscal impact from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

ASSUMPTION (continued)

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Oversight assumes, for fiscal note purposes, that General Revenue will be the funding source since no funding source is designated in this proposal.

Oversight assumes there will be some fiscal benefit resulting from this proposal; however, Oversight considers those benefits to be an indirect impact and have not reflected them in the fiscal note.

Officials at the Cass County, Clay County, Jackson County and Platte County did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE			
<u>Cost-</u> Dept of Economic Development promote economic development in the Kansas City area	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<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

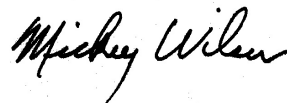
This bill prohibits the issuance of a tax credit under certain economic incentive programs for an otherwise qualifying job if the job relocates to the State of Missouri from the State of Kansas and from within 30 miles of the Missouri border if Kansas prohibits any tax credit for jobs or economic incentives for job creation or an incentive for any job that moves from Missouri to Kansas and the new location is within 30 miles of the Missouri border.

If, within two years of the bill's effective date, Kansas has not enacted substantially similar legislation, for every \$1 spent by Kansas for promoting economic development in the Kansas counties that are part of the Kansas City metropolitan area, Missouri must spend \$1.50 for promoting economic development in the Missouri counties that are part of the Kansas City metropolitan area. "Kansas City metropolitan area" means the multi-county metropolitan area straddling the border between Missouri and Kansas consisting of the Missouri counties of Cass, Clay, Jackson, and Platte and the Kansas counties of Johnson, Leavenworth, and Wyandotte.

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

Budget and Planning
Department of Economic Development
Joint Committee on Administrative Rules
Office of the Secretary of State



Mickey Wilson, CPA
Director
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