

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3297-12
Bill No.: SCS for SB 711
Subject: County Officials; Courts; Political Subdivisions; Property, Real and Personal;
Public Officers; State Tax Commission; Taxation and Revenue - Property
Type: Original
Date: February 8, 2008

Bill Summary: Would modify certain provisions regarding property taxation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$1,210,000)	(\$2,520,000)	(\$3,830,000)
Total Estimated Net Effect on General Revenue Fund	(\$1,210,000)	(\$2,520,000)	(\$3,830,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

☐ 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	(More than \$100,000)	(More than \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration, Division of Budget and Planning (BAP)**, assume this proposal would not cause any added cost to their organization.

BAP officials noted that this proposal would raise the maximum credit for the Circuit Breaker program from \$750 to \$1,100. BAP defers to DOR and EPARC for an estimate of reduced revenues.

This proposal would make various changes to the way local governments set their tax levies. These changes may impact the Blind Pension Fund, and may impact the schools' foundation formula. BAP defers to DSS and DESE for any estimated impacts.

This proposal would create numerous new notification procedures for county clerks and assessors. Additional state appropriations may be required to comply with Article X, Section 21 of the Missouri Constitution.

Officials from the **Department of Revenue (DOR)** assume this proposal would not have a fiscal impact on their organization. DOR officials noted that the proposal would increase the property tax credit from \$750 to \$1,100 which would require individual income tax form and instruction changes, as well as MINITS changes.

DOR officials provided this estimate of the IT cost to implement the proposal. The Office of Administration, Information Technology Services Division (ITSD/DOR) assumes the IT portion of this request could be accomplished with existing resources, however; if priorities shift, additional FTE/overtime could be needed to implement. ITSD/DOR estimates that this legislation could be implemented utilizing 2 existing CIT III for 1 month for modifications to MINITS at an estimated cost of \$8,372.

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education** (DESE) assumed that a previous version of this proposal would have no direct fiscal impact on their organization. DESE officials stated that the proposal would make numerous changes to various tax statutes, and assume the increase in the property tax deduction from \$750 to \$1,100 for a property tax credit could have an impact on local school districts. The qualifying income level for the tax credit stays the same. DESE officials assume this change would have minimal affect on local tax revenue and probably no impact on the foundation formula.

Officials from the **University of Missouri, Economic Policy Analysis and Research Center** (EPARC) assume this proposal would increase the amount of Senior Citizen Property Tax (Circuit Breaker) tax credits by \$1.21 million in FY 2009, \$1.31 million in FY 2010, and \$1.31 million in FY 2011.

Oversight will use the EPARC estimate of revenue reductions for this fiscal note.

Officials from the **Missouri State Tax Commission** (TAX) assume this proposal would have no fiscal impact to their organization. TAX officials noted that this proposal would require county assessors to notify taxpayers by February 15 of real property assessment increases and, with the aid of the county clerk, to estimate the tax liability for the property upon which the assessments are increasing. TAX officials stated that this proposal would require county assessors and collectors to make modifications to their current computer systems.

Officials from **Linn State Technical College** assume this proposal would have no fiscal impact to their organization.

Officials from the **City of Centralia** assume their organization would have nominal costs as a result of this proposal.

Officials from the **Metropolitan Community Colleges, and Moberly Area Community College** assumed a previous version of this proposal would have no fiscal impact to their organizations.

Officials from the **Parkway School District** assumed a previous version of this proposal would have a fiscal impact of \$1,000 for their organization, to prepare property tax revenue estimates.

Officials from **Clinton County** assumed a previous version of this proposal would have considerable cost to their organization for staff time.

ASSUMPTION (continued)

Officials from **Cooper County** assumed a previous version of this proposal would have startup costs in 2011 of \$10,500 for computer programming, \$5,075 for additional staff, and \$350 for office supplies in the County Clerk's Office, and \$25,000 for computer software and \$45,000 for labor and supplies in the offices of the assessor and collector.

Oversight assumes this proposal would not have a significant impact on local government tax revenues. Oversight notes that certain assessment procedure changes in this proposal would become effective on January 1, 2009 for charter counties and effective January 1, 2011 for the balance of the state. Oversight assumes that the required changes to local government systems for assessors, clerks, and collectors would result in additional costs statewide in excess of \$100,000 beginning in 2009 (FY 2010).

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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GENERAL REVENUE FUND

Revenue reduction - Department of
Revenue

Additional tax credits	<u>(\$1,210,000)</u>	<u>(\$2,520,000)</u>	<u>(\$3,830,000)</u>
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**ESTIMATED NET EFFECT ON
GENERAL REVENUE FUND**

<u>(\$1,210,000)</u>	<u>(\$2,520,000)</u>	<u>(\$3,830,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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LOCAL GOVERNMENTS

<u>Increased cost</u> - County Assessors, Clerks, and Collectors	<u>\$0</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
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**ESTIMATED NET EFFECT ON
LOCAL GOVERNMENTS**

<u>\$0</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
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FISCAL IMPACT - Small Business

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

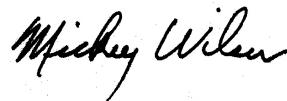
FISCAL DESCRIPTION

This proposal would raise the maximum credit for the Circuit Breaker program from \$750 to \$1100, would prescribe various changes to the way local governments set their tax levies, and would create new notification procedures for county clerks and assessors.

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
Division of Budget and Planning
Department of Elementary and Secondary Education
Department of Revenue
State Tax Commission
University of Missouri
Economic Policy Analysis and Research Center
Linn State Technical College
Metropolitan Community Colleges
Moberly Area Community College
Clinton County
Cooper County
City of Centralia
Parkway School District



Mickey Wilson, CPA
Director
February 8, 2008