

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4330-01
Bill No.: SB 865
Subject: Agriculture and Animals; Taxation and Revenue - Property
Type: Original
Date: February 7, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Blind Pension		(\$50,095)	(\$50,095)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(\$50,095)	(\$50,095)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	(\$10,019,064)	(\$10,019,064)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Agriculture** and the **Department of Revenue** assume this proposal would have no fiscal impact on their organizations.

Officials from the **State Tax Commission** assume this proposal would have no fiscal impact on their organization but the proposal would impact all local political subdivisions, including schools. There will be a loss of revenue to these subdivisions.

For calendar year 2005, the total assessed valuation for all livestock excluding "poultry" was \$182,164,809. This proposed legislation continues to require "poultry" to be assessed at 12%. We will assume that the assessed valuation for livestock would remain the same each year. Therefore, in calendar year 2006 the assessed valuation for all livestock, excluding poultry, would also be \$182,164,089. We assume that the average tax rate for rural counties would be \$5.50 for \$100 of assessed valuation. The total loss of local revenue would be (\$182,164,109 X \$5.50 per \$100 assessed valuation) or \$10,019,064 with the collections occurring in FY 08. This same loss would also occur in FY 09.

ASSUMPTION (continued)

If "poultry" is considered as livestock, the total loss of revenue would increase. In 2005 total assessed valuation for all livestock was \$190,947,672. Assuming the assessed valuation remains the same, the total loss of local revenue for FY 08 and FY 09 would be ($\$190,947,672 \times \5.50 per \$100 of assessed valuation) or \$10,502,122.

Officials from the **Office of the Cole County Assessor** assume this proposal would reduce property taxes collected. The number and value of livestock in Cole County was:

<u>Year</u>	<u># Livestock</u>	<u>Assessed value</u>
2003	102,686	\$1,413,925
2004	104,495	\$1,513,111
2005	99,384	\$1,755,506

The 2005 assessed value has been used to estimate the 2007 figures supplied for this fiscal note; assuming a \$5.00 average tax rate in rural Cole County (where most livestock is housed), the taxes that would be "lost" from the exemption of livestock that would not be made up by any other revenue source would be ($\$1,755,506 \times \5.50 per \$100) or \$87,775. Of that amount, \$636 would be lost from the assessment fund to the Assessor.

As the workload of processing and maintaining livestock figures is done as a function of processing personal property statements, there will not be any expected decrease in the number of assessment lists; we are unaware where any lists have been turned in with only livestock; there is usually other information on the list that cause it to be processed (vehicles, crops and grains, farm machinery and equipment, etc.) The Cole County assessor does not believe that there will be any significant change in the work load if this property is exempted. Livestock represents approx. 15/100ths of 1% of the assessed value of the county (Total county value for Cole County in 2005 = \$1,136,043,788).

Oversight assumes the proposal would not exempt poultry from property taxation. Further, Oversight assumes there would also be a loss in revenue to the state Blind Pension Fund of ½ of 1% of the loss to the political subdivisions if this proposal was enacted.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
BLIND PENSION FUND			
<u>Loss - Tax Revenues</u>	<u>\$0</u>	<u>(\$50,095)</u>	<u>(\$50,095)</u>
ESTIMATED NET EFFECT ON BLIND PENSION FUND	<u>\$0</u>	<u>(\$50,095)</u>	<u>(\$50,095)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
POLITICAL SUBDIVISIONS			
<u>Loss - Tax Revenues</u>	<u>\$0</u>	<u>(\$10,019,064)</u>	<u>(\$10,019,064)</u>
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>(\$10,019,064)</u>	<u>(\$10,019,064)</u>
<u>FISCAL IMPACT - Small Business</u>			

This proposal would have a direct fiscal impact to small businesses which own livestock.

DESCRIPTION

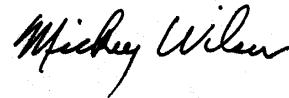
This proposal would exempt livestock from personal property taxation.

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. 4330-01
Bill No. SB 865
Page 5 of 5
February 7, 2006

SOURCES OF INFORMATION

Department of Agriculture
Department of Revenue
State Tax Commission
Office of the Cole County Assessor



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Director
February 7, 2006