

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 1546

PRINTER'S NO. 2268

AMOUNT

FY 2012-13: (\$186,000)

FUND

General Fund

DATE INTRODUCED

June 1, 2012

PRIME SPONSOR

Senator Gordner

HISTORY OF BILL

Referred to INTERGOVERNMENTAL OPERATIONS, June 1, 2012

Reported as committed, June 5, 2012

First consideration, June 5, 2012

Second consideration, June 6, 2012

Re-referred to APPROPRIATIONS, June 6, 2012

Re-reported as amended, June 11, 2012

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 1546 amends the Community and Economic Development Enhancement Act (Act 58 of 1996) to establish the State Tax Equalization Board ("board" or "STEB") within the Department of Community and Economic Development ("DCED").

The legislation codifies and modernizes the existing State Tax Equalization Board Law (Act 447 of 1947) into the Community and Economic Development Enhancement Act, as proposed in the Governor's FY 2012-13 Executive Budget.

Senate Bill 1546 increases the statutorily prescribed compensation of the board such that the chairman shall receive an annual salary of \$25,000 and each other member shall receive an annual salary of \$24,000. Presently under the STEB law, the salary amounts for the chairman and other members are \$12,000 and \$11,000, respectively.

Senate Bill 1546 requires DCED to provide appropriate administrative, legal and technical support as needed by the board in order to accomplish its purpose.

The legislation adds a new section to the STEB law that requires the board to publish the following information, which shall be updated annually:

- The statistical methods used to calculate the common level ratio and the State Tax Equalization Board market ratio.

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- Procedures for excluding sales data and how the procedures compare with practices of the International Association of Assessing Officers.
- Procedures to ensure that dissimilar properties are not treated as a single group.
- Standards to be used for sales sample size and procedures to be used when sales samples are not adequate.

In addition, the new section provides that if a municipality contracts for services relating to an assessment, the data collected by the contractor must be transmitted to the municipality within 60 days of its collection or development.

FISCAL IMPACT:

Enactment of this legislation will have no adverse fiscal impact to the Commonwealth. The State Tax Equalization Board's enacted appropriation for fiscal year 2011-12 was \$1,057,000. The Governor's FY 2012-13 Executive Budget proposes to eliminate the separate STEB line-item and add \$871,000 to DCED's general government operations appropriation for the consolidation of STEB into the department. Therefore, the legislation would result in General Fund savings of approximately \$186,000 per year.

The Governor's Budget Office indicates that consolidating the board's functions with DCED would allow STEB's existing field staff to perform broader analysis on local government finances, identify local governments experiencing fiscal stress, and provide additional points of contact to local governments.