

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4503-04
Bill No.: HCS for SCS for SB 510
Subject: Political Subdivisions; County Officials
Type: Original
Date: May 2, 2012

Bill Summary: This proposal changes the laws regarding political subdivisions.

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 6 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 **Department of Natural Resources, Department of Revenue, Department of Economic Development, Department of Insurance, Financial Institutions and Professional Registration, State Tax Commission and Office of the State Courts Administrator** each assume the current proposal would not fiscally impact their respective agencies.

Officials from the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Metropolitan St. Louis Sewer District** assume the current proposal would not fiscally impact their sewer district

Officials from the **Parkway School District** assume the current proposal would not fiscally impact their school district.

Section 94.110

In response to a similar proposal from this session, HB 1964, officials from the **City of Kansas City (KC)** assumed there would not be an increase in revenue experienced by this legislation. As a constitutional charter city, KC, already provides within its charter the right to license all businesses not exempt by the legislature.

Section 137.076

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 **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.

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.

ASSUMPTIONS (continued)

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.

Oversight notes that the potential impact of including foreclosure information, bank sales, and marketing time in the determination would vary significantly by location. In addition, Oversight notes that the TAX response indicated that foreclosure and bank sales are already included in the data required to be analyzed by assessors in determining property valuation in money for property tax purposes.

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.

Officials from the **Department of Transportation** and **Office of the Secretary of State** did not respond to Oversight's request for fiscal impact.

Officials from the **Cities of Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Kennett, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Linn, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield,**

ASSUMPTIONS (continued)

St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to Oversight's request for fiscal impact.

Officials from the **Counties of Andrew, Barry, Bates, Boone, Buchanan, Butler, Callaway, Camden, Cape Girardeau, Carroll, Cass, Cole, Cooper, DeKalb, Franklin, Greene, Hickory, Holt, Jackson, Jasper, Jefferson, Johnson, Knox, Laclede, Lafayette, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Pemiscot, Perry, Phelps, Platte, Pulaski, Scott, St. Charles, St. Louis, St. Francois, Taney, Texas, Warren, and Webster** did not respond to Oversight's request for fiscal impact.

Officials from the **Branson Public Schools, Columbia Public Schools, Francis Howell Public Schools, Independence Public Schools, Jefferson City Public Schools, Kansas City Public School Board, Kirksville Public Schools, Lee Summit Public Schools, Mehlville Public Schools, Mexico Public Schools, Nixa Public Schools, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Special School District of St. Louis County, St Joseph School District, St. Charles Public Schools, and Sullivan Public Schools** did not respond to Oversight's request for fiscal impact.

<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.

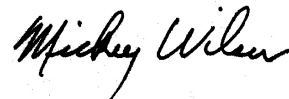
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
State Tax Commission
Department of Economic Development
Office of the State Courts Administrator
Department of Natural Resources
Department of Insurance, Financial Institutions and Professional Registration
Attorney General's Office
City of Kansas City
County of Clay
Metropolitan St. Louis Sewer District
Parkway School District
St. Louis Public Schools
Blue Springs School District
Fair Grove School District

NOT RESPONDING

Department of Transportation
Office of the Secretary of State
Numerous School Districts
Numerous Counties
Numerous Cities



Mickey Wilson, CPA
Director
May 2, 2012