

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5247-01
Bill No.: HB 1962
Subject: Elderly; Housing; State Tax Commission; Taxation and Revenue - Property
Type: Original
Date: April 4, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$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 5 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	(Up to \$131,761,188)	(Up to \$131,761,188)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** state the only mention of DOR in this legislation is that we are supposed to supply the forms. The reference to the "director of revenue" appears to be the county's director of revenue.

DOR's Taxation anticipates no impact from this legislation if our assumptions are correct. The information provided to the county can be found on DOR income tax returns or PTC forms. However, if DOR is expected to administer this County homestead preservation exemption, as well as, provide forms/information, DOR can expect an impact and require additional FTE as indicated below.

Customer Services - 1 Tax Processing Technician I for every 15,000 calls a year to the income tax inquiry line and 1 Tax Processing Technician I for every 4,800 contacts a year in our field offices.

Personal Tax - until Taxation is certain of its role in this legislation, a FTE need for PT is undeterminable.

ASSUMPTION (continued)

Officials from the **State Tax Commission (TAX)** state the proposal would not impact their agency. TAX states this proposal provides that certain eligible taxpayers may file for an exemption from increases in the assessed value of their homestead in St. Louis County.

The 2005 assessed valuation for residential property in St. Louis County is \$12,203,186,480.

According to the 2000 census information, 70.3% of the housing units are owner occupied with 22.4% of the householders 65 years of age and old. In addition, 89.6% of these households has an income of less than \$70,000. We do not have any data available on the number of property owners who have owned the property for less than five year.

$\$12,003,186,480 \times 70.3\%$ (residential property owner occupied) = \$8,438,240,095.

$\$8,438,240,095 \times 22.4\%$ (residential property owner occupied over 65) = \$1,890,165,781.

$\$1,890,165,781 \times 89.6\%$ (income under \$70,000) = \$1,693,588,539

There are numerous municipalities with various tax rates in St. Louis County. For the purposes of estimating the potential fiscal impact, we will use a rate of \$7.78 per hundred dollars of assessed valuation.

$\$1,693,588,539 \times \7.78 per hundred dollars = \$131,761,188 potential revenue impact from this proposal.

Officials from **St. Louis County** did not respond to our request for fiscal impact.

Oversight assumes that some of the taxpayers in St. Charles County will already be utilizing the Circuit Breaker program and/or the Missouri Homestead Preservation Act. Therefore, Oversight will range the fiscal impact of the proposal to St. Louis County of up to the estimate provided by TAX. With the proposal effective for all taxable years beginning on or after January 1, 2007, Oversight will assume the fiscal impact would begin in state fiscal year 2008.

FISCAL IMPACT - State Government

FY 2007
(10 Mo.)

FY 2008

FY 2009

\$0

\$0

\$0

FISCAL IMPACT - Local Government

FY 2007
(10 Mo.)

FY 2008

FY 2009

ST. LOUIS COUNTY

Loss - of property tax revenue from
homestead exemption for senior citizens
and disabled persons in St. Louis County

	(Up to	(Up to
<u>\$0</u>	<u>\$131,761,188)</u>	<u>\$131,761,188)</u>

**ESTIMATED NET EFFECT TO ST.
LOUIS COUNTY**

	(Up to	(Up to
<u>\$0</u>	<u>\$131,761,188)</u>	<u>\$131,761,188)</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

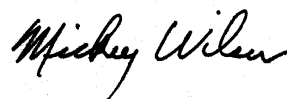
Beginning January 1, 2007, this bill authorizes an exemption in St. Louis County for any increases in assessed valuation of a homestead owned at least five years by a taxpayer who is 65 years of age or older or is disabled and has a household income of \$70,000 or less in the year before the first year of the claimed exemption.

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

Department of Revenue
State Tax Commission

NOT RESPONDING: St. Louis County



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Director
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