

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7456

BILL NUMBER: HB 1543

NOTE PREPARED: Feb 25, 2009

BILL AMENDED: Feb 20, 2009

SUBJECT: Reports on Property Tax Collections.

FIRST AUTHOR: Rep. DeLaney

FIRST SPONSOR: Sen. Kenley

BILL STATUS: As Passed House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill requires the property tax report by the auditor of state to be a semiannual report. It requires information to be sent to the auditor of state by the county auditor in July and January for preparation of the semiannual report. It requires property tax collection data to be broken down by the year the property taxes are first due and payable. It requires the auditor of state's reports to be published by posting the report on the web site maintained by the auditor of state.

Effective Date: July 1, 2009.

Explanation of State Expenditures: (Revised) Under current law, each year the Auditor of State publishes the following financial reports:

1. A report showing receipts by source of revenue and disbursements by type of fund they relate to each agency, department, and fund of the state government. This report includes a comprehensive list of disbursements made by the following functions of state government: education; welfare; highway; health; natural resources; public safety; general government; hospital and state institutions; and correction, parole and probation. This report, known as the Annual Financial Report Volume II, is currently published on the official website of the Auditor of State. It has to be published not later than December 31st following the end of each fiscal year.

2. A report containing the following property tax data by counties: the total amount of tax delinquencies; the total amount of the administrative costs of the offices of township assessors (if any), county assessors, the offices of county auditors, and the offices of county treasurers; the total amount of other local taxes collected; an abstract of taxable real and personal property, which must include a comprehensive list of the number and the total amount of tax exemptions, including mortgage exemptions, veterans'

exemptions, exemptions granted to blind persons, exemptions granted to persons over 65 years of age; and any and all other exemptions granted to any person under the Constitution and the laws of the state. This report, except for the administrative costs of the offices of county and township assessors, county auditors, and county treasurers, is currently included in the Comprehensive Annual Financial Report, a companion to the Annual Financial Report Volume II, in the Statistical Section.

Under this bill, beginning in 2010, the Auditor of State would still publish the Annual Financial Report annually, but the report on property tax data would be published semi-annually. Both reports would continue to be posted on the official website of the Auditor of State. The two semi-annual reports would cover the period January to June, to be published not later than September 1 of the current year; and July to December, to be published not later than February 1 of the following year. The property tax data would also have to include the year the tax is first due and payable.

Additionally, in 2010, the Auditor of State has to publish the first semi-annual property tax data report covering the period July to December 2009 that would be received from the county auditor. The report must be posted on the website before February 1, 2010.

The Auditor of State would have to expend additional resources, particularly time, in preparing the tables for the report. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) Under current law, before the 16th of each month the county treasurer prepares a report on the total amount of taxes (property, taxes on financial institutions) collected during the preceding month and forwards it to the county auditor. The county auditor and county treasurer meet semi-annually (on or before June 20th and on or before December 20th). Before each semi-annual meeting, the county auditor completes an audit of the county treasurer's monthly reports. At the meeting the county treasurer makes a settlement with the county auditor for the amount of taxes and special assessments that the county treasurer has collected. Immediately after each semi-annual settlement, the county auditor sends a copy of the certificate of settlement and a statement of the distribution of the taxes collected to the State Auditor. Currently, the Auditor of State uses the data in the certificates of settlement, together with data from the county abstract and other sources, to compile the annual property tax data report.

Under this bill, beginning in 2010, in addition to the settlement reports in June and December, the county auditor would have to submit the following data to the Auditor of State for the periods January to June and July through December: the total amount of tax delinquencies entered; the total amount of administrative costs of the offices of the county and/or townships assessors, and the administrative costs of tax collection of the offices of county treasurers; the total amount of property taxes collected, indicating when possible the year the tax is first due and payable; and a comprehensive list of the number and the total amount of tax exemptions, including mortgage exemptions, veterans' exemptions, exemptions granted to blind persons, exemptions granted to persons over 65 years of age; and any and all other exemptions granted to any person under the Constitution and the laws of the state.

The report covering January to June is to be sent to the Auditor of the State and the Legislative Council in an approved electronic format before the end of July. The report covering July to December is to be sent to the Auditor of State and the Legislative Council in an approved electronic format before January 15 of the following year. Additionally, in 2009, the bill directs the county auditor to submit the semi-annual property

tax data report covering the period July to December 2009 to the Auditor of State. The report must be submitted before January 15, 2010.

Under this proposal, county auditors would have to prepare two additional reports a year similar in complexity to the June certificate of settlement. Some of the data required for these reports (e.g. the total amount of property taxes collected, the total amount of tax delinquencies, the total amount of mortgage, veterans', blind, and over 65 exemptions) could be updated from the county abstract and the semi-annual settlement reports which the auditor also prepares (the auditor's abstract is usually published in March; the settlement reports cover the periods December to May and June to November). The total amount of administrative costs of the assessor, auditor and treasurer could possibly be updated from the annual financial report that the county submits to the State Board of Accounts. Auditors could incur additional costs in updating these data and in obtaining the remaining data in order to prepare these reports.

Explanation of Local Revenues:

State Agencies Affected: Auditor of State.

Local Agencies Affected: County auditors.

Information Sources:

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