

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2045-03  
Bill No.: HB 875  
Subject: Aircraft and Airports, Economic Development, Enterprise Zones.  
Type: Original  
Date: March 12, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(Under \$100,000)	(Under \$100,000)	(Under \$100,000)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(Under \$100,000)</b>	<b>(Under \$100,000)</b>	<b>(Under \$100,000)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
<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 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 3 pages.

**FISCAL ANALYSIS**

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**ASSUMPTION**

Officials from the **Department of Economic Development (DED)** assumes this bill will assist Salem, Missouri and could create some recurring costs for Enterprise Zone Credits that could be offset by a positive but indeterminable economic benefit to the state. The DED assumes there will be no fiscal impact to their agency.

Officials from the **Department of Revenue (DOR)** state they do not anticipate a significant increase in the number of new credits filed. Therefore, the DOR will not request additional FTE at this time. However, if DOR is incorrect in this assumption, they will need one Temporary Tax Season Employee for every 75,000 additional credits, one Tax Processing Tech I for every 30,000 additional errors generated and one Tax Processing Tech I for every 3,000 additional pieces of correspondence received regarding this credit. Any FTE needed will be requested during the normal budget process.

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

**Oversight** is unable to determine the amount of tax credits that will be utilized with the passage of this legislation, but based upon the response from DED, assumes the amount to be under \$100,000 in any given fiscal year.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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**GENERAL REVENUE FUND**

<u>Costs</u> - New Enterprise Zone Tax Credits	(Under \$100,000)	(Under \$100,000)	(Under \$100,000)
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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	\$0	\$0	\$0
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FISCAL IMPACT - Small Business

This proposal would fiscally impact those businesses that now are considered eligible in the enterprise zone in Salem.

DESCRIPTION

The proposal expands the definition of a "revenue-producing enterprise" for purposes of the enterprise zone law to include hotel and motel activities in the City of Salem. It also states that a revenue-producing enterprise which is identified by a standard industrial classification number includes enterprises with the same classification number as written in the 1997 edition of the North American Industry Classification System.

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

**NOT RESPONDING: City of Salem**



Jeanne Jarrett, CPA  
Director

March 12, 2001