

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3299-04
Bill No.: SCS for HCS for HJR 43
Subject: Constitutional Amendments; Property, Real and Personal; State Tax
Commission; Taxation and Revenue - Property
Type: Original
Date: May 8, 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.

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.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume this proposal would have no fiscal impact to their organization.

BAP officials noted that the proposal would, if approved by the voters and implemented, make several changes to the current limitations on property tax levies. The maximum authorized levy would be defined as the most recent voter-approved levy rate; the City of St. Louis School District would be exempted from certain levy rate limits, levy rate limits would be applied to replacement tax levies, and local governments would be prohibited from levying a tax rate greater than the authorized rate. The proposal would also allow the General Assembly to exempt personal property from taxation by the enactment of general laws.

ASSUMPTION (continued)

BAP officials stated that the amendment, if approved by the voters, could curtail growth in property tax revenues for counties and other local governments, potentially decreasing school districts' revenues and increasing the funding required for the foundation formula. BAP deferred to DESE for an estimate of the impact of the proposed amendment.

Officials from the **Department of Elementary and Secondary Education** (DESE) stated that the proposed constitutional changes would not likely increase the cost of the public school foundation funding formula.

Officials from the **Department of Revenue** assume this proposal would have no fiscal impact to their organization.

Officials from **Linn State Technical College**, the **Office of Administration**, **Administrative Hearing Commission**, the **Metropolitan Community Colleges**, and the **City of Centralia** assume this proposal would have no fiscal impact to their organizations.

Officials from the **Department of Economic Development**, the **State Tax Commission**, the **City of Kansas City**, and the **City of St. Louis** assumed a previous version of this proposal would have no fiscal impact to their organizations.

Officials from the **City of Columbia** assume this proposal would minimize local governments' flexibility.

Officials from the **City of Gladstone** assumed a previous version of this proposal would require the City to expend approximately \$14,000 for each election required to obtain voter approval of each tax levy.

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

Officials from **St. Louis County** assumed a previous version of this proposal would have an unknown impact on their organization.

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

ASSUMPTION (continued)

Officials from the **Parkway School District** assumed a previous version of this proposal, if approved by the voters and implemented, would result in revenue reductions of \$18.5 million.

Officials from **Clinton County** assumed a previous version of this proposal could result in unknown losses to local governments.

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. Oversight assumes that any fiscal impact resulting from this proposal would be based on voter approval and future action by the governing bodies of the local governments, 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.

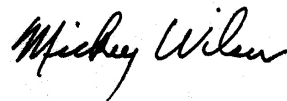
FISCAL DESCRIPTION

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
State Tax Commission
Clinton County
St. Louis County
City of Columbia
City of Centralia
City of Gladstone
City of Kansas City
City of Lake Ozark
City of St. Louis
City of West Plains
Linn State Technical College
Metropolitan Community Colleges
Parkway School District



Mickey Wilson, CPA
Director
May 8, 2008