

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3387-04  
BILL NO.: SB 827  
SUBJECT: St. Louis Region: Economic Development  
TYPE: Original  
DATE: February 3, 2000

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	\$0 to \$838,933	\$0 to \$838,933	\$0 to \$838,933
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0 to \$838,933</b>	<b>\$0 to \$838,933</b>	<b>\$0 to \$838,933</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* **This proposal is permissive.**

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

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**FISCAL ANALYSIS**

ASSUMPTION

Officials of **St. Louis County** assume this proposal would have no fiscal impact to county funds.

**City of St. Louis** officials assume no fiscal impact to city funds.

**Department of Revenue** officials stated that this legislation creates the Downtown Revitalization Act and puts before the voters a sale tax to finance St. Louis economic development. It is unclear from reading this legislation whether certain areas within the city will participate or the city and or county as a whole will participate. This fiscal note is prepared as though a portion of the city would participate since (66.753(4) indicates the districts shall not contain more than 5% of the total geographical area of such city. Section 66.756 indicates the districts consist of any city not located within a county. If we maintain present city and county boundaries for this system the fiscal impact would be zero. DOR officials assume that to make the changes required to implement a sales tax in a portion of St. Louis City several main MITS programs in the sales tax system would need to be changed. This would require 1,055 hours of programming at a cost of \$24,265. The State Data Center would also charge \$4,615 to test and implement this system. It should again be pointed out that if this tax is citywide or county wide, and not just in a portion of the city, this cost estimate would be zero.

**Oversight** for the purpose of this fiscal note will assume that the officials of the city of St. Louis and St. Louis County would establish a Downtown Revitalization District, consisting of St. Louis City and St. Louis County.

Oversight assumes the DOR would retain a 1% collection fee which would be deposited in the State's General Revenue Fund.

The Downtown Revitalization Trust Fund would realize income generated from the district sales tax, and would have costs of administration, and conducting projects that would promote revitalization of the district.

Oversight estimates that 4/10 of 1 cent would yield sales tax revenues of \$83,893,302 less 1% collection fee of \$838,933 that would be retained by the Department of Revenue and would go to the State's General Revenue Fund. The net effect to the Downtown Revitalization Trust Fund would be \$83,054,369.

ASSUMPTION (continued)

Oversight will show fiscal impact as \$0 to \$83,054,369 because the proposal states that the district may impose a sales tax for district purposes not to exceed four tenths of one cent on all retail sales. The voters of the district would also have to approve the imposition of the sales tax.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**GENERAL REVENUE FUND**

<u>Income</u> to General Revenue Fund from 1% Collection Fee	\$0 to \$838,933	\$0 to \$838,933	\$0 to \$838,933
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**DOWNTOWN REVITALIZATION  
 TRUST FUND OF ST. LOUIS CITY  
 AND COUNTY**

<u>Income</u> to Revitalization Trust Fund From 4/10 of 1 cent sales tax	\$0 to \$83,054,369	\$0 to \$83,054,369	\$0 to \$83,054,369
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<u>Cost</u> to Revitalization Trust Fund for administration, cost of revitalization projects	\$0 to (\$83,054,369)	\$0 to (\$83,054,369)	\$0 to (\$83,054,369)
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<b>ESTIMATED NET EFFECT TO    DOWNTOWN REVITALIZATION    TRUST FUND*</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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\* Oversight assumes costs would not exceed income resulting in an annual positive or zero fund balance.

FISCAL IMPACT - Small Business

Small business located within a Downtown Revitalization District would be fiscally impacted to the extent that they would collect and pay the sales tax within those districts.

DESCRIPTION

This act creates the "Downtown Revitalization Act", concerning a downtown revitalization district consisting of both St. Louis County and the City of St. Louis. The district shall promote the economic health and vitality of the original downtown region of St. Louis. Expenditures are limited to public purposes, as designated by the district's board, charged with management of the district.

Any board member could be removed for breach of fiduciary duty by the executive of the city or county who appointed the member. No board member could hold an elected public office, or would receive compensation for duties as a board member. The board would have exclusive control of the expenditures from the Downtown Revitalization Trust Fund. The Trust Fund would be supported by a district sales tax, and would be maintained in the St. Louis County treasury. The act provides for the appointment of board members by various officials for staggered terms.

The board could impose a sales tax of four-tenths of one cent, if approved by a majority of the voters of St. Louis and St. Louis County. The district's authority to impose any tax terminates seven years after the date the tax is first collected, unless the district resubmits the tax to the voters. If the tax is approved by a majority of the voters of only one of these entities, the measure may be resubmitted to the voters of the area in which it failed to pass at any subsequent qualifying election.

The sales tax would added to the retailers' sale price, and could be collected by the Department of Revenue. Any exemptions to the state sales and use tax shall apply to the sales tax imposed by the district. The district could not repeal or amend any approved sales tax for a period of seven years. Repeal or amendment of a sales tax would not impair the district's ability to repay any liabilities or obligations incurred, including revenue bonds.

The district would enter into a administrative agreement with a Missouri not for profit corporation, to provide management and operational services to the district. The district would follow the recommendation of the management entity concerning decisions with regard to projects funded by the district. Recommendations would be consistent with procurement policies of St. Louis. The board could audit the books and accounts of any project which receives district funds.

The board of trustees of the district would adopt a downtown plan for the district, delineating the boundaries of the downtown area, and establishing priorities for development of downtown. Any plan adopted by the board could not be inconsistent with the most current plan adopted by the

DESCRIPTION(continued)

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St. Louis Planning Commission and by the entity providing management services. The board would also issue reports every six months, containing a detailed accounting of revenues received by the district and expenditures approved and made by the board.

A district may authorize or issue revenue bonds for the purpose of paying any of the costs of a project. Bonds would be payable out of the revenues of the district and may be further secured by other district property. Bonds shall exclusively be an obligation of the district and not of the state, or of any political subdivision of the state other than the district. The district may obtain insurance as it deems appropriate, and may require any company providing operational and management services to obtain liability insurance.

The act has an emergency clause.

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 Revenue  
City of St. Louis  
St. Louis County



Jeanne Jarrett, CPA  
Director  
February 3, 2000