

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0966-01
Bill No.: SB 174
Subject: Boards, Commissions, Committees, Councils; Cities, Towns, and Villages;
Counties; County Officials, Elderly; Property, Real and Personal; Saint Louis;
Taxation and Revenue - Property
Type: Original
Date: February 11, 2009

Bill Summary: Would modify provisions of law relating to property taxation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Local Government	\$0	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** stated that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

SOS officials also stated that this proposal could have an impact on library districts' tax revenues.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume there would be no added cost to their organization as a result of this proposal.

BAP officials noted that this proposal would change the definition of the "base year" for certain homeowners participating in the Homestead Exemption program. This may increase the number of eligible participants and distributions may increase, but BAP notes this program is subject to appropriation.

Officials from the **Department of Elementary and Secondary Education** noted that this proposal would restore the authority removed in SB 711 (2008) to allow political subdivisions to use as the authorized tax levy the greater of the rate in effect in 1984 or the most recent voter-approved levy. It would also allow those political subdivisions to levy a rate that will generate revenue in an amount equal to the revenue in 2007 exclusive of any new construction and improvements for 2008 and 2009. School districts would be allowed to use the highest tax rate subsequent to 1980. There would appear to be no fiscal impact for the state in the school foundation formula.

ASSUMPTION (continued)

Officials from the **Department of Revenue**, the **State Tax Commission**, **Linn State Technical College**, the **Metropolitan Community Colleges**, **Cass County**, **Clinton County**, and the **City of Centralia** assume this proposal would have no fiscal impact on their organizations.

Officials from the **City of Kansas City** assume that the transition rule for FY 2009 in this proposal would result in the loss of two million dollars for 2009.

Oversight notes that this proposal would amend the current method for setting the maximum allowable property tax rate, and would change the homestead exemption base year for some owners. Oversight notes that local governments would still be subject to other tax rate limitations and assumes that this proposal would have a limited fiscal impact to most local governments; however, Oversight assumes that the impact on some local governments could be significant. Oversight assumes the overall fiscal impact could be significant and will indicate an unknown negative impact for local governments for fiscal note purposes. Oversight assumes this proposal would become effective after 2009 tax rates are set and would become effective for 2010 tax rates collected in December 2010 (FY 2011).

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
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LOCAL GOVERNMENTS

<u>Revenue reduction</u> - tax rate limit changes	\$0	(Unknown)	(Unknown)
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ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</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.

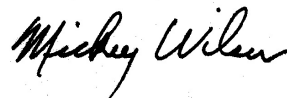
FISCAL DESCRIPTION

This proposal would modify provisions of law relating to property taxation

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
Linn State Technical College
Metropolitan Community Colleges
Cass County
Clinton County
City of Centralia
City of Kansas City



Mickey Wilson, CPA
Director
February 11, 2009