

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3428-01
Bill No.: HJR 33
Subject: Constitutional Amendments; Taxation and Revenue - General; Taxation and Revenue - Property
Type: Original
Date: January 19, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(\$52,560)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(\$52,560)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the office of the **Secretary of State (SOS)** stated that statewide newspaper publication of constitutional amendments would cost approximately \$1,752 per column inch per publication date based on an estimate provided by the Missouri Press Service. The SOS estimated this proposal would require 10 column inches including title header and certification paragraph, for three required publications. $((\$1,752 \times 3 = \$5,256) \times 10 = \$52,560)$.

Officials from the **Office of the State Treasurer**, the **Office of Administration, Division of Facilities Management, Design and Construction**, the **Department of Revenue**, and the **Office of the Cole County Assessor** assume this proposal would have no fiscal impact to their organizations.

Officials from the **Office of Administration, Division of budget and Planning** did not respond to our request for information.

ASSUMPTION (continued)

Officials from the **State Tax Commission** (TAX) assume this resolution would bring the surcharge on commercial real property within the provisions of the Hancock Amendment.

In 1985, the property tax on inventories was eliminated and the lost revenue was recouped by establishing an additional levy (surcharge) to be applied to commercial real property. This levy was "fixed" and never changed over time - regardless of the substantial increase in the assessment of commercial real property. Under the proposed provisions, when the value of commercial real estate increases significantly the surcharge would be rolled back to provide a "revenue neutral" amount of taxes after the revenue growth allowable under the Hancock Amendment is calculated.

TAX assumes this proposal could cause an unknown loss of revenue to local governments.

Oversight notes the proposal would propose a constitutional amendment to be submitted to the voters. Any revenue loss to the state or local taxing authorities would result from passage of the constitutional amendment. Oversight also assumes this proposal would be submitted to the voters at the November, 2006, general election rather than at a special election.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE FUND			
<u>Cost</u> - Secretary of State			
Publication cost	<u>(\$52,560)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$52,560)</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<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 propose a constitutional amendment to specify a method for adjusting levies to recover lost revenue from taxes on manufacturers personal property.

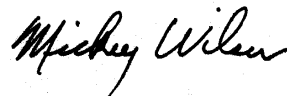
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Office of the State Treasurer
Office of Administration
 Division of Facilities Management, Design and Construction
Department of Revenue
State Tax Commission
Office of the Cole County Assessor

NOT RESPONDING

Office of Administration
Division of Budget and Planning



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Director
January 19, 2006