

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0794-03  
Bill No.: SCS for HB 229  
Subject: Elderly; Housing; State Tax Commission; Taxation and Revenue - Property  
Type: Original  
Date: April 18, 2005

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<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.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTIONS

In response to a previous version of this proposal, officials from the **Department of Revenue** assume the proposal would not have any significant impact on their organization.

Officials from the **State Tax Commission** assume the proposal would not have any significant impact on their organization.

Officials from the **Office of Administration, Administrative Hearing Commission, and Division of Budget and Planning**, (BAP) assumed the proposal would not result in additional costs or savings to their organization. BAP notes the proposal would have a potentially negative impact on general revenue, and defers to the State Tax Commission as to the proposal's impact.

**Oversight** assumes this proposal would not have a significant impact on state revenue as compared to the existing process for the homestead property tax exemption for the elderly:

ASSUMPTIONS (continued)

Officials from the **Office of the Secretary of State** assumed the proposal would clarify the Missouri Homestead Preservation Act. The Department of Revenue may promulgate rules to enact this legislation. Those rules would be published in the Missouri Register and the Code of State Regulations by our division. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Revenue could require as many as 12 pages in the Code of State Regulations. The estimated cost of a page in the Code of State Regulations is \$27.00. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. The estimated cost of a page in the Missouri Register is \$23.00. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.  
 $((12 \times \$27) + (18 \times \$23) = \$738)$

**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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

In response to a previous version of this proposal, officials from the **Office of the Cole County Assessor** assumed the proposal could result in a minimal reduction of work as compared to the current statute.

In response to a previous version of this proposal, officials from the **Office of the Howell County Collector** assumed the proposal would require additional work, potentially requiring additional employees or additional overtime for existing employees.

In response to a previous version of this proposal, officials from the **Office of the Vernon County Treasurer/Ex Officio Collector** assumed that any additional duties required of the County Clerk and Treasurer/Ex Officio Collector could be assumed with existing resources.

**Oversight** assumes that any change in effort required of local government officials would be minimal and could be assumed with existing resources.

ASSUMPTIONS (continued)

Officials from the **Office of the Cole County Collector** and the **Office of the Boone County Collector** did not respond to our request for information.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</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 modify the procedures related to the homestead property tax exemption for the elderly:

- For applications filed in 2005 and 2006, the limit would be based on the increase in tax liability from 2004 to 2005. For applications filed after 2006, the limit would be based on the increase in tax liability from two years prior to application to the year immediately prior to application.
- The application would be on forms provided by the Department of Revenue. Forms would be available on the department's internet site, at all permanent branch offices, and at all full-time, temporary, or fee offices maintained by the department.

DESCRIPTION (continued)

- The applicant would attest under penalty of perjury:
  - (1) To the applicant's age;
  - (2) That the applicant's prior year income was less than the maximum upper limit;
  - (3) To the address of the homestead property; and
  - (4) That any improvements made to the homestead did not total more than five percent of the prior year appraised value.
- The applicant would include with the application copies of receipts indicating payment of property tax by the applicant for the homestead property for each of the three prior tax years.
- The Department of Revenue would calculate the tax liability, verify compliance with the maximum income limit, verify the age of the applicants, and make adjustments to such numbers as necessary on the applications. The Department would disallow any application in which the applicant has also filed a valid application for the senior citizens property tax credit. Upon the verification of adjusted tax liability, age, and income, the Department would determine eligibility for the credit and provide a list of all verified eligible owners to the county assessors (county clerks in counties with a township form of government) by December fifteenth of each year.
- By January fifteenth, the county assessors would provide a list to the Department of Revenue of any verified eligible owners who made improvements to the homestead and the dollar amount of the assessed value of such improvements; if the dollar amount of the assessed value of such improvements totaled more than five percent of the prior year appraised value, such eligible owners would be disqualified from receiving the credit for the current tax year.

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 Administration  
    Administrative Hearing Commission  
    Division of Budget and Planning  
Department of Revenue  
State Tax Commission  
Office of the Secretary of State  
Office of the Cole County Assessor  
Office of the Howell County Collector  
Vernon County Treasurer/Ex Officio Collector

NOT RESPONDING

**Office of the Cole County Collector**  
**Office of the Boone County Collector**

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
April 18, 2005