

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4139-03
Bill No.: Perfected SCS for SB 1060
Subject: Collectors: Fees
Type: Original
Date: April 19, 2002

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2003 | FY 2004 | FY 2005 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> State Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2003 | FY 2004 | FY 2005 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2003 | FY 2004 | FY 2005 |
| Local Government | Unknown | Unknown | Unknown |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **State Auditor's Office** and the **State Tax Commission** assume no fiscal impact.

The **Cass County Collector** stated that Section 52.290 would increase revenue to the County's Tax Maintenance Fund. The Collector stated that the amount of revenue that would be realized by the 2% fee is Unknown.

Section 52.290: Oversight assumes that there are 3 Second Class Counties. Oversight talked to the 3 Second Class County Collectors to determine the fiscal impact of this proposal. The **Callaway County Collector** stated that Callaway County obtained the Second Class status prior to December 31, 2000 and this section would have no fiscal impact. **New Madrid County Collector** assumed there would be no fiscal impact. The **Newton County Collector** stated that Newton County went from a county of the Third Classification to a county of the Second Classification on January 1, 2001 and assumes this proposal would have fiscal impact. The Collector stated that **Section 52.290** would allow for the collection of a 7% rather than 5% fee on delinquent and back taxes and would generate additional revenue for the County's Tax Maintenance Fund. The Collector estimated the additional revenue generated at approximately \$25,000 to \$30,000 annually in Newton County.

Section 52.250: The **New Madrid County** and **Callaway County Collectors** assume no fiscal impact from this Section. The **Newton County Collector** stated that as a Class 3 County his office collected a fee of ½ of 1% on current and current delinquent taxes, for mailing said statements and receipts. When the County changed its classification to a Class 2 County no fee was allowed and at that time (January 1, 2001) the county lost revenue from not being able to collect the mailing fee. The Collector assumes that language contained in Section 52.250 would once again allow his office to collect a fee of ½ of 1% on all current and current delinquent taxes for compensation of mailing statements and receipts. The Collector of Newton County estimated annual revenue generated by the ½ of 1% fee at \$35,000 to \$38,000.

Oversight assumes that currently Section 52.250 would affect only one of the three Second Class Counties in the state. Newton County would once again be allowed to collect a mailing fee of ½ of 1%. Oversight will show income to Certain County's General Revenue Fund (Newton County) from the provisions of Section 52.250 as \$0 or a positive Unknown.

ASSUMPTION (continued)

Oversight assumes that there would be 5 fourth class counties, (Lafayette, Saline, Johnson, Pettis, and St. Francois), that would be affected by Section 52.250. Oversight assumes that this proposal repeals language in Section 52.250 that grants authority to County Collectors in fourth class counties to retain a fee of 1% of all current and current delinquent taxes as compensation for mailing statements and receipts. Oversight assumes that this would create a loss of income to 5 existing fourth class counties' General Revenue Fund. Oversight assumes that political subdivisions in those existing fourth class counties would realize savings from not having to pay a 1% collection fee. Oversight is unable to estimate the actual loss of income and savings and will show them as Unknown.

New language in Section 52.250 provides that counties which become counties of the second and fourth class after December 31, 2000 would be allowed to retain a ½ of 1% collection fee. Therefore, Oversight will show income to second and fourth class counties that would obtain a second or fourth class status after December 31, 2000 as Unknown.

Oversight assumes Sections 52.290 and 52.312 establishes a County Tax Maintenance Fund in all counties except the City of St. Louis, and any county of the First Classification with a charter form of government, (Jackson County, St. Louis County, and St. Charles County). Section 52.290 provides for an additional 2% fee on delinquent and back taxes which would be deposited into the County Tax Maintenance Fund. Oversight will show income from the additional 2% fee as Unknown. The revenue generated by the fee would be used for defraying additional costs and expenses of the Collector (Section 52.312). Oversight will show the costs of defraying additional cost and expense as (Unknown).

Oversight assumes there could be additional income to the County's General Revenue Fund due to a year-end balance transfer of funds in the County's Tax Maintenance Fund (Section 52.317). Oversight will show fiscal impact to certain county's General Revenue Fund as \$0 or Unknown.

Oversight assumes that the provisions of Section 52.290.3 which allows the County Collector to accept credit cards is discretionary and would have no fiscal impact.

Oversight assumes the provisions of Section 59.040, that allows for a vote to combine or separate the offices of Circuit Clerk and Recorder of Deeds in third class counties, does not mandate that counties with combined offices place the question of separation of those offices on the ballot. Oversight assumes that this proposal does not mandate that the question of combining these offices be placed on the ballot, therefore, Oversight assumes no fiscal impact to local governments from this provision.

