

MISSOURI HOUSE OF REPRESENTATIVES

PROPERTY TAX TASKFORCE

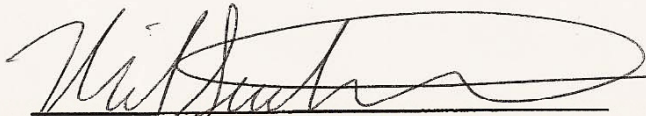
Appointed by:
Speaker Rod Jetton

I very much appreciate the opportunity to have been a part of this very important undertaking concerning the property tax system in Missouri. I want to thank the Speaker for having the foresight to appoint a Taskforce to begin the process of listening to the citizens of Missouri and the various taxing districts who depend on the property tax system for their funding. I also want to thank all of the members of the Taskforce who contributed so much of their valuable time in an effort to improve the property tax system for all Missourians.

As Chairman of the Taskforce and having listened to hundreds of Missouri citizens during the past four months, I strongly recommend to the Legislature that significant action on the Taskforce's recommendations be considered so that some action is taken to repair a broken system. I am convinced that failure to do so will result in a citizens initiative with results similar to California's proposition 13! Missourians deserve fairness therefore the inequities in our current system need to be addressed immediately. I am fearful that a citizens' initiative could have serious consequences for the taxing districts which provide many essential services to our citizens.



Dick Roehl, Chairman



Rep. Mike Sutherland, Asst. Chairman

The report has been reviewed and approved by each member of the Taskforce.

Prepared by
Karla Strobel, Legislative Analyst II
House Research, January 2008

To: Speaker Rod Jetton

From: Property Tax Taskforce

Date: January 17, 2008

Re: Property Tax Taskforce Report

In accordance with your directive to the Taskforce members to study property tax, the members gathered information from a variety of sources and held public hearings around the state during the past few months, including testimony from school districts, the State Tax Commission, the State Auditor's Office, county assessors, and numerous individuals. The duly appointed members respectively submit their report:

Members:	Dick Roehl, Chairman	Rep. Mike Sutherland
	Robert Hediger	Rep. Dennis Wood
	Jo Walker	Rep. Paul Quinn
	Bill Trimm	Laura Pope
	Curtis Koons	Barbara Fraser
	Julie Molendorp	Louis Rubin
	Jim Keefe	Harry Chambers
	George Winebright	Colleen Wassinger
	Matt Chellis	

Staff: Kenny Ross, Speaker's Office
Jacinda Walters, Secretary
Karla Strobel, Legislative Analyst
Mike Price, Budget Analyst

Hearings:	September 12, 2007	Jefferson City, MO
	October 10, 2007	Springfield, MO
	October 24, 2007	Kansas City, MO
	November 14, 2007	St. Louis, MO
	December 3, 2007	Jefferson City, MO (no testimony received)

RECOMMENDATIONS

A majority of the members of the Task Force on Property Tax recommended the following:

1. Set the tax rate ceiling at the preceding year's tax revenue with an allowance for new construction. This would require a taxing district to rollback their rates to remain revenue neutral when the district has increasing assessment values. No consideration for any increase in the Consumer Price Index (CPI) should be considered. This shall be accomplished through a constitutional amendment.
2. Review economic development incentives such as Tax Increment Financing (TIF), Enhanced Enterprise Zones, Chapter 99 (Municipal Housing), Chapter 100 (Industrial Development), and Chapter 353 (Urban Redevelopment) to determine how they impact property taxes and particularly residential property tax owners. Voters should have a voice in the formation of these and a school board member should be a member of the TIF board.
3. Require clear, concise ballot language for all school bond issues and tax increase issues that explain actual impact and costs to taxpayers.
4. Allow a secondary appeal process for properties with increased assessed valuations once the taxpayer receives their tax bill. This is especially important in taxing districts with the certificate of value requirements.
5. Fund reassessment at \$7 per parcel for all counties. Counties could use the additional funding to hire additional personnel, provide training, or get better equipment to improve their reassessment process.
6. Provide seniors the option to have the state pay their real property taxes on their primary residence by placing a lien on the property until the taxpayer dies or the property is sold or transferred. The state would charge no interest.
7. Increase the income limits for the Property Tax Credit for Seniors (Circuit Breaker) to \$50,000 for married filing combined and \$46,000 for singles, head of households, qualifying widows, and married filing separate.
8. Create an advocacy group within the State Tax Commission similar to the one in the Public Service Commission to help with resolving disputes by providing legal guidance and assistance in court.
9. Require accurate assessments throughout the state so that from county to county the assessed valuations accurately represent the market value of real property.

