

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1602-01  
Bill No.: SB 300  
Subject: Taxation and Revenue - General; Taxation and Revenue - Property; Counties;  
 Political Subdivisions  
Type: Original  
Date: February 25, 2019

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Bill Summary: This proposal modifies provisions relating to the refund of protested taxes.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Blind Pension (0621)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</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 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Local Government</b>	<b>\$0 to (Unknown over \$100,000)</b>	<b>\$0 to (Unknown over \$100,000)</b>	<b>\$0 to (Unknown over \$100,000)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Office of Administration Division of Budget and Planning (B&P)** assume this proposal will not impact Total State Revenue or the calculation under Article X, Section 18(e).

This proposal may have an unknown negative impact to the Blind Pension Trust Fund, if the fund receives payments paid under protest that are subsequently required to be refunded and if such interest payment required under §32.068 is higher than the interest that would have otherwise been paid under current law.

This proposal may have a significant negative impact to local taxing jurisdictions if the interest payment under §32.068 is higher than the interest payments required under current law.

Officials at the **State Tax Commission (STC)** assume this proposal has no fiscal impact on the STC. It allows a taxpayer to seek an order against the Collector to receive the interest of protested funds in circuit court and the STC.

Officials at the **Department of Revenue** and the **Office of the State Treasurer** each assume there is no fiscal impact from this proposal.

Officials at the **St. Louis County Treasurer** reports that currently, the State of Missouri can earn approximately 2% interest on monies in its accounts, whereas St. Louis County is limited to 0.35%. If the State of Missouri calculates the interest on refunded taxes at the state rate, then St. Louis County could lose \$165,000 per year based on the most recent tax refund data. St. Louis County would owe more to taxpayers than it has received and could earn, which would make this proposal an unfunded mandate. Counties cannot be compelled to return more money than they receive. Also, the St. Louis County Collector is simply a pass-through agent for school, fire, library and other property tax district revenues. This bill directs enforcement actions against the collector for monies that may no longer be in the County's possession, as they would be distributed to other taxing districts.

Officials at **Monroe County** and the **St. Francois County Assessor's Office** assume there is no fiscal impact from this proposal.

ASSUMPTION (continued)

DOR for informational purposes provided Oversight with the history of the interest rate calculated under §32.068.

Interest Rates – Refunds 32.068/32.069				
Year	Q1	Q2	Q3	Q4
2018	0.9%	1.0%	1.2%	1.3%
2019	1.5%	1.7%		

Interest Rates – Delinquencies 32.065	
Year	
2018	4%
2019	5%

DOR states that §32.068 is determined quarterly by the state treasurer and §32.065 is adjusted annually by the Director of Revenue. House Bill 1858 (2018) modified §32.069 by changing the rate in which interest on refunds is determined from Section 32.068 to Section 32.065 (effective July 1, 2019).

**Oversight** notes that this proposal would require the County Collectors to pay interest on refunded tax rates under the interest rate calculation in §32.068. Oversight was unable to determine if the amount of interest currently paid by the County Collectors is higher or lower than the rate currently calculated under §32.068. Oversight will assume that the rate earned by counties would be lower than that earned by the state.

**Oversight** will show a \$0 to Unknown negative impact to the Blind Pension Fund and \$0 to Unknown over \$100,000 to the local County Collectors' funds.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other counties were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to [www.legislativeoversight.mo.gov](http://www.legislativeoversight.mo.gov).

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>BLIND PENSION FUND</b>			
<u>Revenue Reduction</u> - \$139.031 interest paid	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON THE BLIND PENSION FUND</b>	<b>\$0 to <u>(Unknown)</u></b>	<b>\$0 to <u>(Unknown)</u></b>	<b>\$0 to <u>(Unknown)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>COUNTY COLLECTOR FUNDS</b>			
<u>Revenue Reduction</u> - \$139.031 interest paid	\$0 to <u>(Unknown over \$100,000)</u>	\$0 to <u>(Unknown over \$100,000)</u>	\$0 to <u>(Unknown over \$100,000)</u>
<b>ESTIMATED NET EFFECT ON THE COUNTY COLLECTOR FUNDS</b>	<b>\$0 to <u>(Unknown over \$100,000)</u></b>	<b>\$0 to <u>(Unknown over \$100,000)</u></b>	<b>\$0 to <u>(Unknown over \$100,000)</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Current law allows taxpayers to receive interest on property taxes paid under protest and that have been distributed by the collector to appropriate taxing authorities at a rate equivalent to the rate of interest such taxes would have earned if held by the collector. This act entitles such a taxpayer to receive interest at the same rate as provided under current law for various Department of Revenue purposes, including interest earned on income tax refunds.

Taxpayers may seek an order enforcing the provisions of this act against a collector and any taxing jurisdictions which received the protested funds.

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  
Monroe County Assessor  
Office of Administration Division of Budget and Planning  
Office of the State Treasurer  
State Tax Commission  
St. Francois County Assessor  
St. Louis County



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February 25, 2019

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February 25, 2019