

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6084-04
Bill No.: SCS for HCS for HB 1865
Subject: Bonds, Political Subdivisions
Type: Original
Date: May 11, 2012

Bill Summary: This proposal modifies provisions of law regarding economic development and the collection of Neighborhood Improvement District Special Assessments.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0 or (\$68,405)	\$0 or (\$74,352)	\$0 or (\$75,152)
Total Estimated Net Effect on General Revenue Fund	\$0 or (\$68,405)	\$0 or (\$74,352)	\$0 or (\$75,152)

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 7 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
General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
Total Estimated Net Effect on FTE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

- 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	(Minimal)	(Minimal)	(Minimal)

FISCAL ANALYSIS

ASSUMPTION

Section 67.095 Public Hearing on Bond Issuance

Officials from the **City of Kansas City** and **St. Louis County** assume additional costs from publishing notices.

Oversight assumes for fiscal note purposes, that the potential cost of advertising the public hearing would have a minimal negative impact to local governments.

Section 67.463 and 67.469 Special Assessments

Officials at the **City of Columbia** and the **Missouri Department of Transportation** assume there is no fiscal impact from this proposal.

Oversight assumes this proposal is permissive and would not have an impact on local funds.

Section 67.1305 Economic Development Tax Board

In response to similar legislation filed this year, HB 1623, the following responded:

Officials from the **City of Columbia, City of Kansas City, City of Raytown, Department of Economic Development, Department of Revenue, Mexico School District, Parkway School District** and the **St. Louis County** assume there is no fiscal impact from this proposal.

Officials from the **City of Liberty** state that this proposal would place an unfunded mandate on the City if a municipal election were required for each economic development project. The City also states that municipal elections cost an average of \$25,000 not including the costs for election education materials.

Oversight assumes this proposal changes the number of members allowed on the economic development tax board, rather than requiring municipal elections for economic development projects and therefore has no fiscal impact.

Section 620.007, 620.009 and 620.019 Department of Economic Development Requirements

Officials at the **Department of Economic Development (DED)** assume this proposal expands the current level of due diligence conducted by DED on applications for economic development assistance.

DED's Division of Business and Community Services requests two FTE in order to implement

ASSUMPTION (continued)

the proposed legislation. These FTE will be one Fiscal and Administrative Manager-Band II position and one Accounting Specialist III position. The Accounting Specialist position will be responsible for analyzing and interpreting financial statements and other financial documentation regarding the applicant to determine financial stability. The Fiscal and Administrative Manager Band II will be responsible for management and oversight of the new requirements.

Officials at the **Division of Workforce Development** and the **Missouri Highway Patrol** assume there is no fiscal impact from this proposal.

Officials at the **City of Kansas City** and **St. Louis County** assume a minimal cost to preparing the information.

Oversight assumes this proposal in section 620.007, requires applicants for economic development assistance to provide certain information to DED. The proposal does not specify any requirements for review or analysis of the provided information. Therefore DED should be able to collect the required information with existing staff.

Oversight assumes this proposal in section 620.009, requires the sharing of information concerning a company seeking economic incentives. Since state and local governments would be reviewing the information about the company seeking the economic incentives this proposal would have no fiscal impact.

Oversight notes this proposal requires the notification of local governments of DED's opinion on proposals for economic development that have both local and state resource incentives. Oversight assumes that since the state is already involved in the evaluation of the proposed incentives that DED may be able to handle these new responsibilities with existing staff. Oversight will show the fiscal impact as being zero (no FTE) to the cost of one Fiscal and Administrative Manager to potentially oversee the coordination of the dissemination of the information.

Section 620.1895 Restriction on Tax Credits

Officials at the **Department of Economic Development** assume there is no fiscal impact from this proposal.

Oversight assumes this proposal prohibits certain taxpayers from receiving benefits under programs administered by the Department of Economic Development by placing additional restrictions on who can qualify for economic incentives in the future and therefore will have no fiscal impact.

ASSUMPTION (continued)

Bill as a Whole

Officials at the **City of Columbia** assume this proposal has the potential to add local costs for advertising, staff time to comply with information-sharing requirements and background checks for start ups.

Officials at the **Department of Revenue, Joint Committee on Administrative Rules** and the **Parkway School District** assume 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.

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.

Officials at the following counties: Andrew, Barry, Bates, Boone, Buchanan, Butler, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Hickory, Holt, Jackson, Jasper, Jefferson, Johnson, Knox, Laclede, Lafayette, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Pemiscot, Perry, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Texas, Warren, Wayne and Webster did not respond to **Oversight's** request for fiscal impact.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Kennett, Kirksville, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Linn, Louisiana, Maryland Heights, Maryville, Mexico, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains 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 - Dept of Economic Development</u>			
Personal Service	\$0 or (\$38,060)	\$0 or (\$46,129)	\$0 or (\$46,590)
Fringe Benefit	\$0 or (\$20,149)	\$0 or (\$24,421)	\$0 or (\$24,665)
Equipment and Expenses	<u>\$0 or (\$10,196)</u>	<u>\$0 or (\$3,802)</u>	<u>\$0 or (\$3,897)</u>
Total Cost - DED	\$0 or (\$68,405)	\$0 or (\$74,352)	\$0 or (\$75,152)
FTE Change - DED	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or (\$68,405)</u>	<u>\$0 or (\$74,352)</u>	<u>\$0 or (\$75,152)</u>
Estimated Net FTE Change on General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
LOCAL POLITICAL SUBDIVISION FUNDS			
<u>Cost- Local Political Subdivision Funds publishing the required bond notice</u>			
	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISION FUNDS	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

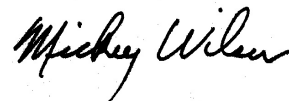
This act requires political subdivisions to comply with particular notice requirements before issuing certain bonds, modifies how certain counties collect Neighborhood Improvement District special assessments, modifies the membership of economic development tax boards, and requires the Department of Economic Development and local governments to seek and share particular information that relates to economic development incentives.

FISCAL DESCRIPTION (continued)

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 Columbia
City of Kansas City
Department of Economic Development
Division of Workforce Development
Department of Revenue
Joint Committee on Administrative Rules
Missouri Highway Patrol
Office of the Secretary of State
Parkway School District
St. Louis County



Mickey Wilson, CPA
Director
May 11, 2012