POSSIBLE SOLUTIONS

The following is a list of individual Task Force member's suggestions in addition to the recommendations agreed to by the majority:

1. Divide each county's land mass into four sections and concentrate one section per year until inconsistency of the assessment system is resolved. During this period those sections not subject to the extensive study would be subjected to "normal" activities such as sales. (Winebright)
2. Cap the tax levy determined from year to year at the Consumer Price Index (CPI) pursuant to the Hancock Amendment. The baseline levy should be 2006, since levies may be artificially high in 2007. (Chambers)
3. Modify the Hancock Amendment to limit the amount of revenue any taxing district can collect in a given year to the amount of revenue raised the previous year plus an inflation factor not to exceed 2% (Rubin) or 2.5%. (Roehl)
4. Limit when a taxing district may go to the voters for an increased tax rate over their allowed maximum, to only if they have both operated at their maximum rate for two consecutive years, and have maintained an average operating surplus of 10% or less for that period. (Rubin)
5. Prohibit the re-submission to voters of failed tax increase proposals for a period of at least two years. (Rubin)
6. Require a two thirds (2/3) majority of votes cast for all tax increases and a sunset provision so that they are not authorized indefinitely. (Rubin)
7. Restrict a tax supported agency's budget (like county government, schools, fire districts) to CPI or a 5% per year revenue increase, whichever is lower. For general operations, the State Auditor should advise the agency to set the limit for their next budget and maximum rate based upon last year's rate used. (Winebright)
8. Require taxing districts to make public more detail of their actual revenues and operating costs. (Rubin)
9. Change the debt retirement rate only upon expiration or voter approval to increase payoff time. (Winebright & Walker)
10. Gradually standardize the assessment rates among agricultural, residential, and commercial properties. Assure that agricultural assessments are truly used for agricultural purposes. The income producing capability of agricultural land should have special review. (Walker)
11. Require all businesses to pay their fair share of property taxes to aid in alleviating the tax

burden on residential home owners. This would help relieve the burden that has shifted to home owners as a result of declining tax obligations of businesses. (Quinn)

12. Mandate a computer system and software package to be used for all counties and establish regional data centers for rural areas. (Winebright)

13. Require the State to fully fund the school foundation formula, so that school districts would not be forced to go to the voters as often as is now required to seek additional funding. (Quinn)

14. Recognize that any change to the current property tax structure will impact the funding of local taxing entities, particularly school districts which are the recipients of the largest portion of these revenues, and a reliable alternate funding source must be found to replace any revenues lost by taxing entities as a result of altering the current taxing structure. (Quinn)

15. Explore some alternative methods to finance education since schools districts are the largest taxing districts---such as a small percentage sales tax, a tax on Internet sales or doubling the automobile license fees and earmarking the funds for education. (Walker)

16. Eliminate property taxes and go to a state-wide sales tax. Current estimates for a sales tax increase are 3.5%. This would eliminate the current unfair and unbelievably expensive system of assessment and taxation in Missouri. (Chambers)

17. Require each county to adopt Certificate of Value for more accurate statewide assessments (Fraser, Roehl), and require the State Tax Commission to use sales ratio studies across the state in order to achieve the most reliable local information. Currently, only Jackson, St. Louis, St. Charles Counties and St. Louis City have access to mandatory disclosure of sales information. (Fraser)

