

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1355-01
Bill No.: SB 412
Subject: Taxation and Revenue - Property; Property, Real and Personal; Counties;
Political Subdivisions; County Officials
Type: Original
Date: March 3, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Blind Pension	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
Total Estimated Net Effect on Other State Funds	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	(Unknown)	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

Officials from the **State Tax Commission** assume the proposed legislation would establish depreciable tangible person property as a subclass of tangible property, along with a depreciation table for such depreciation. A separate levy will be calculated for this new class, and a political subdivisions would be able to adjust its levy with voter approval to make up for any revenue loss. If the levy is adjusted, there would not be a loss to the political subdivisions. If the levy is not adjusted, the State Tax Commission does not have any information available to determine if the fiscal impact to any local political subdivisions would be a revenue loss or gain.

The Commission must approve all forms the assessors will use to list such property, and must notify the appropriate county clerk of any appeals. The impact to the Commission should be minimal.

ASSUMPTION (continued)

Officials from the Office of the **Cole County Assessor** assume this proposal would result in a one time correction where substantial changes in business personal property values may change. The Cole County Assessor assumes those changes would have the net effect of an increase in the assessed value of business personal property in the amount of approximately \$23,000,000 in 2004. This would result in additional revenue of approximately \$1,210,000 to Cole County taxing jurisdictions in 2004, and approximately \$6,000 of that additional revenue would be deposited into the assessment fund.

For the years 2005 and 2006, the correction in business personal property valuation will have taken place and no additional revenues, outside of normal growth, would be expected.

There would be no direct savings to the Cole County Assessor's office from this bill. It is estimated that one time programming fees in the range of \$4000 would be needed to implement this bill in 2004. There would be no losses to the Cole County Assessor's office from this bill.

Oversight assumes the proposal would allow taxing authorities to adjust levy rates up to the maximum voter approved rate if such adjustment is needed to generate the same tax revenue as was provided the previous year from depreciable tangible personal property. Levy rate adjustments could be made in any subsequent year of general reassessment. Oversight assumes the intent of the proposal is to limit the taxing authorities to the same tax revenue as would have otherwise been provided, and has not shown any revenue impact on the taxing authorities.

Oversight assumes there would be significant but unknown additional costs to county assessors, county clerks, and taxing authority officials to implement this proposal in 2004 (FY 2005). Oversight assumes that any additional costs in subsequent years would be minimal.

Oversight assumes there would be an unknown impact to the Blind Pension Fund, since the Blind Pension Fund levy rate would not be adjusted.

Officials from the **City of St. Louis**, the **City of Kansas City**, **St. Louis County**, and **Jackson County** did not respond to our request for information.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
BLIND PENSION FUND			
Increase (Decrease) in Tax Revenues as a result of changes in assessment.	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
NET EFFECT ON BLIND PENSION FUND	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
POLITICAL SUBDIVISIONS			
<u>Cost to counties</u>			
Additional administrative cost to county assessor and clerk.	(Unknown)	\$0	\$0
<u>Cost to other political subdivisions</u>			
Additional administrative and reporting cost.	(Unknown)	\$0	\$0
NET EFFECT ON POLITICAL SUBDIVISIONS	<u>(Unknown)</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.

DESCRIPTION

This proposal would require establishment of a separate and distinct tax levy for depreciable tangible personal property, and would specify assessment procedures for depreciable tangible personal property. The true value in money for property taxation purposes of depreciable tangible personal property would be determined from the assets' class and applicable cost recovery period, and by applying a depreciation factor included in the proposal. The proposal would exempt pollution and retooling equipment from new assessment process. The proposal includes an emergency clause.

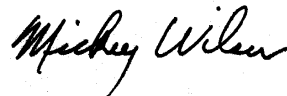
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

State Tax Commission
Department of Revenue
Office of the Cole County Assessor

NOT RESPONDING

City of St. Louis
City of Kansas City
St. Louis County
Jackson County



Mickey Wilson, CPA
Director
March 3, 2003