

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0436S.01I
Bill No.: SJR 12
Subject: Taxation And Revenue - Property; Constitutional Amendments
Type: Original
Date: January 6, 2021

Bill Summary: This proposal allows the growth in assessed values to be limited by law.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue*	\$0 or (More than \$7,000,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0 or (More than \$7,000,000)	\$0	\$0

*The potential fiscal impact of “(More than \$7,000,000)” would be realized only if a special election were called by the Governor to submit this joint resolution to voters.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
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 2022	FY 2023	FY 2024
Local Government	\$0*	\$0	\$0

*Potential costs and state reimbursements net to zero in FY 2021 if a special election is called.

FISCAL ANALYSIS

ASSUMPTION

Officials from **Office of the Secretary of State** assume, each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Joint Resolutions proposing a constitutional amendment are submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a Joint Resolution to a vote of the people, section 115.063.2 RSMo requires the state to pay the costs. The cost of the special election has been estimated to be \$7 million based on the cost of the 2020 Presidential Preference Primary.

The Secretary of State's office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over \$5.8 million was spent to publish the full text of the measures for the August and November elections. The SOS estimates \$65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

The Secretary of State's office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. 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 again change the amount or continue to not designate it as an estimated appropriation.

Oversight has reflected, in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2022. This reflects the decision made by the Joint Committee on Legislative Research that the cost of the elections should be shown in the fiscal note. The next scheduled statewide primary election is in August 2022 and the next scheduled general election is in November 2022 (both in FY 2023). It is assumed the subject within this proposal could be on one of these ballots; however, it could also be on a special election called for by the Governor (a different date).

Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2022.

Officials from the **State Tax Commission** assume the proposed SJR has an unknown fiscal impact. The SJR provides the authority in the state constitution to limit residential property assessment increases, however does not define the rate of limitation. Assessment growth limitations may impact negatively the revenue for school districts, counties, cities and other taxing jurisdiction who are supported by property taxes.

Officials from **Office of Administration - Budget and Planning (B&P)** assume this proposal requires voter approval, therefore this proposal will not impact TSR or the calculation under Article X, Section 18(e).

This proposal would amend the Missouri Constitution to allow the General Assembly to limit the growth in assessed value for class 1 properties within statute.

B&P notes that while this proposal will not have a direct impact to the Blind Pension Trust Fund or local revenues, any subsequent growth limits set by the General Assembly may have a negative indirect impact over time.

Officials from the **Department of Revenue, Office of the State Auditor** and the **Department of Social Services** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **City of Springfield** anticipate a possible negative fiscal impact, if a law is passed limiting the growth of assessments, as this bill authorizes. The amount of fiscal impact cannot be estimated since the limit that might be imposed by law is unknown.

Officials from the **City of St. Louis Assessor's Office** cannot determine a fiscal impact from the proposed legislation.

Officials from the **Wentzville Fire Protection District** assume, as a Tax Supported Fire Protection District, any reduction in taxes will have an impact on our Budget and ability to respond to emergency calls. All tax supported Governmental agencies will be impacted by any granting of exemptions to Real and/or Personal Property Taxes.

Officials from the **Boone County Assessor's Office, City of Hale** and the **St. Clair Fire Protection District** each assume the proposal will have a fiscal impact on their respective organizations.

Officials from **Raytown Fire Protection District** state they are not sure how to quantify the exact amount, but this legislation would be a significant financial hit to our Fire District and would almost certainly result in a severe reduction in the service we are able to provide to our citizens. Our primary source of revenue as a Fire District is generated by the payment of

property tax and targeted recipients of this exemption are by far the utilizers of our service. Our ambulance billing model relies heavily on a 2019 voter approved ambulance levy which allows us to not bill a citizen beyond what insurance will cover.

Officials from the **City of Ballwin, City of Corder, City O’Fallon, Newton County Health Department, Crestwood Police Department, Ellisville Police Department, Kansas City Police Department, Springfield Police Department, St. Louis Police Department, Crawford County 911 Board, Boone County Sheriff and the Nodaway County Ambulance District** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight assumes, upon voter approval, this proposal would allow assessed values of residential property to be limited by law. However, this proposal itself does not place a limit on assessed values (it would take additional action by governing bodies); therefore, Oversight assumes there is no direct fiscal impact to the Blind Pension Fund or local political subdivisions from property tax collections as a result of this provision. Oversight will address fiscal impacts to political subdivisions in fiscal notes for enabling legislation.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE			
<u>Transfer Out - Local Election</u> Authorities the cost of the special election if called for by the Governor	\$0 or <u>(\$7,000,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or <u>(\$7,000,000)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer In</u> - to Local Election Authorities the cost of a special election	\$0 or \$7,000,000	\$0	<u>\$0</u>
<u>Costs</u> - Local Election Authorities the cost of the special election if called for by the Governor	\$0 or (\$7,000,000)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<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 constitutional amendment, if approved by the voters, provides that the amount by which the assessed values of real property may increase over the assessed value of such property from the previous assessment may be limited by law.

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
 Department of Revenue
 State Tax Commission
 Office of Administration - Budget and Planning
 Office of the State Auditor
 Department of Social Services
 City of Springfield
 City of Hale
 St. Clair Fire Protection District
 Raytown Fire Protection District
 Wentzville Fire Protection District
 City of Ballwin

SOURCES OF INFORMATION (continued)

City of Corder

City O'Fallon

City of St. Louis Assessor's Office

Boone County Assessor's Office

Newton County Health Department

Crestwood Police Department

Ellisville Police Department

Kansas City Police Department

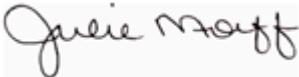
Springfield Police Department

St. Louis Police Department

Boone County Sheriff

Crawford County 911 Board

Nodaway County Ambulance District



Julie Morff

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January 6, 2021



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January 6, 2021