18. Abolish the current assessment method and use of computer systems statewide. Assessments should be based on arm's length appraisals or Certificate of Value only. (Chambers)

19. Commission a study panel of the effectiveness of methods and procedures of the assessment process within the state by the University of Missouri, Columbia, School of Business and Public Administration, and require recommendations for improvement to be submitted to the State Legislature. The scope of the study should include residential, agriculture, and commercial properties. This study should also include a review of the effectiveness of the Missouri State Tax Commission. (Rubin & Fraser)

20. Require all counties across Missouri to conduct their assessments in accordance with state statutes, State Tax Commission rulings, and professional standards established by the Uniform Standards of Professional Appraisal Practices (USPAP) and the International Association of Assessing Officers (IAAO). (Fraser)

21. Fund programs to provide tax relief for seniors and low-income residents with the foundation formula savings of potentially \$200 million or more as a result of accurate statewide assessments. (Fraser)

22. Require a set minimum amount of income tax to be returned to each school district based on the designated school code on each resident's tax return. Property taxes could be decreased by the amount of income tax received. Currently, Lindbergh School District receives only 4% to 6% of revenue from the state. Districts who now receive the excess income tax from St. Louis County will need to adjust their local taxes accordingly. (Fraser)

23. Eliminate residential property taxes for seniors over 65 years of age who are retired or set a tax cap of \$1,000, or less, based on the property appraisal value. The Homestead Preservation Credit needs to be replaced with a credit that helps the elderly and retired. (Chambers)

24. Fully fund the Homestead Preservation Act or increase it to allow more eligible applicants without a loss in revenue to the local taxing entities. (Walker & Quinn)

25. Provide additional relief for Seniors with a Homestead exemption from Property tax on the first \$75,000 of assessed value of their property. (Roehl)

26. Review Tax Increment Financing (TIF):

(a.) Consideration should be given to requiring a vote of the people when the TIF commission rejects a proposal and the governing board wishes to proceed.

(b.) Affected taxing entities should have proportional representation on TIF commissions to ensure that their concerns and interests are fully considered.

(c.) Currently, only 50% of economic activity taxes can be utilized to pay for an approved TIF project yet up to 100% of property taxes can be diverted for a similar purpose. This 50% cap should also apply to property taxes or the percentage of economic activity taxes utilized to pay for the approved TIF project should equal the percentage of property taxes diverted for such use.

(d.) TIF projects should not be authorized for residential developments unless school district representatives are on the TIF commission grant approval.

(e.) Require a five year moratorium on approving TIF and other economic incentives. (Quinn)

27. Reduce agricultural taxing categories to two or three and require that non-productive land pay a fairer share of the tax burden in rural counties. The tax rates currently paid are unreasonably low and detrimental to schools and other taxing districts in rural areas. (Roehl)

TESTIMONY
Sept. 12, 2007 – Jefferson City

Representative Charles Portwood

Representative Portwood provided data that showed a windfall for his tax district from 2001 to 2007 because of increased property valuations without rollbacks in the tax rates. Portwood proposes a constitutional change to apply the Consumer Price Index (CPI) to the tax revenue increases rather than tax ceilings. He wants to place the burden on taxing authorities instead of individual taxpayers to prove the value of their homes. Also, he proposes the Certificate of Value (COV) be extended to the entire state and require truth in ballot language. While property tax is not only a problem for seniors, but all taxpayers, he wants to increase the homestead act and property tax credit to provide more assistance to seniors. He is concerned with fairness with business property taxes and required rollbacks for extra districts like fire or ambulance.

Representative Walt Bivens

The problem is the tax rate and not the assessment process. Representative Bivens recommends bold action to fix the problem with property taxes by finding new ways to fund taxing entities. He suggests looking at a sales tax and additional fees to fund the operating portion of the levy and allow only debt service to be funded by property tax. He wants a closer look into California's proposition 13 to adapt some of those ideas in Missouri.

