

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0735-02
Bill No.: HB 461
Subject: Business and Commerce; Property, Real and Personal; State Tax
 Commission; Taxation and Revenue - General; Taxation and Revenue -
 Property
Type: Original
Date: February 21, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
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 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTIONS

Although they did not respond to our request for information, officials from the **Office of the Secretary of State** assumed in response to a similar proposal that the proposal would provide a valuation process for business personal property. Based on experience with other divisions the rules, regulations and forms issued by the Department of Revenue could require approximately 6 pages in the Code of State Regulations. The estimated cost of a page in the Code of State Regulations is \$27. For any given rule, roughly one-half again as many pages are published in the Missouri Register as are published in the Code because of cost statements, fiscal notes and notices that are not published in the Code. The estimated cost of a page in the Missouri Register is \$23. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded, and withdrawn. $(6 \times \$27) + (9 \times \$23) = \$369$

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

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

ASSUMPTIONS (continued)

Although they did not respond to our request for information, officials from the **State Tax Commission** assumed in response to a similar proposal that the proposed legislation would provide a definition of business personal property and require such property to be assessed at thirty-three and one-third percent of its true value in money. The true value in money for this property would be determined by the cost approach to value. The State Tax Commission would be required to establish by administrative rules the methods and procedures that would be used to determine the true value in money for business personal property. The proposal requires that methods and procedures for valuing business personal property be available to all assessors by January 1, 2006.

As this proposed legislation requires the rule making process to commence by June 15, 2005, the Commission would need to hire one part-time employee immediately upon the passage and approval of this proposal. The new employee would be responsible for researching, analyzing, drafting, and monitoring such methods and procedures. Once the administrative rules have been approved and filed, the employee would be responsible for reviewing, revising and filing any changes to the rules as new business property becomes available on the market. The Commission would conduct meetings in order to determine the proper methods and procedures, which may include value tables and depreciation schedules for business personal property. The Commission would also need to purchase and/or subscribe to necessary publications in order to continually conduct research on the proper assessment procedures. The Commission assumes such methods and procedures would be subject to periodic review for accuracy and reliability.

The State Tax Commission provided an estimated cost of \$41,532 for FY 2006, \$39,602 for FY 2007, and \$39,602 for FY 2008.

Oversight assumes the limited amount of new procedures required by this proposal could be absorbed with existing staff. If unanticipated costs are incurred, or if more than one proposal imposes additional responsibility on the State Tax Commission, staffing could be addressed through the state budget process.

Officials from the **Office of the Cole County Assessor** stated they could not determine the fiscal impact of the proposal until they were able to review the State Tax Commission's proposed methodology.

Officials from the **Office of Administration, Division of Budget and Planning, Callaway County Assessor, St. Louis County Assessor, and Greene County Assessor** did not respond to our request for information.

ASSUMPTIONS (continued)

Oversight assumes the proposal would have a minimal impact on county assessors and other local officials.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal would provide a valuation process for business personal property.

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
Office of the Cole County Assessor

NOT RESPONDING

Office of the Secretary of State
Office of Administration
Division of Budget and Planning
State Tax Commission
Callaway County Assessor
Greene County Assessor
St. Louis County Assessor



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Director
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