

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4131-02
Bill No.: SB 1343
Subject: Taxation and Revenue; Economic Development; Enterprise Zones.
Type: Original
Date: March 9, 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 Revenue** assume the proposal would have no fiscal impact on their agency.

Officials from the **Office of Administration - Budget and Planning** assume the proposal should not result in additional costs or savings to their agency. However, the proposal may have a negative impact on general revenue and total state revenue.

Officials from the **City of Springfield** assume the proposal would have no fiscal impact on them.

Officials from the **Department of Economic Development (DED)** state this bill amends 135.215, RSMo, to allow an extension of the "local abatement incentive" in the 69 enterprise zones past the current timeframe (25 years from the date of zone designation) allowed in the state statute. DED assumes the proposal would have no fiscal impact on state revenues since the bill deals with the abatement of local property taxes.

Officials from the **City of Independence** did not respond to our request for fiscal impact.

ASSUMPTION (continued)

Oversight assumes this proposal extends the length of time that a company would receive property tax abatement from the local political subdivisions in an enterprise zone for the difference in time between the date the zone was established by DED to the date the exemption was granted by the local political subdivisions. Oversight assumes this would result in a loss in property tax revenue for local political subdivisions whenever the twenty five year exemption period expired.

The original enterprise zone legislation was passed in 1982, with the first enterprise zones being approved and established by the Department of Economic Development no earlier than 1983. Therefore, the 25 year period would not expire until 2008, which is beyond the scope of this fiscal note. Therefore, for purposes of the fiscal note, Oversight assumes no fiscal impact.

<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

Small businesses that are getting enterprise zone benefits may get an extension of their property tax abatement as a result of this proposal.

DESCRIPTION

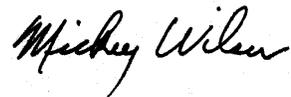
This proposal modifies the expiration of an enterprise zone to be 25 years after the exemption for the zone was granted. Current law bases the 25 year period on the original designation of the enterprise zone by the Department of Economic Development.

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

Department of Economic Development
Department of Revenue
Office of Administration - Budget and Planning
City of Springfield

NOT RESPONDING: City of Independence



Mickey Wilson, CPA
Director
March 9, 2004