

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2457-01
Bill No.: HB 1118
Subject: Counties; County Government; County Officials; Taxation and Revenue -
Property
Type: Original
Date: March 31, 2015

Bill Summary: This proposal specifies additional circumstances that allow the county collector or revenue to waive or refund any penalty or interest added to a tax bill.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
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 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*Does not include losses to the County Employees' Retirement Fund (CERF)

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials at the **County Employees' Retirement Fund (CERF)** assume no additional revenues or costs to be generated from this proposal. However, the CERF is expected to generate losses for the County Employees' Retirement Fund. According to the most recent CERF financial statements, an annual amount of \$8,056,301 comes from collector penalties and interest added to delinquent property tax bills. Data is not available to analyze how much CERF's revenue would actually be reduced by the proposed legislation. Therefore, calculations were made to determine the effect on CERF's funded ratio over time under scenarios where this source of revenue is reduced by 10%, 30%, or 50%. For example, using the annual amount of \$8,056,301 in collector penalties and interest, the following would be a loss to the CERF for fiscal years 2016, 2017, and 2018:

	10%	30%	50%
2016	\$805,600	\$2,416,800	\$4,028,000
2017	\$813,700	\$2,441,100	\$4,068,500
2018	\$821,800	\$2,465,400	\$4,109,000

Officials at the **Platte County Board of Election Commission** and the **St. Louis County Board of Election Commission** each assume no fiscal impact to their respective entities from this proposal.

Oversight assumes this proposal is permissive in nature and could have a negative impact on revenues received on collector penalties and interest which could affect both the CERF and county funds. It is up to the discretion of the county collector to decide to waive or refund any penalty or interest added to a tax bill. Therefore, Oversight will assume a \$0 or unknown loss in revenue for this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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COUNTY FUNDS

<u>Loss</u> - Counties - reduction in revenue received from waiving or refunding of collector penalties and interest	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
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ESTIMATED NET EFFECT ON COUNTY FUNDS*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
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*Does not include losses to the County Employees' Retirement Fund (CERF)

FISCAL IMPACT - Small Business

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

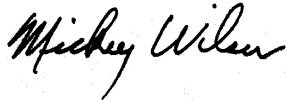
FISCAL DESCRIPTION

This bill allows a taxpayer to request a waiver or refund of any penalty or interest added to a tax bill under specified circumstances. The request must be in writing and submitted to the county collector within 30 days after the date the tax bill became delinquent. Any request made after the 30-day deadline must not be granted. The collector may waive or refund the penalty or interest if the taxpayer provides proof to the collector's satisfaction that the taxpayer has timely paid all tax bills to the county for each of the five years preceding the year for which the request is made.

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

County Employees' Retirement Fund
Platte County Board of Election Commission
St. Louis County Board of Election Commission

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

Mickey Wilson, CPA
Director
March 31, 2015

Ross Strobe
Assistant Director
March 31, 2015