

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0951H.01I
 Bill No.: HJR 13
 Subject: Taxation and Revenue - General; Taxation and Revenue - Property; Property, Real and Personal; Constitutional Amendments; County Government; County Officials
 Type: Original
 Date: January 8, 2021

Bill Summary: This legislation proposes an amendment to the Constitution of Missouri relating to property tax assessments.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue*	\$0 or (More than \$7,000,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0 or (More than \$7,000,000)	\$0	\$0

*The potential fiscal impact of “(More than \$7,000,000)” would be realized only if a special election were called by the Governor to submit this joint resolution to voters.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
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 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
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 2022	FY 2023	FY 2024
Local Government	\$0*	\$0	\$0

*Potential costs and state reimbursements net to zero in FY 2021 if a special election is called.

FISCAL ANALYSIS

ASSUMPTION

Officials from **Office of the Secretary of State** assume, each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Joint Resolutions proposing a constitutional amendment are submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the Governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a Joint Resolution to a vote of the people, section 115.063.2 RSMo requires the state to pay the costs. The cost of the special election has been estimated to be \$7 million based on the cost of the 2020 Presidential Preference Primary.

The Secretary of State's office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over \$5.8 million was spent to publish the full text of the measures for the August and November elections. The SOS estimates \$65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

The Secretary of State's office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Oversight has reflected, in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2022. This reflects the decision made by the Joint Committee on Legislative Research that the cost of the elections should be shown in the fiscal note. The next scheduled statewide primary election is in August 2022 and the next scheduled general election is in November 2022 (both in FY 2023). It is assumed the subject within this proposal could be on one of these ballots; however, it could also be on a special election called for by the Governor (a different date).

Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2022.

Officials from the **State Tax Commission** state they have reviewed the HJR and determined an unknown fiscal impact. The HJR provides the authority in the state constitution to limit residential property assessment increases by law, but does not propose a specific percentage limitation. Assessment growth limitations may impact negatively the revenue for school districts, counties, cities and other taxing jurisdictions who are supported by property taxes.

Officials from **Office of Administration - Budget and Planning (B&P)** assume this proposal requires voter approval, therefore this proposal will not impact TSR or the calculation under Article X, Section 18(e).

This proposal would amend the Missouri Constitution to allow the General Assembly to limit the growth in assessed value for class 1 properties within statute.

B&P notes that while this proposal will not have a direct impact to the Blind Pension Trust Fund or local revenues, any subsequent growth limits set by the General Assembly may have a negative indirect impact over time.

Officials from the **Department of Revenue, Office of the State Auditor** and the **Department of Social Services** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **City of Springfield** anticipate there could possibly be a negative fiscal impact, if an increased assessment value is limited by law as allowed by this bill. Until a law limiting the increase is proposed, it is not possible to estimate the fiscal impact.

Officials from the **City of Kansas City** assume this legislation could result in a negative fiscal impact on Kansas City of an indeterminate amount as it could enable a cap on certain assessments.

Officials from the **Boone County Assessor's Office** and the **City of Hale** each assume the proposal will have a fiscal impact on their respective organizations.

Officials from the **City of Ballwin** and the **City O'Fallon** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight assumes, upon voter approval, this proposal would allow assessed values of residential property to be limited by law. However, this proposal itself does not place a limit on assessed values (it would take additional action by governing bodies); therefore, Oversight assumes there is no direct fiscal impact to the Blind Pension Fund or local political subdivisions from property tax collections as a result of this provision. Oversight will address fiscal impacts to political subdivisions in fiscal notes for enabling legislation.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE			
<u>Transfer Out</u> - Local Election Authorities the cost of the special election if called for by the Governor	\$0 or (\$7,000,000)	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (\$7,000,000)	\$0	\$0

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer In</u> - to Local Election Authorities the cost of a special election	\$0 or \$7,000,000	\$0	\$0
<u>Costs</u> - Local Election Authorities the cost of the special election if called for by the Governor	\$0 or (\$7,000,000)	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0	\$0	\$0

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This constitutional amendment, if approved by the voters, provides that the amount by which the assessed values of real property may increase over the assessed value of such property from the previous assessment may be limited by law.

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. 0951H.011

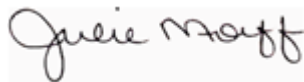
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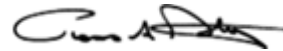
January 8, 2021

SOURCES OF INFORMATION

Office of the Secretary of State
Department of Revenue
State Tax Commission
Office of Administration - Budget and Planning
Office of the State Auditor
Department of Social Services
City of Springfield
City of Hale
City of Ballwin
City O'Fallon
Boone County Assessor's Office



Julie Morff
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January 8, 2021



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