

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0787S.05F
Bill No.: Perfected SS for SB 22
Subject: Taxation and Revenue - General; Tax Incentives; Political Subdivisions
Type: Original
Date: March 2, 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 State Funds</u> | \$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 or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full 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 conservation 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 building area for which more than fifty percent (50%) of the usable building square footage in the area is projected to be used by 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 prepared by a land use planner, urban planner, licensed architect, licensed commercial real estate appraiser, or licensed attorney. The study shall detail how the area meets the definition of an area eligible to receive tax increment financing.

Section 99.820 – Real Property Tax Increment Allocation Redevelopment – Municipalities’ Power and Duties - (Senate Amendment No. 1)

Oversight notes Senate Amendment No. 1 would require that a commission of twelve (12) persons be created as opposed to a commission of nine (9) persons. Such commission shall vote on all proposed redevelopment plans, redevelopment projects and designations of redevelopment areas, and amendments thereto and shall make recommendations concerning the adoption of or amendment to redevelopment plans and redevelopment projects and the designation of redevelopment areas.

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 Areas.

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.

Oversight assumes Senate Amendment No. 2 would include the City of Hannibal in the areas exempt from prohibiting new projects from being authorized in an area designated as a flood plain by the Federal Emergency Management Agency.

Oversight assumes Senate Amendment No. 3 would include Cole County in the areas exempt from prohibiting new projects from being authorized in an area designated as a flood plain by the Federal Emergency Agency.

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 **Fruitland Area Fire Protection District** and the **Nodaway County Ambulance District** anticipate this proposed legislation will result in a fiscal impact.

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 **Crawford County 911 Board**, the **City of Corder**, the **City of O’Fallon**, and the **City of Springfield**, 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 (\$0) 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 |
|---|---------------------|---------------------|---------------------|
| LOCAL POLITICAL SUBDIVISIONS | | | |
| <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.

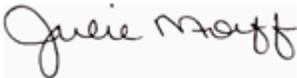
FISCAL DESCRIPTION

The proposed legislation modifies several provisions related to tax increment financing.

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

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 O’Fallon
City of Springfield
Fruitland Area Fire Protection District
Crawford County 911 Board
Nodaway County Ambulance District



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March 2, 2021



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