

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3299-01
Bill No.: HJR 43
Subject: Constitutional Amendments; Property, Real and Personal; State Tax
Commission; Taxation and Revenue - Property
Type: Original
Date: January 23, 2008

Bill Summary: Would submit to the voters a constitutional amendment altering the
rollback requirement for the Hancock amendment.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 6 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 the Secretary of State (SOS)** provided the following response.

Statewide newspaper publication of state statutes would cost approximately \$1,919 per column inch based on an estimate provided by the Missouri Press Service. The SOS estimated that this proposal would require 10 column inches including the title, header, and certification paragraph. The proposal would be advertised three times; therefore the cost would be ($\$1,919 \times 3 = \$5,757$ x 10 = \$57,570).

Many joint resolutions are considered by the General Assembly that would require the SOS to pay for publishing in local newspapers the full text of each statewide ballot measure. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.6 million historically appropriated in even numbered fiscal years and \$100,000 appropriated in odd numbered fiscal years. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2007, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.2 million to publish (an average of \$193,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

The SOS stated that this proposal could reduce tax revenues to local libraries but could not estimate an amount.

Officials from the **Office of Administration, Administrative Hearing Commission, the Department of Economic Development, the Department of Revenue, the City of Centralia, the City of Kansas City, the City of St. Louis, and Linn State Technical College** assume this proposal would have no fiscal impact to their organizations.

ASSUMPTION (continued)

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assumed this proposal would have no fiscal impact to their organization. BAP officials noted that the proposal would, if approved by the voters and implemented, remove the maximum authorized levy and the adjustment for changes in the general price level for local government tax rates. Growth in property tax receipts would be curtailed for counties and other political subdivisions, thereby decreasing the amount of local effort used in funding schools and increasing the amount of state funding needed for the state's foundation formula.

Officials from the **City of West Plains** assume the proposal, if passed by the voters and implemented, would further restrict city tax levy rates, reducing city revenues.

Officials from **St. Louis County** assume this proposal would, if passed by the voters and implemented, reduce property tax collections by approximately \$1 million for every 1% of assessed valuation growth based on the change in the Consumer Price Index.

Officials from the **City of Lake Ozark** provided a response but did not estimate a fiscal impact.

Officials from the **Department of Elementary and Secondary Education** (DESE) assume this proposal, if approved by the voters and implemented, would remove the ability of political subdivisions to have an increase in revenue equal to the general price level (CPI) change. Eliminating the ability of school districts to increase property tax revenues by utilizing the CPI on either the maximum authorized levy or the current levy will have a big negative impact on school districts. The loss statewide to school districts is estimated to be in the millions of dollars and would happen yearly. The HJR does not appear to increase the cost of the public school foundation funding formula as there is no provision to increase state money to offset a decrease in local revenue.

Officials from the **Parkway School District** assume this proposal, if approved by the voters and implemented, would result in revenue reductions of \$23.5 million the first year.

Oversight notes that this proposal would submit a constitutional amendment to the voters. If approved by the voters and implemented it could have a negative impact on property tax revenues of political subdivisions and the Blind Pension Fund. Oversight assumes that any fiscal impact resulting from this proposal would be based on the voter approval and will show no cost or revenue in this fiscal note.

<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.

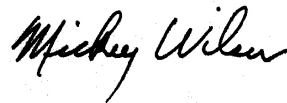
FISCAL DESCRIPTION

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 Economic Development
Department of Elementary and Secondary Education
Department of Revenue
St. Louis County
City of Centralia
City of Kansas City
City of Lake Ozark
City of St. Louis
City of West Plains
Linn State Technical College
Parkway School District



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Director
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