Representative Jim Lembke

The first concern of taxpayers in his district is property tax. The root of the problem is the never ending desire for more expanding government. A government big enough to give you all you want is big enough to take it all away. Many taxpayers in the district are needing to move because of the high cost of their property tax. The root of the problem is school funding needs to be separated from the assessment process. Representative Lembke recommends a freeze in the property tax for seniors based on age and number of years in the home.

Laura Pope, Taskforce Member

Assessors in rural counties are limited in funding and personnel making it difficult to do their job effectively. Assessors are held to the constitution to value all properties in their counties. They do a good job.

Charlie Nordwald, State Tax Commission

Property tax is complicated with the assessment process as one part of it. State law requires assessment to be at market value. Mr. Nordwall provided an overview of the assessment process and the role of the State Tax Commission. He stated that Missouri's property tax system is a stable and reliable revenue source for public schools and other local political subdivisions.

Steve Gardner, UMSL Public Policy Research Center

Gardner presented historical property tax data and how caps on assessment effect property taxes. He will provide additional information at a future hearing.

TESTIMONY
October 10, 2007 – Springfield

Dr. Doug Hayter, Superintendent, Branson Public Schools

Property tax has been the most stable and dependable tax for school funding in the past. Sixty to seventy percent of Branson public school funding comes from local property tax. Two thirds of all property tax revenue goes to schools statewide. The prior foundation formula rewarded schools for having higher property tax rates while the new formula is based on student needs. The new formula should provide more equal funding across the state. Each district must compute their tax rate each year for operating and debt services. The State Auditor's Office reviews this process. The Branson school district has grown with new construction and is currently taxing at its ceiling with voter approval for an increase. Districts transfer from their operating fund to debt service to keep their levy constant. Mr. Hayter reminded the taskforce to beware of the impact to schools when considering changing property tax to an increased individual income, corporate income or sales tax. He recommends a review of the special funding and tax deals given to businesses. He recently saw \$21 million in Tax Increment Financing (TIF) pulled out of their rate calculation putting more burden on residential real property.

Gary Arthaud, Superintendent, Dallas County R I School District

The new foundation formula increased property tax minimums causing low income households and retired taxpayers to share more in the burden of school funding. Seniors' ability to pay is limited by stable incomes. Any increase in property tax forces seniors to make choices between basic needs, taxes, or selling their homes. Property taxes can't be the foundation for education forever. Missouri ranks 45th in K-12 school funding and 46th in college funding last year. The cost of a college education has increased 79% in the past 10 years while inflation has only increased 29%. Missouri needs a change statewide. Another concern with the new formula is that no consideration is given to bus miles which increase the burden for rural school districts. Since many districts feel that the formula can't be depended on to provide enough funding, schools are maintaining higher reserves.

Mr. Arthaud believes assessments in his district are at good levels and the problems are related to the tax rates and providing adequate funding to retain teachers. All seniors need to be informed about the property tax credit. He recommends freezing property taxes for seniors with care taken to replace lost revenue, forcing levy rollbacks, and looking into tax increment financing and other business tax incentives. Property tax should not be the main support for education since it does not produce enough adequate support for children in poorer districts.

Representative Bob Dixon

The disparity in valuation and assessment statewide and the rising property tax costs are hurting our seniors, young families, single parents, and lower income taxpayers. The circuit breaker and homestead act offer some relief for qualifying seniors. The representative recommends a local option to increase sales or income tax to fund schools instead of relying on property tax. He is concerned with agricultural land that is held for development, and land purchased by government, schools, parks, churches, etc. and taken off the tax roles.

Penny Rector, Missouri Council of School Administrators, School Administrator Coalition and the Missouri School Boards Association

Property taxes are vital to the operation of public schools and are the most stable form of local revenue available to school districts. According to the Department of Elementary and Secondary Education, 55.8% of school districts' revenues came from local sources in 2006. The state provided 34.6% and the federal government provided 9.6%. The indiscriminate use of TIF, Chapter 100 projects, Chapter 353 projects, and other types of economic development incentives have shifted a significant portion of the property tax burden to homeowners. In 2005, legislation passed that granted businesses significant reductions in assessed valuation of business personal property, and this change in law largely benefits big businesses, leaving small businesses and homeowners to make up the difference. To help relieve the burden on individual taxpayers, all businesses should be required to pay their fair share. Increasing the property tax credit and the homestead act would help to reduce the burden on qualifying seniors. The state should provide state funding for resources for assessors to improve equalized assessments in all counties. Ms. Rector requested the taskforce to consider the potential impact on public schools of any property tax reform.

