

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1344-06
Bill No.: SCS for HCS for HB 613
Subject: County Officials; Taxation and Revenue - Property
Type: Original
Date: May 5, 2015

Bill Summary: This proposal modifies provisions relating to collection of property taxes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

Section 52.260

In response to a similar proposal, SB 405, officials at the **Department of Revenue** and the **State Tax Commission** each assumed no fiscal impact to their respective agencies from the proposal.

In response to a similar proposal, SB 405, officials at the **Platte County Board of Election Commission** and **St. Louis County** each assumed no fiscal impact to their respective entities from the proposal.

In response to similar legislation this year, HB 1269, officials at the **Callaway County Commission** assumed no fiscal impact from this proposal.

Oversight assumes that although the taxes collected won't change, some county collectors will retain more fees and other county funds will receive less under the terms of this proposal. Therefore, Oversight will show an increase in fees retained by county collectors and a reduction in taxes distributed to the other county funds, netting to \$0 from this proposal.

Section 65.620

In response to a similar proposal, SB 245, officials at the **Office of the State Auditor** and the **State Tax Commission** each assumed no fiscal impact to their respective agencies from the proposal.

In response to a similar proposal, SB 245, officials at the **Platte County Board of Election Commission** and **St. Louis County** each assume no fiscal impact to their respective entities from the proposal.

Under current law, once a township is abolished, property taxes are not collected for the abolished township. Under this proposal, property taxes would continue to be collected for a period of one calendar year following the abolishment of the township or until the voters of the county have approved a tax levy for road and bridge purposes, whichever occurs first. Therefore, **Oversight** will reflect a \$0 to unknown impact to counties in the fiscal note.

ASSUMPTION (continued)

Section 137.076

Changes to this provision would add several additional factors that an assessor would be required to consider in establishing the value for property tax purposes of a parcel of real estate.

Oversight assumes this provision would, in general, lead to an unknown reduction in the assessed valuation of real properties. **Oversight** notes, based on information from the Missouri Tax Commission, that the total assessed valuation of real property has decreased in the last three assessment cycles. Oversight is also aware that many additional factors influence actual property tax revenues for local governments and the Blind Pension Fund, which are supported by those revenues. For the purposes of this fiscal note, Oversight will assume there would be no revenue reductions to political subdivisions or the Blind Pension Fund resulting from the additional requirements for assessed valuations proposed in this legislation.

Bill as a Whole

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 **State Tax Commission** and the **Department of Revenue** each assume the current proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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LOCAL POLITICAL SUBDIVISIONS

<u>Income</u> - Counties - in revenue from property taxes from abolished townships (\$65.620)	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
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<u>Savings</u> - County Collectors - increase in fees retained (\$52.260)	Unknown	Unknown	Unknown
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<u>Loss</u> - Reduction in taxes distributed to Local Political Subdivisions within that county (\$52.260)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to 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

Under current law, county collectors must collect a specified amount of fees for collecting local taxes. In counties where the total amount levied in a year is between \$350,000 and \$2 million, the fee is 2.5 percent on the first \$350,000 collected and 1 percent on the rest. In counties where the total amount levied exceeds \$2 million, the fee is 1 percent on all amounts collected.

This proposal raises the outer threshold amount for a county to be eligible to collect the 2.5 percent on the first \$350,000 to \$3 million.

This proposal allows counties in which townships have been abolished to continue to collect a property tax on a county-wide basis for road and bridge purposes for either one year following the abolishment of the townships or until the county voters have approved a property tax for such purposes, whichever occurs first.

The property tax must be the same amount as the property tax being levied in the township with the lowest total tax rate immediately before the townships were abolished.

This proposal specifies that the collection of the property tax is to be considered a continuation of a tax and not a new tax.

This provision contains an emergency clause.

This proposal requires county assessors to use the income based approach when assessing parcels of real property with certain restrictions imposed on the property in connection with state or federal subsidies used on the property.

Currently, a county collector may advertise without a legal description or the names of the record owners, tax delinquent lands meeting certain requirements and which have an assessed value of \$1,000 or less. This act increases the assessed value limit to \$1,500 or less.

The act authorizes any collector, tax sale purchaser, or the agent of either to enter on the land of the another without being guilty of trespass if in the course of providing notice of a tax sale or tax sale redemption rights.

Currently, property must be redeemed within one year of a tax sale if the property is sold at a first or second offering. This act allows owners of property to redeemed until such time that the purchaser acquires a deed to the property.

FISCAL DESCRIPTION (continued)

The proposal prohibits costs incurred by a tax sale purchaser prior to March first after the tax sale from being included in the costs required to be paid by an owner before the property may be redeemed. County collectors will make the determination as to what are reasonable costs of sale a redeeming property owners must pay.

Currently, minors and incapacitated person must redeem property within one year of a disability being removed. This proposal requires redemption within five years of the last payment of taxes on the property by the minor, incapacitated person, or the representative of either.

Currently, tax sale purchasers must provide a title search to acquire a collector's deed. The title search cannot be more than 120 days from the date of application for the deed. This proposal removes the 120 day restriction.

The proposal specifies requirements for a tax sale purchaser to be issued a collector's deed. The proposal also specifies how notice maybe served on a minor or incapacitated person outside the United States.

Currently, tax sale purchasers must record a deed on the property within two years of the tax sale. This proposal requires a recording within 18 months.

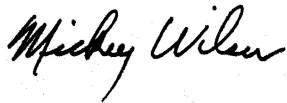
The proposal contains an emergency clause.

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

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SOURCES OF INFORMATION

Department of Revenue
State Tax Commission
Platte County Board of Election Commission
St. Louis County
Callaway County Commission
Office of the State Auditor
Attorney General's Office



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Director
May 5, 2015

Ross Strobe
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May 5, 2015