

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0966-03
Bill No.: SCS for 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: March 2, 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 6 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 in response to a previous version of this proposal 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 a previous version of the proposal could have an impact on library districts' tax revenues.

Officials from the **Office of the State Auditor (SAO)** stated they can not currently determine whether the proposal would result in additional forms and computations. If additional forms and computations are required, SAO officials can not estimate the number that would be required. Accordingly, SAO officials stated they can not prepare an estimate of the cost, and assume there would be an unknown cost to their organization for potential changes to their tax rate certification process. SAO officials also stated the proposal could have an unknown impact on local governments.

Oversight assumes that any cost to the SAO could be absorbed with existing resources. If unanticipated costs are incurred or if multiple proposals are enacted which increase the SAO workload, resources could be requested through the budget process.

ASSUMPTION (continued)

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 also noted that the proposal would change the definition of "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 officials noted this program is subject to appropriation.

BAP officials noted that this proposal would delay some of the changes to the assessment process required by SB 711 (2008) and would change other requirements for property tax filings.

In response to a previous version of this proposal, 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.

Officials from **Cass County** assume this proposal would have minimal impact on county general revenues, although it could have some impact on county services such as the Medical Center and the County Library Fund which are supported by independent tax levies.

Officials from the **Office of the State Treasurer**, the **Department of Revenue**, the **State Tax Commission**, **Linn State Technical College**, and the **City of Centralia** assume this proposal would have no fiscal impact on their organizations.

In response to a previous version of this proposal officials from the **Metropolitan Community Colleges**, **Clinton County**, **St. Louis County**, and the **Department of Revenue** assumed the proposal would have no fiscal impact on their organizations.

ASSUMPTION (continued)

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

Officials from the **City of St. Louis** assumed that a previous version of this proposal would reduce costs for their organization by approximately \$218,000 in 2009 but that cost savings would decline each year until 2013.

Oversight notes that this proposal would delay some of the changes to the assessment process required by SB 711 (2008) and would change other requirements for property tax filings. The proposal would also amend the current method for setting the maximum allowable property tax rate, and change the homestead tax 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	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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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.

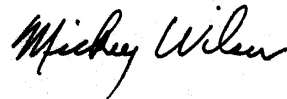
FISCAL DESCRIPTION

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 the State Treasurer
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
St. Louis County
City of Centralia
City of Kansas City
City of St. Louis



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Director
March 2, 2009