

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5717-01
Bill No.: HB 2130
Subject: Taxation and Revenue - Property; Real and Personal
Type: Original
Date: March 1, 2016

Bill Summary: Changes the laws regarding the assessment of commercial real property destroyed by a natural disaster.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials from **Callaway County** assume no fiscal impact from this proposal.

Officials from **St. Louis County** assumed minor costs for additional coordination between Assessor and Public Works, and Assessor will need to notify Code Enforcement of those properties that have made application (destroyed). In addition, Code Enforcement will need to provide Occupancies to the Assessor's office since they currently receive building permit applications.

The St. Louis County officials also noted that 1) those properties that make application for being destroyed by flooding will not be able to obtain a Building Permit per FEMA rules, and 2) those properties that make application may not be able to rebuild for the same purpose because of zoning issues.

Officials from the **State Tax Commission** assume there may be a potential impact in that the proposal extends the provisions of the Occupancy law to commercial property as current law provides for residential property. The fiscal impact would be dependent on the extent of the natural disaster.

Oversight notes the proposal permits political subdivisions to adjust the rate of taxation to recover the loss of revenue caused by the natural disaster and therefore will show no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

A small business that experiences the destruction of commercial real property as a result of a natural disaster could be impacted. A small business could experience increased property tax as a result of a political subdivision adjusting the rate of taxation in order to recover the loss of revenue due to commercial real property being destroyed by a natural disaster.

FISCAL DESCRIPTION

The proposed legislation requires the county assessor, upon the adoption of these provisions by the governing body of any county or the City of St. Louis, to remove from the current year's tax book on a pro-rate basis any commercial real property destroyed by a natural disaster if the property owner files an application with the assessor's office listing all destroyed property and if the property is unusable for a commercial activity. The assessor may verify all destroyed property listed to ensure that the person made a correct statement. Any person who fraudulently lists any property must be assessed double the value of the property in addition to other penalties provided by law. Once the construction of the property is completed and a certificate of occupancy is issued or the assessor determines that the property is suitable for commercial use, the property will be returned to the tax rolls. A political subdivision can adjust the rate of taxation to recover the loss of revenue, to the extent previously authorized by the voters, in the tax year immediately following the year of destruction in an amount not to exceed the lost revenue.

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

L.R. No. 5717-01
Bill No. HB 2130
Page 5 of 5
March 1, 2016

SOURCES OF INFORMATION

Callaway County
St. Louis County
State Tax Commission



Mickey Wilson, CPA
Director
March 1, 2016

Ross Strobe
Assistant Director
March 1, 2016