Jerry Bowers

Mr. Bowers lives in Willard and is concerned with the assessment process and the taxes placed on mobile homes.

Kay Chilton, Hickory County Assessor

Ms. Chilton recommends the certificate of value to assist with the assessment process. Right now she sends a letter when property is sold and gets about a 35% response. She feels the schools need to cut back to help with the increased costs of education which would help with the property tax.

Representative Charles Portwood

Representative Portwood provided updated data that showed a windfall for his tax district from 2001 to 2007 because of increased property valuations without rollbacks in the tax rates.

Portwood proposes a constitutional change to apply the Consumer Price Index (CPI) to the tax revenue increases rather than tax ceilings. He wants to place the burden on taxing authorities instead of individual taxpayers to prove the value of their homes. Also, he proposes the Certificate of Value (COV) be extended to the entire state and require truth in ballot language. While property tax is not only a problem for seniors, but all taxpayers, he recommends an increase in the homestead act and the property tax credit to provide more assistance to seniors. The representative is concerned with fairness of business property taxes, charitable properties, and required rollbacks for other taxing districts like fire or ambulance.

TESTIMONY
October 24, 2007 – Kansas City

Representative Jerry Nolte

Representative Nolte welcomed everyone to his area and stated he was concerned with how property tax is effecting people's lives. He wants consistency of the property tax from county to county and increases in the property tax credit (circuit breaker) and the Homestead Preservation Act to help seniors pay their taxes.

Charles Nordwald, State Tax Commission

Mr. Nordwald provided an overview of the assessment process of agricultural land including historical agricultural assessed valuation data. Active agricultural land is assessed based on its productive value rather than its market value pursuant to the Missouri Constitution while vacant and unused agricultural land is assessed at 12% of its market value.

Gerri Ogle and Roger Dorson, Department of Elementary and Secondary Education

Ms. Ogle and Mr. Dorson provided an overview of the school district tax rate setting process. The Department of Elementary and Secondary Education (DESE) works with schools to set their rates while the State Auditor's Office actually sets the rates. Schools set levies for their operating funds and debt service. The adjusted tax levy for operating funds is the tax rate ceiling as determined by the State Auditor's Office, minus any voluntary rollbacks and proposition C rollbacks. The debt service tax rate is levied to meet the annual debt service requirements of the general obligation bonds of the district. This levy is usually deemed reasonable if the revenue to be generated plus the existing fund balances doesn't exceed the current payment requirements plus a reserve for the following year's payments. At least one public hearing is held by the board of education of the school district before the tax rates are set. The minimum tax rate levy is \$2.75. Property taxes are increasing today at the same rate as the assessed valuations because of debt services. A school district can opt to payoff early or pay down their debt and go to voters with a "no tax increase" bond levy to continue the current debt service levy.

Paul Harrell, Cheif Financial Officer, North Kansas City School District

Mr. Harrell stated good schools are necessary for strong communities and good development is important for a community. However, the property tax system is broken when in 2007, the assessed valuation for the school district was decreased by \$67 million for a Ford Settlement,

\$42 million for increased Tax Increment Financing (TIF) projects, and \$30 million for the change in business personal property valuation. Economic development incentives like 353 plans, TIF, Chapter 100, Enhanced Enterprise Zones, Neighborhood Improvement Districts (NID), Community Improvement Districts (CID), and Transportation Development Districts (TDD) divert money from schools and residential homeowners are paying for it. School districts depend on property tax as a stable form of revenue. We need uniform assessment methods across the state. While economic development is important, aggressive use of incentives is troublesome to schools and individual taxpayers.

