

# **Property Tax Surcharge**

Taxing District Task Force  
March 15, 2006

# History

- Established in 1985
- Replacement for revenues lost when tangible personal property –merchants’ and manufacturers’ inventory– was exempted from property assessment
  - Exhibits:
    - I. State Auditor Letter dated July 22, 1985 clarifying the calculation of the surcharge
    - II. Missouri Constitution Article X, Section 6
    - III. RSM 139.600
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## Base Rate Calculation

- RSM 139.600 defines the lost revenue and the calculation of the replacement tax
- Rate is forever set at \$1.70 / \$100

1984 Lost Revenue:	\$	42,392,645.84
1985 Assessed Value:	÷ \$	2,506,040,894.00
	<b>x</b>	100
New Surcharge Rate:	=	1.70 / \$100

### Exhibits:

- IV. State Auditor Letter (and attachments) dated September 6, 1985 confirming the St. Louis County calculation of the base surcharge rate of \$1.70
- V. Collector of Revenue's original 'Lost Revenue' memo dated August 20, 1985 detailing the lost revenue base for each district

## Distribution Calculation

- Surcharge pool is distributed pro rata to taxing authorities who originally lost revenue
- Allocation percentage is calculated each year
  - 1984 lost revenue base is adjusted by the percentage increase in 1985 value base

$$\frac{\text{Current Value}}{\text{1985 Base Value}} \times \text{1984 Revenue Base} = \text{Adjusted Lost Revenue}$$

- Sum of the calculated adjusted lost revenue is used to determine each districts' share

$$\text{Adj Lost Revenue} \div \sum \text{Adj Loss Rev}_{\text{Dist X}} = \text{Distribution Percentage}_{\text{Dist X}}$$

- District percentage times the total in the current pool equals the district's distribution

### Exhibits:

VI. State Auditor letter dated April 3, 1986 detailing the calculation for the pro rata distribution of surcharge funds

VII. Calculation of distribution percent by district, 2000

VIII. Calculation of distribution percent by district, 2005

IX. Calculation of distribution percent by district, 2007