

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4139-06
Bill No.: HCS for SCS for SB 1060
Subject: Collectors: Fees
Type: Original
Date: May 14, 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 to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 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.

Section 141.720 - 141.790: Land Trusts

Oversight assumes that most of the changes in these sections are procedural, some are permissive, and would have no fiscal impact. Section 141.770.6 states that in addition to the required annual audit, that the Land Trust may be performance audited by the State Auditor or the City of Kansas City Auditor, with the cost to be paid by the Land Trust. Oversight does not know if either entity would audit, therefore, fiscal impact in a given year would be \$0 if no audit occurred, or an unknown cost of an audit.

ASSUMPTION (continued)

Sections 447.620 - 447.640: Rehabilitated Property

Officials from the **Department of Economic Development - Missouri Housing Development Commission (MHDC)** state this bill changes the procedures for owners of properties that constitute a public nuisance in Jackson County and Kansas City. It allows owners to regain possession of their property after a non-profit organization has gained temporary possession of the property for the purpose of rehabilitation. This legislation states that a court will determine whether to restore possession to the owner and the proper compensation due to the non-profit organization. The court does not have to restore possession to the owner, if it finds that he does not have the capacity or resources to complete the rehabilitation.

MHDC assumes this proposal will not fiscally impact their agency.

Officials from the **Office of the State Courts Administrator** assume this proposal would not fiscally impact their agency.

Officials from **Kansas City** did not respond to our request for fiscal impact.

Oversight assumes this proposal will not fiscally impact state agencies or local governments in the Kansas City area.

Section 1 - 5 : Land Transfers

Sections 1 - 4 provide for an exchange of property between the Department of Natural Resources and several different individual land owners. In response to identical legislation the following statements of fiscal impact were submitted.

Officials from the **Office of Attorney General** assume they could accomplish the additional duties with existing resources.

Officials of the **Department of Natural Resources** indicated that they assumed the values of the properties exchanged are approximately equal; therefore, there would be no fiscal impact.

Section 5 grants the Department of Natural Resources the authority to either sell certain property in Jefferson County to a Tammy Edwards for fair market value. Should Mrs. Edwards not want the property, then the department would sell the property at public auction. **Oversight** assumes that the state would lose ownership in property that has a value equal to the amount received either through private sale or public auction. Oversight assumes no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	\$0	\$0	\$0

FISCAL IMPACT - Local Government

FY 2003
(10 Mo.)

FY 2004

FY 2005

**LAND TRUST (FIRST CLASS
 CHARTER COUNTIES)**

Cost to Certain Land Trusts
 for Audit by State Auditor or City
 Auditor (Sections 141.720- 141.790)

\$0 to
(Unknown)

\$0 to
(Unknown)

\$0 to
(Unknown)

**CERTAIN COUNTIES GENERAL
 REVENUE FUND**

Income 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**

\$0 or Unknown

\$0 or Unknown

\$0 or Unknown

CERTAIN COUNTY COLLECTORS

Income to Certain Collectors
 2% additional fee on delinquent tax
 (Section 52.290)

Unknown

Unknown

Unknown

Transfer to Tax Maintenance Fund
 from 2% fee (Section 52.312)

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT TO
 COLLECTORS**

\$0

\$0

\$0

**CERTAIN COUNTY'S TAX
 MAINTENANCE FUND**

Income to Tax Maintenance Fund
 from County Collector 2%

Unknown

Unknown

Unknown

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Cost</u> to Tax Maintenance Fund 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>
*Transfer of year-end balance would only occur after certain criteria were met.			
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>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
ESTIMATED NET EFFECT TO LOCAL GOVERNMENT	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>

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

DESCRIPTION (continued)

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.

LAND TRUSTS

The substitute makes several changes to the land trust law. The substitute:

- (1) Requires that any challenge to the validity of an administrator's or sheriff's deed commence within one year (Section 141.610, RSMo);
- (2) Requires the county executive to appoint land trust members. If a county executive does not exist, the county commission will appoint the members (Section 141.720);
- (3) Authorizes a land trust to sell certain tracts of vacant residential property to the owners of contiguous property (Section 141.720);
- (4) Requires copies of the budget to be delivered to the county and city that appointed the trustee members. If the governing bodies of the county and city do not object to the budget, it will become the budget of the land trust. The approved budget may only be amended with the consent of the county and city that appointed members (Section 141.720);
- (5) Allows land trusts in counties of the first classification having a charter form of government to retain revenue from land sales to pay salaries and expenses of the trust. If the revenue derived from land sales is insufficient to meet the expenses of the land trust, it can requisition additional funds from the county and city. The additional funds cannot exceed \$25,000 per year without the consent of the county and city. The budget of the land trust must be approved by the governing bodies of the county and city that appointed the trustee members (Sections 141.720 - 141.790); and
- (6) Allows performance audits by the State Auditor or the Kansas City Auditor. Cost of performance audits must be paid for by the land trust and made available to the public within 30 days of completion (Section 141.720).

DESCRIPTION (continued)

ABANDONED PROPERTY (Sections 447.620 - 447.640)

Current law requires that several conditions be met in order for an organization to petition the court for temporary possession of abandoned property. One of these requirements is that the organization must intend to rehabilitate the property and use it for low- or moderate-income housing. The substitute eliminates the requirement that the property being rehabilitated be used as low- or moderate-income housing and does not require any particular use for the property.

Under current law, title to the property is conveyed to the organization one year following the entry of the order granting temporary possession to the organization. Under the substitute, title is conveyed to the organization when the rehabilitation is complete.

The substitute allows the owner of the property to file a motion for restoration of possession prior to the completion of rehabilitation. If the rehabilitation has not already been completed by the organization, the court will determine whether or not the owner has the resources and capacity to complete the rehabilitation. If the court determines that the owner is not able to complete the rehabilitation, the court will not restore possession to the owner. However, if the court determines that the owner is able to complete the rehabilitation, possession of the property will be restored to the owner and the court will determine proper compensation due the organization for its expenditures.

Current law requires that the organization file an annual report detailing its rehabilitation and use of the property, including a statement of all expenditures made by the organization. The substitute requires that these reports be submitted quarterly.

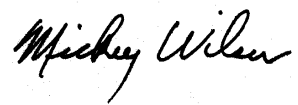
LAND TRANSFERS

The substitute authorizes the conveyance of certain state property located in the Battle of Athens State Historic Site, Cuivre River State Park, Washington State Park, and in Jefferson County to certain parties specified by the substitute. In consideration for the property conveyed, the Department of Natural Resources is authorized to receive certain property from the specified parties.

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 style with a large, stylized 'M' and 'W'.

Mickey Wilson, CPA
Acting Director
May 14, 2002