Individual Taxpayers

The following taxpayers are concerned with the assessment process and the taxes placed on their homes:

Stan Cunningham
Susan Mason
Thomas Clossick
Sal Bonsignore
Dennis Daly
David Peironnet
Theresa Jennings
Richard Jennings
Anna Hensley
Joyce Wilcor
Virginia Battayler
Adelaida Gerhardt

Senator LuAnn Ridgeway

Senator Ridgeway recommends that the percentage increase in taxes does not exceed the same percentage increase in assessments in a given county to help stabilize property taxes. She supported HB 444 last session which provides assistance to working retirees with their social security and retirement income.

Chris Byrd, Platte County Economic Development Council

Mr. Byrd expressed concern with bonus value rent. When rent is below the market, the county can tax on the difference. Kansas City owns thousands of acres of land and pays no tax. Some of the land is now under development so the assessor can tax based on the below market rent equation.

Steve Gardner, UMSL Public Policy Research Center

Mr. Gardner presented historical property tax data including information about property tax revenues, assessments, policy, and comparisons to other states. He said Missouri doesn't have a clear history of keeping up with property values. He recommends a deferral program where the state pays local districts with the use of bonds, expansion of the circuit breaker limits and qualifications, a simple appeals process, a two-year tax calendar, standard statewide technology, switch from ratio studies to acquiring essential sales data approach, and a better definition of "farm" for agricultural issues.

TESTIMONY
November 14, 2007 – St. Louis

Gene Leung, St. Louis County Director of Revenue

Mr. Leung provided an overview of the St. Louis County real property reassessment process. The assessor establishes the fair market value of real property as of January 1st each reassessment year by mass appraisal techniques (market, income or cost approach) or individual fee simple appraisals and publishes those values for each taxing jurisdiction. The assessor complies with rules and regulations of the state of Missouri, the State Tax Commission, the Uniform Standard of Professional Appraisal Practices, and the International Association of Assessing Officials. Inspections are done of the exterior of the home only. Residential properties are inspected every six years or when the value is expected to increase at least 15%. The assessed valuation of a property can be appealed to the Board of Equalization or the homeowner can request an informal conference with the Property Owner Advocates to help them with an appeal. The collector receives the tax rates as set by the taxing authorities, sends out the tax statements, and distributes the funds collected back to the taxing entities.

Representative Charles Portwood

Currently the Hancock Amendment applies to the tax ceiling and not the current rate. The representative proposes the following changes:

1. Make a statutory change to require a uniform process across the state to value homes;
2. Make a constitutional change to make rollbacks apply to the tax rate not the tax ceiling, with an allowance for the Consumer Price Index (CPI);
3. Require a taxing district to operate at their maximum levy for two years before they can ask for an increase; and
4. Look back to the 2006 assessment levels and hold assessments there.

Robert W. Becker, St. Louis County for Property Tax Relief Now, Licensed County Appraiser

Mr. Becker stated the assessment process is flawed since a house is valued from the outside only. An appraiser doesn't know when to use the base price for square footage or when improvements make a house more valuable. Tax Increment Financing is a problem in the area. He recommends eliminating property tax and increasing the sales tax by 3%, similar to Michigan.

Charles Penberthy, Brentwood Public School District

Brentwood school district achieves high MAP scores each year and is a hold-harmless school district. The district receives 3% from the state foundation formula and 94% of its \$13.2 million budget from local taxes. Each year the district has rolled back the tax rate as required and

voluntarily reduced the debt service levy for the last two years. Freezing or losing real estate or personal property revenue, without an alternative revenue source, would result in the district going from one of the best school districts in the state to potentially nonexistent.

