

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4503-02
Bill No.: SCS for SB 510
Subject: County Officials; Property, Real and Personal; Taxation and Revenue - Property
Type: Original
Date: March 30, 2012

Bill Summary: This proposal requires county assessors to consider market factors in determining value of real property for tax purposes.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| | | | |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| | | | |
| | | | |
| 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 2013 | FY 2014 | FY 2015 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| | | | |
| | | | |
| 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 2013 | FY 2014 | FY 2015 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **State Tax Commission (TAX)** state that the lien date for property tax is January 1st of the tax year. The assessor is to determine the true value in money based on the economic conditions as of January 1st of the odd number year. Therefore, the “current market condition” in July of the even number year has no effect on the value placed on the property based upon market conditions that existed on January of the odd number year. The assessor already takes into consideration the various elements that comprise the market.

Officials from the **County of St. Louis** assume the current proposal would not fiscally impact their county.

In response to a similar bill from last year, SB 52, officials from **Clay County** stated that their organization already includes foreclosures in sales data used to determine taxable valuations, and that the extent to which foreclosure data is used varies by location.

In response to a similar bill from last year, SB 52, officials from the **Blue Springs School District** assumed the financial impact to school districts would be in the tens of millions of dollars.

In response to a similar bill from last year, SB 52, officials from the **Fair Grove School District** assumed that the proposal would increase assessment costs in their location and would negatively impact school districts.

In response to a similar bill from last year, SB 52, officials from the **Parkway School District** stated that the cost of the proposal to their organization is unknown at this time.

In response to a similar bill from last year, SB 52, officials from the **St. Louis Public Schools** assumed that the proposal would have no fiscal impact on their organization since any changes in valuation would be offset by a levy rate adjustment.

Officials from the **County of Boone, Silex Public School District, Sullivan Public School District, Francis Howell Public School District, City of Bonne Terre, City of Dardenne Prairie** and **City of Excelsior Springs** did not respond to Oversight’s request for fiscal impact.

ASSUMPTION (continued)

Oversight is not able to predict the extent, if any, by which foreclosure and other distress sales would reduce future market value calculations for property tax assessment purposes. Oversight also notes that such sales would reduce property tax revenues only to the extent that local governments are unable to increase their tax levy rates to recover the loss of assessed valuation.

If local governments are able to increase their tax levy rates to recover those losses, this proposal would likely shift the property tax burden from certain areas within counties to other areas in the county, and to agricultural and commercial property owners.

Oversight has reviewed the available information as to current levies and maximum authorized levies for local governments, and we noted that certain local governments would have the ability to increase their levy rates beyond current levels. Oversight does not have any information as to the current valuation or location of properties which could potentially be impacted by distress sale data, nor do we have the information that would be required to determine which local governments could increase their levy rates to recover the loss of assessed valuation associated with this proposal.

Oversight will indicate no fiscal impact for this program.

| <u>FISCAL IMPACT - State Government</u> | FY 2013 (10 Mo.) | FY 2014 | FY 2015 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2013 (10 Mo.) | FY 2014 | FY 2015 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

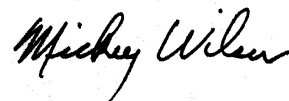
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

State Tax Commission
County of St. Louis
County of Clay
Blue Springs School District
Fair Grove School District
Parkway School District
St. Louis Public Schools

NOT RESPONDING

Boone County
Silex Public Schools
Sullivan Public Schools
Francis Howell Public Schools
City of Bonne Terre
City of Dardenne Prairie
City of Excelsior Springs



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Director
March 30, 2012