

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4119-03
Bill No.: SB 1184
Subject: Taxation and Revenue - Property; Taxation and Revenue - General; Property, Real and Personal; State Tax Commission
Type: Original
Date: March 1, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(\$22,311)	(\$20,865)	(\$21,380)
Total Estimated Net Effect on General Revenue Fund	(\$22,311)	(\$20,865)	(\$21,380)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
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 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration, Division of Budget and Planning**, assume the proposal would have no impact on their organization.

Officials from the **State Tax Commission (TAX)** assume the proposal would result in the need for one full-time employee for six months each year. The employee would be responsible for researching, analyzing, drafting, monitoring and conducting meetings in order to establish the value tables and depreciation schedule for the tangible business personal property. Once the tables and schedules have been developed, the employee would be responsible for drafting, filing and reviewing such administrative rules. TAX provided an estimate of cost including salary, benefits, equipment and expense, of \$25,796 for FY 2005, \$23,700 for FY 2006, and \$23,700 for FY 2007.

TAX also estimated a minimal net impact for local governments, with the benefit of establishing uniform assessed valuations statewide for tangible business personal property.

ASSUMPTIONS (continued)

Oversight has, for fiscal note purposes only, changed the starting salary for the Administrative Analyst III position to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight has also estimated benefits for the position in accordance with Office of Administration guidelines.

Officials from the **Office of the Cole County Assessor** (Office) assume it is not possible to determine an impact from the proposal. Office staff assume the proposed valuation tables would differ from tables currently used by their office.

Oversight assumes the proposal would have minimal impact on county assessors, since it would provide a table for use in the valuation of business tangible personal property and would establish a rebuttable presumption that the table value and the assessor's adjustments are correct.

Officials from the **Office of the Secretary of State** (SOS) assume the proposal would regulate tax rates for different types of tangible property relating to city and county taxation. The Department of Revenue, State Tax Commission would promulgate rules showing these rates which would result in our division publishing rules in the Missouri Register and the Code of State Regulations. Based on experience with other divisions, the rules, regulations and forms could require as many as 16 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in Code. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27.
 $((16 \times \$27) + 24 \times \$23) = \$984$

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

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

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE FUND			
<u>Cost - State Tax Commission</u>			
Salary (0.5FTE)	(\$16,938)	(\$17,361)	(\$17,795)
Fringe Benefits	(\$3,127)	(\$3,204)	(\$3,285)
Expense and Equipment	(\$2,246)	(\$300)	(\$300)
Total	(\$22,311)	(\$20,865)	(\$21,380)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$22,311)</u>	<u>(\$20,865)</u>	<u>(\$21,380)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2005 (10 Mo.)	 FY 2006	 FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Small Business</u>			

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

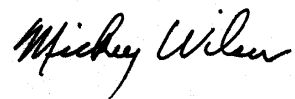
DESCRIPTION

This proposal would modify the assessment of business tangible personal property. The proposal would define true value in money for business tangible personal property as installed fair market value. The State Tax Commission would develop tables to provide guidance and establish values for the various types of business tangible personal property, and would review the tables at least every two years. County assessors would determine the assessed value of such property by using the tables and then applying any reasonable adjustments needed for obsolescence. The proposal would establish a rebuttable assumption that the table values and assessor's adjustments are correct.

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
Office of Administration
Division of Budget and Planning
Office of the Secretary of State



Mickey Wilson, CPA
Director
March 1, 2004