Individual Taxpayers

The following property owners expressed concern with the assessment, rollback, and appeals processes, school and government spending, increased property taxes in the St. Louis area, and problems with commercial property and economic development benefits shifting the tax burden to individual homeowners:

Susie Patton	Michi Ishikawa Branham
Britt & Sharon Holt	Dennis Fitzgerald
Diana Steward	Ruth Hemmann
Mary Ann Barr	Charles B. Hook
Craig Canatsey	Mary Black
Jim Sindelar	David Pauluhn
Gary E. Mitchell	Mary & Fred Aufderaeide
Tomaso Sacco	Robert Javavo
Randall Roth	Daniel L. Sulliu
Barbara Vires	Robert W. Street
Lockwood Hill	Tom Schneider
Harvey A. Keymer	John Burns
Bill Larson	Linda Koleda
Barbara A. Cole	Henry V. Taber
Annette Phillips	Tom Clemens
Diane M. Javaux	John & Dianne Dettrie
Steve J. Elsner	Gregory T. Pieper
Arthur L. Carter	Shirley Carroll
Sharon M. Carroll	Kathleen A. Kerlagon
Ann Bussen	Edmund Wilkinson
Roland D. Williams	Ernest Thompson
Margaret L. Mitchell	Melvin Klearman
Robin Harris	Dennis Beaver
Robert S. Nation	Charles Selin
Dorthea B. Nevils	Albert Barbieri
Ronald Kardell	Robert Thoele
Eugene Hanss	Jerrold R. Briner
Pauline L. Heckert	Mary F. Gvion
Barbara R. Billen	Maryann Rober
Sharon & David Krueger	Sharon Colborn
Charles Moore	Bill Barry
Ronald E. Levy	Dave Kummer

Ray Kerlagon, Alderman for the City of Ballwin

Citizens of the fourth ward are very displeased with their new assessed valuations, the real estate tax process, and tax increases year after year. They need relief -- especially seniors who have lived in their homes for years.

Carrie Cline, McDonald County Library

Public libraries are state-mandated to operate on property taxes and therefore need to be considered when there is any kind of property tax reform.

Louis J. Chiodini, Retired Army Colonel and Engineer, Assistant to Councilman John Campisi

Mr. Chiodini has spoken with over 400 residents of St. Louis County and read over 600 letters and emails from constituents who are concerned with their reassessments. The situation has become impossible for many residents, not only in St. Louis County but across the state. Missouri needs tax relief. Additional assistance is needed for seniors. In Georgia, individuals that are 65 years of age or older do not pay the local school tax portion of their property tax bill and in Illinois there is no personal property taxes. He recommends limiting increases in assessed valuation to either CPI or 2.5% per year, or a combination of both.

David Glaser, Rockwood School District

A quality education costs money. Rockwood relies on property taxes to fund 63% of its budget. Rockwood's cost per pupil is low and its student achievement is among the highest in the state. When assessments increase, Rockwood can maintain their current debt service levy and repay outstanding debt more rapidly, but must reduce its operating levy so that the growth after new construction is the lower of CPI (2.6% for 2007) or 5%. Mr. Glaser recommends updating the Missouri property tax credit, capping taxes for seniors at 2007 amounts with state reimbursement to taxing jurisdictions until sale of property, revising how schools are funded to consider sales or income taxes, setting legislative limits on school spending, and mandating more financial disclosures.

Representative Jane Cunningham

Taxing repairs and maintenance of homes will cause less to be done. Many taxpayers are moving because of property taxes. The representative is filing two bills to help taxpayers. The first one is similar to the California plan and called the Predictable Property Tax Proposal. The second is to allow a taxpayer to consider the final assessed valuation as an offer from the taxing jurisdiction to purchase the home if the homeowner disagrees with the value.

John Urkevich, Cooperating School Districts of Greater St. Louis

The organization represents 61 area schools. Missouri is a low tax state but has too complex a tax system. Many districts rely almost entirely on local tax revenues to fund their budgets. Without an alternative and adequate revenue source, any property tax reform would be detrimental to over 900,000 public school students. The property tax problems could be alleviated by using uniform assessment practices across the state and limiting the use of economic development incentives like TIF, Chapter 100 and Chapter 353 tax abatements that divert millions of dollars from public use to private use by developers.