

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4295-01
Bill No.: SB 548
Subject: Taxation and Revenue - Property; Agriculture
Type: Original
Date: January 18, 2018

Bill Summary: This proposal prohibits the State Tax Commission from raising agricultural land productive values under certain circumstances.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **State Tax Commission (TAX)** assume this will have an unknown impact. Since 1994 Agricultural land values have increased 5% as the Missouri Legislature has the authority to disapprove the recommendation of the State Tax Commission. This recommendation is required by statute and reviewed every two years.

Oversight notes that the State Tax Commission is required to promulgate regulations that publish the value base on productive capability for each of the several grades of agricultural and horticultural land. These rules are to be adopted by December 31st of each odd-numbered year. The General Assembly has the ability to disapprove of the rules before they take affect. This proposal would allow the State Tax Commission to continue to promulgate their rules but limits the total amount they could increase the land values each time they meet. Since the General Assembly is allowed to review and set limits on the State Tax Commission's rules, this proposal would not have a fiscal impact.

As an example, **Oversight** notes, HCR 58 was adopted in 2016 effectively disapproving the State Tax Commission recommendations. TAX stated the next time such an increase could be promulgated would be in December 2019.

According to the State Tax Commission's 2016 annual report, Missouri's "agricultural" values for "rural land" totaled \$1.77 billion.

Officials at the **Department of Agriculture** assume there is no fiscal impact from this proposal.

Officials at the **Department of Elementary and Secondary Education** assume other than the potential impact on the revenue stream of state and local governments (which our department has no means to calculate), this proposal does not impact DESE.

Officials at the **City of Kansas City** assume a small negative impact on the City in an indeterminate amount.

Officials at the **Boone County** and the **St. Louis County** each assume there is no fiscal impact from this proposal.

Officials at the **Summersville R-2 School District** assume this could potentially negatively affect school districts financially if less levy money is received as a result of the proposal.

ASSUMPTION (continued)

Officials at the **Kirksville R-III School District** assume a negative fiscal impact.

Officials at the **West Plains School District** assume no cost to the district.

Officials at the **Jackson County Board of Election Commission** and the **St. Louis County Board of Election Commission** each assume there is no fiscal impact from this proposal.

Officials at the **Joint Committee on Administrative Rules** assume there is no fiscal impact from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state 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, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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.

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.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	\$0	\$0	\$0

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 direct 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

Boone County
City of Kansas City
Department of Agriculture
Department of Elementary and Secondary Education
Jackson County Board of Election Commission
Joint Committee on Administrative Rules
Kirksville R-III School District
Office of the Secretary of State
State Tax Commission
St. Louis County
St. Louis Board of Election Commission
Summersville R-2 School District
West Plains School District

Ross Strobe



Acting Director
January 18, 2018