

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4182-01  
Bill No.: HB 1507  
Subject: Property, Real and Personal, Taxation and Revenue - Property, Counties  
Type: Original  
Date: February 3, 2010

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Bill Summary: Would allow additional amounts to be withheld from property tax collections to ensure that the total of state reimbursements and tax collection withholdings deposited into a county assessment fund are equal to \$7 per parcel.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Local Government *</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* net of revenue reductions and increased revenues.

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## 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 their organization. BAP officials assume the proposal could impact school districts, fire and ambulance districts, and other entities who currently receive funding from property taxes collected.

Officials from the **Department of Elementary and Secondary Education** (DESE) assume there would not be a negative or positive fiscal impact on state education funding in the basic foundation formula. DESE officials stated that this proposal would set the reimbursement rate from the state to counties for expenses incurred in their assessment and equalization maintenance plan at \$7 per parcel. Currently that reimbursement can be no lower than 3% and no higher than 7%.

School districts and other taxing authorities could see some loss in revenue when the reimbursement from the state and collection money does not meet the \$7 per parcel figure and an additional withholding from property tax collections would be used to bring the assessment fund revenues up to 7%. The impact of this proposal on local school district local tax revenue is impossible to determine.

Officials from the **Department of Revenue, Cass County**, and the **City of Centralia** assume this proposal would have no fiscal impact on their organizations.

Officials from the **State Tax Commission** (TAX) assume this proposal would result in the reallocation of local revenue from the various local political subdivisions to the county assessment funds. Based on the current reimbursement to the county assessment funds, TAX officials believe that nearly \$9.5 million dollars would need to be reallocated from the various local political subdivisions funds to the county assessment funds. The current reimbursement to the counties based on the number of parcels in a county is \$4 per parcel. This proposal would require that county assessment funds receive a total of \$7 per parcel.

Currently there are 3,172,133 parcels;  $3,172,133 \text{ parcels} \times \$7 \text{ per parcel} = \$22,204,931$  at the new reimbursement rate. The counties receive  $3,172,133 \text{ parcels} \times \$4 \text{ per parcel} = \$12,688,532$  at the current reimbursement rate, and an additional \$9,516,399 would be needed to reimburse the counties at the new \$7 per parcel rate.

ASSUMPTION (continued)

Officials from **St. Louis County** assume this proposal would result in additional withholding of \$2,005,402 from January 2011 through December 31, 2013.

Officials from the **City of St. Louis** assume this proposal would provide an increase in the state reimbursement rate of \$1 per parcel, resulting in an increase of approximately \$138,000 per year.

**Oversight** assumes this proposal would have no impact on the state reimbursement rate.

Officials from the **Sikeston R-6 School District** assume this proposal would reduce funding for schools. School district officials did not provide an estimate of the impact to their organization.

**Oversight** assumes that most county assessment funds receive withholding from several sources, including local government tax collections, but not at the rate of \$7 per parcel. This proposal would allow increased withholdings from tax collections to ensure that \$7 per parcel is available to fund county assessment operations. For fiscal note purposes, Oversight will indicate an unknown reduction in local government revenues for the additional withholding, and an unknown increase in revenue to local governments for the additional deposits in the county assessment funds.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>LOCAL GOVERNMENTS</b>			
<u>Additional revenues</u> - additional withholdings for county assessment funds	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<u>Revenue reduction</u> - additional withholding from tax collections	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<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.

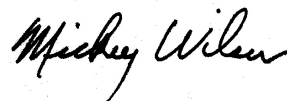
### FISCAL DESCRIPTION

This proposal would allow additional amounts to be withheld from property tax collections to ensure that the total of state reimbursements and tax collection withholdings deposited into a county assessment fund are equal to \$7 per parcel.

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 Administration  
Division of Budget and Planning  
Department of Elementary and Secondary Education  
Department of Revenue  
State Tax Commission  
Cass County  
St. Louis County  
City of Centralia  
City of St. Louis



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