

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1489-01  
Bill No.: HB 506  
Subject: Education, Elementary and Secondary; Property, Real and Personal; Taxation and Revenue - Property  
Type: Original  
Date: February 23, 2011

---

Bill Summary: This proposal modifies provisions of law requiring certain political subdivisions to revise property tax rates.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<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 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</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 2012</b>	<b>FY 2013</b>	<b>FY 2014</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 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Local Government</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Elementary and Secondary Education** assume this proposal would not change the cost of the school foundation formula. There would be no increased or decreased state cost.

Officials from the **Department of Revenue** and the **State Tax Commission** assume this proposal would have no fiscal impact on their respective agencies.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. 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.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of Administration - Division of Budget and Planning**, assume there would be no added cost to their agency as a result of this proposed legislation. This proposal would modify the way school district tax levies are calculated in certain counties. This proposal could impact funds for certain school districts, but would not impact general and total state revenues.

**Oversight** is not able to determine whether this proposal would result in any increase or decrease in a local school district tax rate, and will indicate a fiscal impact from unknown positive to unknown negative.

Officials from the **Office of the State Auditor (SAO)** assume this proposal would require their organization to revise the current tax rate forms and educate taxing authorities on the changes, and would generate calls in regards to the change. SAO officials estimated that the additional duties in relation to this bill would require 1 FTE Staff Auditor I in the Tax Rate section.

ASSUMPTION (continued)

**Oversight** notes that this proposal would require the use of a blended tax rate in a property tax limit calculation for taxing authorities that use separate rates for each subclass of taxable property. Currently, only taxing authorities in St. Louis County use separate tax rates. Accordingly, Oversight assumes this proposal would require changes to the tax limit calculation for a limited number of taxing authorities and that SAO could absorb the additional responsibilities with existing resources. If unanticipated additional effort is incurred or if multiple proposals are implemented which increase the SAO workload, resources could be requested through the budget process.

Officials from **Raytown** and **Kansas City** state there is no fiscal impact to their respective cities.

Officials from **St Louis County** assume no fiscal impact to their county as a result of this proposed legislation.

Officials from the **Parkway School District** state there will be no fiscal impact to their district.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
---	---------------------	---------	---------

**LOCAL POLITICAL SUBDIVISIONS**

School Districts - Revised tax rate limit calculation	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
---	-------------------------	-------------------------	-------------------------

<b><u>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</u></b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>
--	--	--	--

FISCAL IMPACT - Small Business

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

### FISCAL DESCRIPTION

Currently, certain school districts that levy separate tax rates on the different subclasses of property are required to revise tax rates when there is a tax rate reduction after certain tax revenue calculations. This proposed legislation allows the districts to revise the rates. If voters approve separate stated tax rates to be applied to the different subclasses of property or increase the separate rates that may be levied on the different subclasses of property by different amounts, the single tax rate calculation must be a blended rate that is to be calculated in the manner specified in law.

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 Elementary and Secondary Education

Office of Administration

Division of Budget and Planning

Department of Revenue

State Tax Commission

Office of Secretary of State

Administrative Rules Division

Office of State Auditor

Cities

Raytown

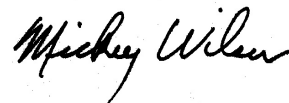
Kansas City

Counties

St Louis County

School Districts

Parkway



Mickey Wilson, CPA

Director

February 23, 2011