

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2186-02  
Bill No.: SJR 23  
Subject: Constitutional Amendments; Property, Real and Personal; Taxation and Revenue  
 - Property  
Type: Original  
Date: April 17, 2007

Bill Summary: Would limit reassessment of residential real property to years in which transfer of title occurs.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Blind Pension	\$0	\$0	\$0 or (More than \$100,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 or (More than \$100,000)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<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 FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 or (More than \$100,000)</b>

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** provided the following response.

Many joint resolutions are considered by the General Assembly that would require the SOS to pay for publishing in local newspapers the full text of each statewide ballot measure. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.6 million historically appropriated in even numbered fiscal years and \$100,000 appropriated in odd numbered fiscal years to meet these requirements. The SOS assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume there would be no added cost to BAP as a result of this proposal. This proposal would result in substantial loss of local revenues and the Blind Pension Fund. The State Tax Commission should provide the estimate of possible increased costs to the state as a result of this proposal.

Officials from the **Department of Elementary and Secondary Education** assume this proposal would not appear to affect the school foundation formula and, therefore, does not appear to be an increased state cost. The proposal would appear to limit the growth in assessed valuation in political subdivisions, including school districts, thus limiting local revenue growth to political subdivisions for day-to-day operations and/or enhanced services.

Officials from the **Department of Revenue** assume this proposal would have no fiscal impact on their organization.

Officials from the **State Tax Commission** stated they were unable to estimate the fiscal impact of this proposal since they do not have information regarding the number or value of owner occupied residential parcels that are transferred each year.

Officials from the **City of Centralia** assume that this proposal would result in tax shifting but no net change in property tax revenues.

ASSUMPTION (continued)

Officials from the **City of Kansas City** assume the proposal would result in unknown losses due to a reduction in tax revenues since most properties would not be reassessed in any given year.

Officials from the **City of Poplar Bluff** responded but did not provide an estimate of fiscal impact.

Officials from the **City of West Plains** assume this proposal could negatively impact cities by limiting property tax increases for years.

Officials from the **Parkway School District** assume this proposal would result in a reduction of revenues of approximately \$1.5 million per year due to property values being frozen.

Officials from the **Office of the Jefferson County Assessor** assume this proposal would have no fiscal impact on their organization.

Officials from the **Office of the St. Louis County Assessor** assume this proposal would result in a significant loss due to property values being frozen for many years.

Officials from the **Office of the Cole County Assessor** (Assessor) stated that this proposal would have a significant administrative impact on local assessment programs since there would be a need for two separate residential assessment programs. The current system would have to be maintained since the proposal does not change the assessment process for the types of property not exempted from reassessment in the proposal. The second system would have to be created to provide reassessment capability every year for owner-occupied residential property in years when title is transferred. The Assessor estimated the cost to build the separate system at \$50,000 for computer programming and \$100,000 per year for additional staff.

The Assessor stated that the proposal would create a tax shift to the types of property not exempted from biannual reassessment due to the operation of the current assessment system. The assessor estimated a tax loss of \$800,000 to \$950,000 per year from owner occupied residential property not reassessed, partially offset by tax revenues shifted to other types and categories of property.

ASSUMPTION (continued)

**Oversight** assumes this proposal would result in unknown additional costs in excess of \$100,000 per year to counties and the City of St. Louis for assessment programs, and unknown revenue reductions to local governments and the Blind pension Fund. Oversight will indicate a fiscal impact of \$0 or (More than \$100,000) since the proposal would only become effective after its approval by the voters. Oversight assumes the proposal would be submitted to the voters at the November 2008 (FY 2009) election and could become effective for 2009 (FY 2010).

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>BLIND PENSION FUND</b>			
<u>Revenue Reduction</u> - Property tax Exemption of owner occupied residences from reassessment except on transfer of title	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (More than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON BLIND PENSION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0 or (More than \$100,000)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>LOCAL GOVERNMENTS</b>			
<u>Cost</u> - Local governments Assessment programs	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (More than \$100,000)</u>
<u>Revenue Reduction</u> - Property tax Exemption of owner occupied residences from reassessment except on transfer of title	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (More than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0 or (More than \$100,000)</u></b>

FISCAL IMPACT - Small Business

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

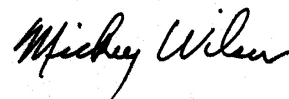
FISCAL DESCRIPTION

This proposal would limit reassessment of residential real property to years in which transfer of title occurs.

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 the Secretary of State  
Office of Administration  
    Division of Budget and Planning  
Department of Elementary and Secondary Education  
Department of Revenue  
State Tax Commission  
City of Centralia  
City of Kansas City  
City of Poplar Bluff  
City of West Plains  
Parkway School District  
Office of the Cole County Assessor  
Office of the Jefferson County Assessor  
Office of the St. Louis County Assessor



Mickey Wilson, CPA  
Director  
April 17, 2007