

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5337-01  
Bill No.: SB 983  
Subject: Taxation and Revenue - Property; Agriculture; State Tax Commission  
Type: Original  
Date: March 5, 2020

---

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Blind Pension Fund (0621)	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 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 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from **State Tax Commission** assume every two years (odd numbered year by December 31st), the State Tax Commission under the provisions of 137.021 promulgates a rule on agricultural and horticultural land based on their productive value and provides this recommendation to the General Assembly who within sixty day may approve or disapprove of the recommendation. Since 1994 agricultural values have increased once by 5% in 2014-15. HB 2321 has an unknown impact as current law grants the General Assembly the authority to reject agricultural land value increases.

Officials from the **Office of Administration - Budget and Planning** assume the proposal will have no direct fiscal impact on their organization, general and total state revenues, and will not impact the calculation pursuant to Article X, Section 18(e).

Officials from the **Department of Revenue**, the **Department of Social Services** and the **Office of the State Auditor** each assume the proposal will have no fiscal impact on their respective organizations.

**Oversight** assumes this proposal would prevent the State Tax Commission from recommending an increase greater than 2% above the values in effect prior to the rule promulgation or greater than 8% above the lowest value in effect in any of the ten years prior. Oversight assumes this could limit assessed values and subsequent tax revenue to the Blind Pension Fund and local political subdivisions. Oversight will show a range of impact of \$0 (increase is not greater than caps listed in the proposal or the increase would not be approved by the General Assembly) to an unknown negative impact on the Blind Pension Fund and local political subdivision for any recommendation that may have exceeded the caps and been approved by the General Assembly.

Although the effective date of this proposal, if passed, would be FY 2021 (August 2020), this would be midway through the assessment year; Oversight assumes this proposal would likely take effect the following calendar year, 2021, with impacted revenues occurring in FY 2022 (December 2021).

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
<b>BLIND PENSION FUND</b>			
<u>Revenue (Loss)</u> - potential loss of revenue from increase in agricultural land values that exceed the proposed caps	<u>\$0</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON THE BLIND PENSION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue (Loss)</u> - potential loss of revenue from increase in agricultural land values that exceed the proposed caps	<u>\$0</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>

FISCAL IMPACT - Small Business

Oversight assumes there could be a fiscal impact to small businesses as a result of this proposal.

FISCAL DESCRIPTION

This bill prohibits the State Tax Commission from promulgating a rule that increases agricultural land productive values more than 2% over the current values in effect prior to the rule promulgation or 8% above the lowest value in effect in any of the 10 years prior to the rule promulgation.


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

State Tax Commission  
Office of Administration - Budget and Planning  
Department of Revenue  
Department of Social Services  
Office of the State Auditor



Julie Morff  
Director  
March 5, 2020



Ross Strobe  
Assistant Director  
March 5, 2020