

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3145-02
Bill No.: SJR 25
Subject: Constitutional Amendments; Taxation & Revenue—Property; Political Subdivisions; Saint Louis County
Type: Original
Date: January 11, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue *	(\$43,800)	\$0	\$0
Total Estimated Net Effect on <u>All State Funds</u>	(\$43,800)	\$0	\$0

*Does not include possible increased cost for Foundation Formula.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All Federal Funds</u>	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Political subdivisions	\$0	(\$170,931,000)	(\$176,941,000)
Local Government	\$0	(\$170,931,000)	(\$176,941,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the office of the **Secretary of State** assume statewide newspaper publications of constitutional amendments cost approximately \$1,460 per column inch based on an estimate provided by the Missouri Press Service, x3 for multiple printings as required by the Constitution and State Statute = \$4,380 per column inch. Estimated total number of inches for this amendment is 10 inches, which includes title header and certification paragraph. Therefore, \$4,380 x 10 inches = \$43,800.

Officials from the **Department of Revenue** assume no administrative impact to their agency.

Officials from the **State Tax Commission** assume 2002 assessed valuation is \$70 billion and property tax revenue amounts to \$4.2 billion for local political subdivisions. Assuming 3.5% CPI growth, the potential loss in local revenues would be \$4.2 billion times 3.5% resulting in \$147 million. Assuming no growth in 2004 and an increase in assessed valuation due to new construction or improvements of \$1.8 billion, the potential loss in revenues for 2005 would be \$71.8 billion times tax rate of \$6 per \$100 assessed valuation times 3.5% CPI equaling \$151 million.

In a more recent response, the **State Tax Commission** provided an updated estimate of \$68 billion for 2002 assessed valuation.

Oversight calculates the fiscal impact of this proposal as follows:

Total property tax paid in 2000	\$	3,922,378,000
Estimated inflation increase for 2001 (3 ½ %)	\$	137,283,000
Estimated new construction and improvements for 2001	\$	108,000,000
Estimated increase due to 2002 reassessment (11%)	\$	458,443,000
Estimated inflation increase for 2002 (3 ½ %)	\$	145,868,000
Estimated new construction and improvements for 2002	\$	111,780,000
Subtotal	\$	4,883,752,000
Estimated inflation increase for 2003 (3 ½ %)	\$	170,931,000
Estimated inflation increase for 2004 (3 ½ %)	\$	176,941,000

Oversight assumes the first year affected by the proposal would be 2003 taxes collected in FY 2004.

Officials from **St. Louis County** did not respond.

ASSUMPTION (continued)

Oversight assumes the proposal to make the St. Louis County Assessor an elected official would have no significant fiscal impact on St. Louis County.

Officials of the **Department of Elementary and Secondary Education**, in response to a similar proposal in a prior session, noted that the proposal would reduce the local deductions in the Foundation Formula thus increasing cost to fully fund the Formula.

Oversight assumes the Foundation Formula issues, if any, would be addressed through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
GENERAL REVENUE FUND			
<u>Cost</u>			
<u>Secretary of State</u>			
Newspaper Advertisements	<u>(\$43,800)</u>	<u>\$0</u>	<u>\$0</u>
NET EFFECT ON GENERAL REVENUE FUND *	<u>(\$43,800)</u>	<u>\$0</u>	<u>\$0</u>

***Does not include possible increase in cost of Foundation Formula.**

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
POLITICAL SUBDIVISIONS			
<u>Loss - Reduced Property Tax Collections</u>	<u>\$0</u>	<u>(\$170,931,000)</u>	<u>(\$176,941,000)</u>
NET EFFECT ON POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>(\$170,931,000)</u>	<u>(\$176,941,000)</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal would eliminate property tax levy rollback adjustments for inflation. The proposal would also make the St. Louis County Assessor an elected official. The proposal would be submitted to a statewide vote in November, 2002.

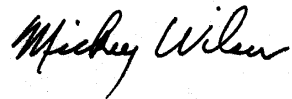
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Secretary of State
Department of Revenue
State Tax Commission

NOT RESPONDING

St. Louis County



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Acting Director
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