

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3552-03
Bill No.: HCS for HB 1576
Subject: Property, Real and Personal, State Tax Commission, Taxation and Revenue -
 General,
 Taxation and Revenue - Property
Type: Original
Date: April 22, 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
Political Subdivisions *	(Unknown)	(Unknown)	(Unknown)
Local Government *	(Unknown)	(Unknown)	(Unknown)

* expected to exceed \$100,000 per year
 Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

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

Officials from the office of the **Cole County Assessor** assume the provisions of this proposal would result in additional cost to their organization. The Cole County Assessor estimated the additional costs of physical inspections at \$25,000 per year.

Officials from the **Office of Administration - Division of Budget and Planning** did not respond to this proposal.

In response to a previous version of this proposal, officials from the **State Tax Commission** assumed there would be additional costs to county governments for physical inspections.

Oversight assumes there would be unknown increased costs to the county assessors, collectors, and clerks, beginning in FY2003, to implement the requirements of this proposal for inspections, notifications, hearings, and reports. Oversight also assumes there would be additional administrative costs to school districts and other taxing authorities beginning in FY2003, to implement the requirements of this proposal for additional tax rate computations.

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

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

<u>Cost</u> - county assessor, clerk, collector *	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Cost - school districts and taxing authorities	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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* expected to exceed \$100,000 per year
FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal would change various requirements for property assessments and tax rate setting.

The proposal would require state assessed property to be included in the basis for tax rate setting. The proposal would require county clerks to notify taxing authorities of changes in valuation for each subclass of property, and would require taxing authorities to set tax rates by property subclass.. The proposal would also allow property owners to request an interior inspection of property, and would prohibit “drive-by” inspections for assessment purposes. The proposal would place the burden of proof on the assessor to support assessed valuations, and require board of equalization reports to be in writing.

The proposal would require school districts to compute average property taxes on a specified basis for determining state support, and allow taxing authorities to reduce tax rates below their tax rate ceiling and increase the tax rate in a subsequent year by a majority vote of the governing body.

The proposal would allow collectors to accept credit card payments for property taxes.

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

Department of Revenue
Cole County Assessor

NOT RESPONDING

Office of Administration
Division of Budget and Planning
State Tax Commission



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Acting Director
April 22, 2002