

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3175-05  
Bill No.: SJR 48  
Subject: Taxation and Revenue - Property; Constitutional Amendments  
Type: Original  
Date: January 31, 2020

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Bill Summary: This proposal allows the growth in assessed values to be limited by law.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	\$0 or (More than \$7,800,000)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (More than \$7,800,000)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</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 2021</b>	<b>FY 2022</b>	<b>FY 2023</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 2021</b>	<b>FY 2022</b>	<b>FY 2023</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 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Local Government</b>	<b>\$0*</b>	<b>\$0</b>	<b>\$0</b>

\*Potential costs and state reimbursements net to zero in FY 2021 if a special election is called.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from **Office of the Secretary of State** assume, each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Joint Resolutions proposing a constitutional amendment are submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a Joint Resolution to a vote of the people, section 115.063.2 RSMo requires the state to pay the costs. The cost of the special election has been estimated to be \$7.8 million based on the cost of the 2016 Presidential Preference Primary.

The Secretary of State's office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over \$5.8 million was spent to publish the full text of the measures for the August and November elections. The SOS estimates \$65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

The Secretary of State's office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

**Oversight** has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2021. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled statewide

ASSUMPTION (continued)

primary election is in August 2020 and the next scheduled general election is in November 2020 (both in FY 2021). It is assumed the subject within this proposal could be on one of these ballots; however, it could also be on a special election called for by the Governor (a different date). Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2021.

Officials from the **State Tax Commission** assume this proposal has an unknown fiscal impact. The SJR provides the authority in the state constitution to limit residential property assessment increases, however does not define the rate limitation. Assessment growth limitations may impact negatively the revenue for school districts, counties, cities and other taxing jurisdiction who are supported by property taxes.

Officials from **Office of Administration - Budget and Planning (B&P)** assume this proposal requires voter approval, therefore this proposal will not impact TSR or the calculation under Article X, Section 18(e).

This proposal would amend the Missouri Constitution to allow the General Assembly to limit the growth in assessed value for class 1 properties within statute.

B&P notes that while this proposal will not have a direct impact to the Blind Pension Trust Fund or local revenues, this may have a negative indirect impact over time.

Officials from the **Department of Revenue** and **Office of Administration - Administrative Hearing Commission** assume the proposal will have no fiscal impact on their organization.

Officials from **Perry County Assessor's Office** assume the revenue change is unknown due to the "limited" specifics. Costs to the office are unknown as well but programming and implementation will be necessary.

Officials from **Warren County Assessor's Office** assume the effects, positive or negative, are unknown until the exact "limited" scope is defined. Programming and implementation costs are unknown until the exact property tax "limited" scope are detailed to each local property tax assessment official.

Officials from **Sullivan County** assume a loss of revenue of \$19,132 annually as increases are often more than 5%.

ASSUMPTION (continued)

Officials from **Ste Genevieve County Assessor’s Office** assume the potential loss in revenue for Ste Genevieve County would be based on the difference between the overall market increase of each County neighborhood, vs. the limited increase by law. Programming and the implementation of software for SJR could exceed \$5,000.

**Oversight** assumes, upon voter approval, this proposal would allow assessed values of residential property to be limited by law. However, this proposal itself does not place a limit on assessed values (it would take additional action by governing bodies); therefore, Oversight assumes there is no direct fiscal impact to the Blind Pension Fund or local political subdivisions from property tax collections as a result of this provision.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
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**GENERAL REVENUE**

<u>Transfer Out</u> - Local Election Authorities the cost of the special election <b>if</b> called for by the Governor	\$0 or <u>(\$7,800,000)</u>	<u>\$0</u>	<u>\$0</u>
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0 or <u>(\$7,800,000)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
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**LOCAL POLITICAL SUBDIVISIONS**

<u>Transfer In</u> - to Local Election Authorities the cost of a special election	\$0 or \$7,800,000	\$0	\$0
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<u>Cost</u> - Local Election Authorities the cost of the special election <b>if</b> called for by the Governor	\$0 or <u>(\$7,800,000)</u>	<u>\$0</u>	<u>\$0</u>
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<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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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

This constitutional amendment, if approved by the voters, provides that the amount by which the assessed values of real property may increase over the assessed value of such property from the previous assessment may be limited by law.

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

Office of the Secretary of State  
State Tax Commission  
Office of Administration  
    Budget and Planning  
    Administrative Hearing Commission  
Department of Revenue  
Perry County Assessor's Office  
Warren County Assessor's Office  
Sullivan County  
Ste Genevieve County Assessor's Office



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January 31, 2020



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