

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3222H.01I
Bill No.: HB 1667
Subject: Political Subdivisions; Elections; Taxation and Revenue - Property
Type: Original
Date: March 5, 2024

Bill Summary: This proposal authorizes taxpayers to submit petitions to reduce local tax rate levies.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 67.111 "Taxation Oversight and Reduction Act"

Officials from the **Platte County Election Authority** assume the proposed legislation should not increase actual costs but reviewing each petition will take around 20 staff hours to complete at a rate of \$20 per hour.

Officials from the **City of Kansas City** assume this legislation will have negative fiscal impact of an indeterminate amount.

Officials from the **Eureka Fire Protection District (EURE) - St. Louis** assume this legislation will have fiscal impact of an indeterminate amount.

Officials from the **City of Liberty** assume this legislation will have a significant negative fiscal impact to the City of Liberty. Allowing citizen petitions to reduce combined personal property tax rates would negatively impact the city's ability to provide City services to citizens. A five percent reduction of the combined property tax rate would equate to roughly \$350,000 per year based on 2023 revenue. The revenue generated from Personal Property Taxes is used to support all General Fund and Parks operations including Police, Fire and Public Works.

Officials from the **St Louis City Board of Elections** note while legislation provides for cost of signature verification, if the petition is successful, the issue is to be submitted to voter's at the next general municipal election. If this happens to be in an even year, this could generate a single issue city wide election which could cost \$500,000.

Officials from the **Greene County Clerk** note the following costs related to this proposal:

Recent Petitions (2022): 57,820 signatures checked
Number of Hours to check: 780
Number of signatures checked in 1-hour: 74
Clerk I pay rate per hour (lowest employee rate): \$15.49
Cost per signature = $\$15.49\text{hr}/74\text{ signatures} = \underline{.21\text{ per signature}}$

Coordinator rate per hour: \$23.07
Set-up petition = 4 hours for a petition with 20,000 signatures
Rate to set-up/prepare petition is \$92.28

Cost per signature for coordinator set-up and clerk I checking signature: .22 per signature

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal will not impact - TSR - The calculation under Article X, Section 18(e) - B&P.

Officials from the **Department of Revenue(DOR)** note this will not directly impact DOR as property tax is handled by the County Assessors and the State Tax Commission.

Officials from the **Department of Social Services** and the **State Tax Commission** 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.

Officials from the **Jackson County Election Board, St. Louis County Board of Elections, Newton County Health Department, Kansas City Police Dept.** and the **St. Louis County Police Dept.** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Oversight notes this proposal allows taxpayers to submit a petition to local election authorities to place a property tax levy reduction on the ballot. Oversight assumes local political subdivisions will have costs associated with this proposal. Therefore, Oversight will reflect a potential cost of \$0 (petition not submitted by voters) to an unknown negative amount to local political subdivisions.

Oversight notes property tax revenues are generally designed to be revenue neutral from year to year. The tax levy is adjusted relative to the assessed value to produce roughly the same revenue from the prior year with an allowance for growth.

Oversight notes if a local political subdivision submits the tax levy reduction to voters and it is adopted, this would reduce the tax rate applied to the total assessed values thereby reducing revenues for all tax entities. Therefore, Oversight will show a potential loss of revenue of \$0 (not approved by voters) to an unknown negative amount to local political subdivisions.

Oversight notes the Blind Pension Fund (0621) is calculated as an annual tax of three cents on each one hundred dollars valuation of taxable property ($((\text{Total Assessed Value}/100)*.03)$). For purposes of this fiscal note, Oversight assumes the Blind Pension Fund will not be impacted by this proposal. Should this assumption be incorrect this would change the impact presented in this fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
LOCAL POLITICAL SUBDIVISIONS			
<u>Potential Costs – Counties - §67.111 - Costs for elections and signature verification if petition is submitted by voters</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Potential Costs – Counties - §67.111 - to administer the changes from this proposal if petition is submitted by voters</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Potential Revenue Reduction - §67.111 - Reduction in property tax levy, if approved by voters</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

FISCAL IMPACT – Small Business

There could be a fiscal impact to small businesses if tax rates are adjusted (pending voter approval).

FISCAL DESCRIPTION

This bill establishes the "Taxation Oversight and Reduction Act".

A taxpayer may submit a petition to the local election authority with jurisdiction over a political subdivision for the reduction of the political subdivision's property tax rate, excluding any tax rate set to pay for bonds or debt services.

The reduction must not exceed 5% of the tax rate in effect on the day the question is submitted to voters, unless the maximum authorized levy is more than 5% higher than the current tax rate ceiling, in which case the reduction may be equal to the percentage necessary to reduce the maximum authorized levy to equal the tax rate ceiling.

A reduction of the same political subdivision's property tax rate may be submitted to voters no more than once every four years.

Petitioners must notify the political subdivision's local election authority of their intent to submit a petition and provide the local election authority a copy of the petition.

Upon notification, the local election authority shall notify the taxpayer of the minimum required number of signatures to approve the petition, the estimated cost for signature verification, and the date by which the petition will be due in order for the question to be placed on the ballot.

The minimum signature requirement to place a tax reduction on the ballot will be 5% percent of the number of registered voters who voted in the most recent election of the political subdivision's governing body. The local election authority shall verify that signatures are from registered voters of the political subdivision in question. Election authorities may charge petitioners a fee for signature verification, provided that the fee shall not exceed \$0.50 per signature.

If petitioners meet all requirements, the local election authority shall place the tax reduction on the ballot of the next general municipal election. The form of the ballot question is specified in the bill.

If a majority of the registered voters of the political subdivision approve the reduction, the political subdivision shall reduce the property tax rate by the percentage approved by the voters.

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

Platte County Election Authority
City of Kansas City
Eureka Fire Protection District (EURE) - St. Louis
City of Liberty
St Louis City Board of Elections
Greene County Clerk
Office of Administration - Budget and Planning (B&P)
Department of Revenue(DOR)
Department of Social Services
Jackson County Election Board

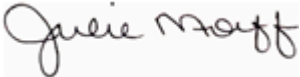
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St. Louis County Board of Elections
Newton County Health Department
Kansas City Police Department
St. Louis County Police Department
State Tax Commission



Julie Morff
Director
March 5, 2024



Ross Strobe
Assistant Director
March 5, 2024