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> | FY 2003 (10 Mo.) | FY 2004 | FY 2005 |
|---|---------------------|---------|---------|

| | | | |
|--|-----|-----|-----|
| | \$0 | \$0 | \$0 |
|--|-----|-----|-----|

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - Local Government</u> | FY 2003 (10 Mo.) | FY 2004 | FY 2005 |
|---|---------------------|---------|---------|

**CERTAIN COUNTIES GENERAL
REVENUE FUND**

| | | | |
|---|----------------|----------------|----------------|
| <u>Income</u> to Certain Counties GR Fund from year-end Tax Maintenance Fund balance transfer (Section 52.317 and 54.327) * | \$0 or Unknown | \$0 or Unknown | \$0 or Unknown |
|---|----------------|----------------|----------------|

* Transfer would only occur after
certain criteria were met.

| | | | |
|--|-----------------------|-----------------------|-----------------------|
| ESTIMATED NET EFFECT OF CERTAIN COUNTY'S GENERAL REVENUE FUND | <u>\$0 or Unknown</u> | <u>\$0 or Unknown</u> | <u>\$0 or Unknown</u> |
|--|-----------------------|-----------------------|-----------------------|

CERTAIN COUNTY COLLECTORS

| | | | |
|--|---------|---------|---------|
| <u>Income</u> to Certain Collectors 2% additional fee on delinquent tax (Section 52.290) | Unknown | Unknown | Unknown |
|--|---------|---------|---------|

| | | | |
|---|-----------|-----------|-----------|
| <u>Transfer</u> to Tax Maintenance Fund from 2% fee (Section 52.312) | (Unknown) | (Unknown) | (Unknown) |
|---|-----------|-----------|-----------|

| | | | |
|---|------------|------------|------------|
| ESTIMATED NET EFFECT TO COLLECTORS | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
|---|------------|------------|------------|

**CERTAIN COUNTY'S TAX
MAINTENANCE FUND**

| | | | |
|---|---------|---------|---------|
| <u>Income</u> to Tax Maintenance Fund from County Collector 2% | Unknown | Unknown | Unknown |
|---|---------|---------|---------|

Cost to Tax Maintenance Fund

| <u>FISCAL IMPACT - Local Government</u> | FY 2003 (10 Mo.) | FY 2004 | FY 2005 |
|---|------------------------------|------------------------------|------------------------------|
| defraying additional cost to Collector | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
| ESTIMATED NET EFFECT TO CERTAIN COUNTIES TAX MAINTENANCE FUND * | <u>\$0 to Unknown</u> | <u>\$0 to Unknown</u> | <u>\$0 to Unknown</u> |
| <p>*Transfer of year-end balance would only occur after certain criteria were met.</p> | | | |
| EXISTING CLASS FOUR COUNTIES GENERAL REVENUE FUND | | | |
| <u>Loss</u> to General Revenue Fund from repeal of authority of Collector to retain a 1% collection fee. (Section 52.250) | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
| POLITICAL SUBDIVISIONS IN EXISTING CLASS FOUR COUNTIES | | | |
| <u>Savings</u> to Political Subdivisions from repeal of law that requires payment of 1% collection fee. (Section 52.250) | <u>Unknown</u> | <u>Unknown</u> | <u>Unknown</u> |
| SECOND AND FOURTH CLASS COUNTIES GENERAL REVENUE FUND (Counties that obtained classification after December 31, 2000) (Section 52.250) | | | |
| <u>Income</u> to Certain Second and Fourth Class Counties General Revenue Fund from ½ of 1% collection fee | <u>Unknown</u> | <u>Unknown</u> | <u>Unknown</u> |
| ESTIMATED NET EFFECT TO LOCAL GOVERNMENT | <u>Unknown</u> | <u>Unknown</u> | <u>Unknown</u> |

FISCAL IMPACT - Local Government

FY 2003
(10 Mo.)

FY 2004

FY 2005

FISCAL IMPACT - Small Business

Small business that would have delinquent property taxes would be expected to pay an additional 2% penalty.

DESCRIPTION

This act revises the fees to be collected by certain County Collectors for all current and delinquent taxes collected as compensation for mailing the statement and receipts. County Collectors in counties not having a township organization are also authorized to collect a certain percentage of fees for the collection of taxes on behalf of the county. The act increases the additional fee from five to seven percent for collection of delinquent and back taxes to be collected from the taxpayer in all counties except St. Louis, St. Charles and Jackson counties and the City of St. Louis.

County Collectors would be allowed to accept credit cards as a form of payment for taxes, but would not be allowed to add a surcharge in excess of the actual fees charged by a credit card bank.

In all counties except St. Louis, St. Charles and Jackson and the City of St. Louis, the county shall establish a "Tax Maintenance Fund". Two percent of the fee collected for delinquent and back taxes shall be deposited in the fund and shall be used by the Collector to fund additional costs and expenses incurred by the County Collector. The act provides limits on the amount of money that can remain in the fund at the end of each fiscal year. Any money in excess of that limit would be transferred to the general revenue fund of the county.

A similar "Tax Maintenance Fund" would be created in third and fourth class counties adopting a township organization that have a County Treasurer Ex Officio Collector.

This proposal grants authority to County Commissions in third class counties to submit the question of combining or separating the offices of Circuit Clerk and Recorder of Deeds to the voters of that county. It also allows voters to petition the County Commission to place the

DESCRIPTION (continued)

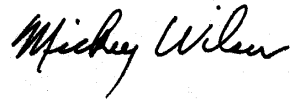
question on the ballot. The petition must have at least 8% of the total vote for Governor in that county in the last general election.

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 State Auditor
State Tax Commission
County Employees' Retirement System
Callaway County Collector
Newton County Collector
New Madrid County Collector
Cass County Collector

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

Mickey Wilson, CPA
Acting Director
April 19, 2002