

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3276-01
Bill No.: HB 1316
Subject: Children and Minors: Education, Elementary and Secondary; Family Law;
Taxation and Revenue - Property
Type: Original
Date: January 16, 2008

Bill Summary: Establishes that parents have the right to make all health care decisions for their minor children and allows parents of home schooled children to be reimbursed for that portion of property taxes paid and dedicated to schools.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	Expected to be Less Than (\$100,000)	Expected to be Less Than (\$100,000)	Expected to be Less Than (\$100,000)
Total Estimated Net Effect on General Revenue Fund	Expected to be Less Than (\$100,000)	Expected to be Less Than (\$100,000)	Expected to be Less Than (\$100,000)

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 7 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	Up to (\$59,558,897)	Up to (\$59,558,897)	Up to (\$59,558,897)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** state this proposal will have no fiscal impact on their agency.

Officials from the **Department of Mental Health (DMH)** state their agency and its facilities currently employ policies and procedures that involve parents and guardians in health care decisions and there is no fiscal impact to DMH resulting from this proposal.

Officials from the **State Tax Commission (Commission)** state this proposed legislation will not impact their agency. The Commission is unable to project the amount of local revenue that may need to be refunded as a result of this proposal. The Commission does not have information available on the number of home owners who are home schooling their children or the average amount of property taxes they are paying to the school districts.

Officials from the **Department of Social Services- Children's Division** state this proposal does not affect their agency; therefore, there is no fiscal impact to their agency.

Officials from the **Department of Social Services - Division of Youth Services (DYS)** made the following assumptions:

Section 210.890.2(1) - Health Care Decisions

Because of the "notwithstanding any other provision of law to the contrary" provision in §210.890.2, this section is not expected to affect the DYS ability to provide essential healthcare to youth. No fiscal impact is anticipated for this provision.

Section 210.890.2(2) - Property Tax Reimbursement

Currently, DYS is able to seek local effort reimbursement for educational services from the home domicile district because the parent/guardian paid local property taxes. DYS annually invoices local school districts in an amount approximately equal to \$2.8 million. That amount is equal to the local tax effort collected to educate students committed to DYS care.

It is estimated that fewer than 5% of the students served by DYS are truly home schooled or private schooled. However, many districts assume domiciled students who were not locally enrolled were being home or private schooled. Potentially, those districts could assume that under this provision the district is not liable to reimburse DYS for local tax effort. As much as

ASSUMPTION (continued)

10% of the current invoicing is currently contested by districts based on factors such as legal domicile or district liability. It is assumed that prior to district reimbursement for educational services to DYS, a determination of whether a family sought reimbursement of real estate taxes will be required before payment is submitted. Assuming 10% of the billed amount will continue to be contested based on domicile or district liability, the division anticipates an unknown increased administrative cost less than \$100,000 in resolving described disputed invoices. Currently, the division is able to quickly resolve approximately 70% of the contested amounts, but this provision may increase the number of contested amounts, reduce the success rate and/or increase time and effort required to reach resolution.

Officials from the **Department of Elementary and Secondary Education** provided the following assumptions:

§210.890.2 (2) - Property Tax Reimbursement One way to estimate a cost for this proposal might be to determine an average statewide school tax by taxpayer and assume that amount would be taken from schools as reimbursement for private and home schooled children. Assuming 85,317 nonpublic child count and 5,334 home school child count (total of 90,651 children) times some amount of average school tax receipts (If the average tax paid was \$100/taxpayer), this amount would exceed \$9 million. One problem is that some families have more than one child so 90,651 is probably not an accurate count. This would be a cost to school districts; there would also be a significant cost for the county to reimburse individual parents.

Oversight, for fiscal note purposes only, the following calculation:

Median value of owner-occupied housing units (US 2000 Census Facts)	\$89,000
Assessment Rate (\$137.115, RSMo)	19%
Average School Tax Levy (2005-2006 Report of the Public Schools of Missouri)	\$3. 84 per \$100 assessed valuation
Pupil Count (Non-Public & Home Schooled) (Information supplied by DESE)	90,651

$$(\$89,000 \times .19/100) \times \$3.84 \times 90,651 = \$59,458,897$$

ASSUMPTION (continued)

Taking into consideration some households affected may not request reimbursement, some may not be homeowners, and some households may have more than one child, Oversight will range the fiscal impact as: Up to (\$59,458,897).

Oversight estimates administrative costs to counties for reimbursements would not exceed \$100,000.

Officials from the **Francis Howell School District** state this proposal would place school districts in jeopardy of refunding monies to parents (a negative fiscal impact) and yet be required to provide education under IDEA.

Officials from **Buchanan County** estimated the fiscal impact of this proposed legislation would be between \$2,500 to \$5,500 per year.

Officials from the **St Joseph School District** estimated a fiscal impact of about \$1,000,000 annually.

Officials from the **Blue Springs School District** estimated 521 private or home school students times the average real estate tax in the Blue Springs School District of \$2,212 equals a cost of \$1,152,452 per fiscal year.

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

<u>Cost - DOS-DYS - Administrative costs</u> (\$210.890.2 (1))	Expected to be Less Than <u>(\$100,000)</u>	Expected to be Less Than <u>(\$100,000)</u>	Expected to be Less Than <u>(\$100,000)</u>
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**ESTIMATED NET EFFECT ON
GENERAL REVENUE**

<u>Expected to be</u> <u>Less Than</u> <u>(\$100,000)</u>	<u>Expected to be</u> <u>Less Than</u> <u>(\$100,000)</u>	<u>Expected to be</u> <u>Less Than</u> <u>(\$100,000)</u>
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FISCAL IMPACT - Local Government

FY 2009
(10 Mo.)

FY 2010

FY 2011

POLITICAL SUBDIVISIONS

Cost - Counties - Administrative costs to
 refund real property taxes (§210.890.2(2))

Not expected to
 Exceed
 (\$100,000)

Not expected to
 Exceed
 (\$100,000)

Not expected to
 Exceed
 \$100,000)

Loss - School Districts - Tax revenue

Up to
 (\$59,458,897)

Up to
 (\$59,458,897)

Up to
 (\$59,458,897)

**ESTIMATED NET EFFECT ON
 POLITICAL SUBDIVISIONS**

Up to
(\$59,558,897)

Up to
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Up to
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

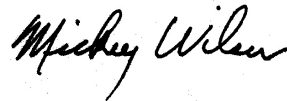
This proposed legislation declares that parents of an unemancipated child younger than 18 years of age have the right to make all decisions regarding their child's health care and education; however, parents will not be given the authority to require their child to have an abortion.

A parent or guardian who home schools or sends his or her child to a private school will be allowed reimbursement upon providing satisfactory evidence of the schooling costs up to the amount of the county property taxes he or she paid that would have been given to the school district.

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 Elementary and Secondary Education
Department of Health and Senior Services
Department of Mental Health
Department of Social Services
 Children's Division
 Division of Youth Services
Department of Revenue
State Tax Commission
School Districts
 St Joseph
 Francis Howell
 Blue Springs
Buchanan County

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

Mickey Wilson, CPA
Director
January 16, 2008