

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1164-01
Bill No.: SB 253
Subject: Property, Real and Personal; State Tax Commission; Taxation and Revenue -
Property; Veterans
Type: Original
Date: February 23, 2007

Bill Summary: Would exempt property owned by veterans' organizations from taxation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government *	\$0	(Unknown)	(Unknown)

* Unknown expected to be less than \$100,000.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** assume the proposal would have no fiscal impact on their organization.

Officials from the **Boone County Collector's Office** assumed similar proposal in the previous session (HJR 28 LR 3155-01, 2006) would have no impact on their office or on political subdivisions in Boone County since property owned by veterans' organizations is not currently being assessed or taxed.

Officials from the **City of West Plains** stated that the proposal could have an unknown negative fiscal impact to their organization.

Officials from the **Department of Elementary and Secondary Education (DESE)** stated that DESE officials deferred to the state tax commission as to the impact resulting from the exemption of veterans' organizations' real and personal property from taxation.

Officials from **St. Louis County** assumed the proposal would have an impact to their organization. St. Louis County officials estimated the cost at \$ 50 per application to process an application, \$75 to perform a field review of the property, and \$200 a hearing, for a total of \$325 per applicant. The number of potential applicants is unknown. Further there would be a reduction in assessed value based on the total assessed value removed from the tax rolls. The dollar amount of loss is unknown because the taxing authorities may be able to increase their tax rate to compensate for part or all of the loss.

Oversight assumes that the proposal would make the veterans organizations exempt from tax and that applications, field reviews, and hearings would not be required.

Officials from the **City of Centralia** assumed a similar proposal (HB 608, LR 1597-01) would result in a minimal loss of tax revenue to their organization.

Officials from the **Office of the Cole County Assessor** assumed a similar proposal (HB 608, LR 1597-01) would have no impact on their office or on political subdivisions in Cole County since property owned by veterans' organizations is not currently being assessed or taxed.

ASSUMPTION (continued)

Officials from the **State Tax Commission** (TAX) assume the proposal would exempt from taxation all property owned by veterans' organizations. TAX is unable to determine the impact of this proposal because there is no information available on the number of veteran organizations or the amount of taxable property they own.

In 2006, TAX conducted a telephone survey with numerous counties regarding the question of taxing property owned by veterans' organizations. Only one of the seventeen first-class counties we contacted confirmed they assess taxes on a portion of the property owned by veterans' organizations. We believe there may be one other first-class county that assesses taxes on a portion of the property owned by veterans' organizations. Of the six second-class counties and fourteen third-class counties we contacted, only one county assessed taxes on such property. The City of St. Louis does not tax such property.

For the purposes of estimating a potential loss of revenue, TAX assumed the assessed valuation for all property owned by veterans' organizations currently being taxed is \$500,000. Assuming the average state-wide tax rate is \$6.15 per hundred dollars of assessed valuation, the potential loss of revenue would be \$30,750.

Oversight assumes the proposal would have an unknown negative impact to local governments beginning January 1, 2008 (FY 2009) and expected to be less than \$100,000 per year. Oversight assumes that the impact to the Blind Pension Fund, at 1/2 of 1% of the local government impact, would be minimal.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
LOCAL GOVERNMENTS			
<u>Revenue reduction</u> - exemption of veterans organization property. *	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS *	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
* Unknown expected to be less than \$100,000 per year.			

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

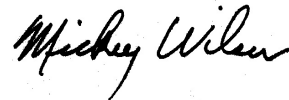
The proposal would exempt property owned by veterans' organizations from taxation.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Revenue
State Tax Commission
Boone County
St. Louis County
City of West Plains



Mickey Wilson, CPA
Director
February 23, 2007