

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3273-02
Bill No.: HJR 42
Subject: Constitutional Amendments; Property, Real and Personal; State Tax
Commission; Taxation and Revenue - Property
Type: Original
Date: January 24, 2008

Bill Summary: Would propose a constitutional amendment freezing all real property valuations and tax rates until sale or transfer or voter-approved rate increases.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue			
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assume this proposal would not result in additional costs or savings to the BAP. The proposal would freeze assessed valuations and tax rates at the Dec. 31, 2008 effective levels, unless the property is sold or transferred or voters approve a tax increase. This proposal would have no impact on general revenues, but could impact the Blind Pension Fund. To the extent this proposal may impact the foundation formula for schools, state expenditures may increase. BAP defers to DESE for any calculations of this impact.

Officials from the **State Tax Commission** assumed this proposal would have no direct fiscal impact to their organization, but could have result in unknown losses to local taxing authorities.

Officials from the **City of Excelsior Springs** assume this proposal would cost their organization approximately \$15,000 the first year and that the cost would escalate each succeeding year.

Officials from the **City of St. Louis** assume this proposal would have no fiscal impact to their organization.

Officials from the **City of Kansas City** assume this proposal would cost their organization several million dollars per year in lost revenue.

Officials from the **City of Independence** stated that they could not project a fiscal impact from the proposal.

Officials from the **City of Centralia** assume this proposal would result in lost revenue to their organization of \$13,683 for FY 2009, \$15,751 for FY 2010, and \$16,381 for FY 2011.

Officials from the **City of West Plains** assume this proposal could have a negative fiscal impact of unknown amount.

Officials from the **Office of the Secretary of State** (SOS) assume this proposal would have a negative fiscal impact on local taxing authorities including library districts. They provided an estimate of publication costs for the public ballot that would be required if the proposal were approved by the General Assembly; and a statement regarding their assumption that available appropriation authority would be adequate to meet the requirements of this proposal.

ASSUMPTION (continued)

Officials from the **Department of Revenue**, the **Office of Administration**, **Administrative Hearing Commission**, and **Linn State Technical College**, assume this proposal would have no fiscal impact on their organizations.

Officials from the **Department of Elementary and Secondary Education** (DESE) assume this proposal would submit a constitutional amendment to the voters. The constitutional amendment, if approved and implemented, would limit the growth of assessed valuation by not allowing property to be reassessed and assigned another value until the property is sold or transferred. The proposed constitutional amendment would also continue tax rates in effect on December 31, 2008 until the property is sold or transferred or there is a vote by the local taxing authority. T

The proposed constitutional amendment would appear to cause a loss of future local revenue since there is no allowance for a consumer price index adjustment. The future loss of local revenue would be impossible to determine. Since the bill uses December 31, 2008 as the date that property values are fixed, the current tax base cannot decrease. There does not appear to be any fiscal impact to the state school foundation formula since assessed valuation will not decrease below the 2004 level.

Oversight assumes this proposal would submit a proposed constitutional amendment to the voters, and that any fiscal impact would result from the approval of the voters.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<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.

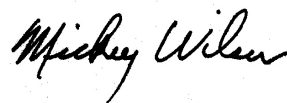
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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 Administration
 Administrative Hearing Commission
 Division of Budget and Planning
Department of Elementary and Secondary Education
Department of Revenue
State Tax Commission
Linn State Technical College
City of Centralia
City of Excelsior Springs
City of Independence
City of Kansas City
City of St. Louis
City of West Plains



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Director
January 24, 2008