

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4855-01
Bill No.: HB 1394
Subject: Taxation and Revenue - Property; Cities, Towns, and Villages; Counties
Type: Original
Date: January 13, 2016

Bill Summary: This proposal specifies additional circumstances that allow the county collector of revenue to waive or refund any penalty or interest added to a tax bill.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **County Employees' Retirement Fund (CERF)** assume losses between \$800,000 to \$2,400,000 for fiscal years 2017, 2018 and 2019 with no additional revenues or costs to be generated from this proposal. Over the last few years, CERF has received approximately \$8 million each year that comes from penalties and interest added to delinquent property tax bills. Data is not available to determine what portion of these delinquent taxes are paid within 30 days nor the previous years' tax payment history of taxpayers delinquent in the current year.

Therefore, only an estimate can be provided, assuming a range of 10% to 30% reduction in the amount of penalties and fees that might be collected. It is possible that the actual reductions could fall below or above the endpoints of the range shown. Total contributions from both CERF members and the counties have totaled approximately \$30 million per year for each of the last several years. The illustrated range of reductions represents a reduction of 2.7% - 8.0% in CERF revenue.

Officials at the **Joint Committee on Public Employee Retirement** assume this proposal will not affect retirement plan benefits as defined in Section 105.660. This proposal may reduce revenue to the CERF.

Officials at the **Department of Revenue** and the **State Tax Commission** each assume no fiscal impact to their respective agencies from this proposal.

Officials at **St. Louis County** and the **Callaway County Commission** each assume no fiscal impact to their respective entities from this proposal.

Oversight assumes this proposal is permissive in nature and could have a negative impact on revenues received on collector penalties and interest which could affect both the CERF and county funds. It is up to the discretion of the county collector to decide to waive or refund any penalty or interest added to a tax bill. Therefore, Oversight will assume a \$0 or unknown loss in revenue for this proposal.

Officials at the following counties: Andrew, Atchison, Audrain, Barry, Bollinger, Boone, Buchanan, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Cole, Cooper, DeKalb, Dent, Franklin, Greene, Holt, Jackson, Jasper, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Mississippi, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, Shelby, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
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COUNTY FUNDS

<u>Loss - Counties - reduction in revenue received from waiving or refunding of collector penalties and interest on tax bills</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
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ESTIMATED NET EFFECT ON COUNTY FUNDS*	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
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*Does not include losses to the County Employees' Retirement Fund (CERF)

FISCAL IMPACT - Small Business

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

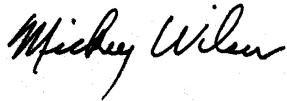
FISCAL DESCRIPTION

This bill allows a taxpayer to request a waiver or refund of any penalty or interest added to a tax bill under specified circumstances. The request must be in writing and submitted to the county collector within 30 days after the date the tax bill became delinquent. Any request made after the 30-day deadline must not be granted. The collector may waive or refund the penalty or interest if the taxpayer provides proof to the collector's satisfaction that the taxpayer has timely paid all tax bills to the county for each of the five years preceding the year for which the request is made.

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

County Employees' Retirement Fund
Department of Revenue
State Tax Commission
St. Louis County
Callaway County Commission
Joint Committee on Public Employee Retirement



Mickey Wilson, CPA
Director
January 13, 2016

Ross Strobe
Assistant Director
January 13, 2016