

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1333-01
Bill No.: SJR 13
Subject: Constitutional Amendments; Military Affairs; Taxation and Revenue - Property
Type: Original
Date: February 19, 2007

Bill Summary: Would submit to the voters a proposition to exempt property of active duty military personnel from personal property tax.

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
Blind Pension	\$0	\$0	\$0 or (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0 or (Unknown)

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	\$0	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue**, the **State Tax Commission**, and the **Missouri Veterans Commission** assume the proposal would have no fiscal impact on their organizations.

Officials from the **Office of the Secretary of State** (SOS) provided the following information in response to a similar proposal (HJR 8 LR 0449-01):

Many joint resolutions are considered by the General Assembly that would require the SOS to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.6 million historically appropriated in even numbered fiscal years and \$100,000 appropriated in odd numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2007, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.2 million to publish (an average of \$193,000 per issue). Therefore, the SOS assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

Oversight assumes the proposition would be submitted to the voters at the November, 2008, general election rather than at a special election and would become effective for 2009 taxes (FY 2010). Oversight also assumes that advertising and elections costs related to this proposal would be paid from appropriations to the SOS. Those costs are not included in this fiscal note.

Officials from the **Department of Elementary and Secondary Education** (DESE) provided the following information in response to a similar proposal (HJR 8 LR 0449-01). DESE assumed the proposal would have no fiscal impact on their organization. Further, DESE stated there is no increased state cost to the school foundation formula. There might be some minimal cost to some school districts because their personal property tax revenue would decrease if there are residents of the district who qualify for the exemption.

ASSUMPTION (continued)

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assume there would be no added cost to their organization as a result of this proposal.

BAP stated that the proposal would submit a proposed constitutional amendment to Missouri voters that would exempt personal property held for an entire year by active duty military personnel from property tax. If the amendment passes the exemption could decrease the amount of local effort used in funding local schools, thereby increasing the amount of the state's general revenue needed to fund the state's foundation formula. BAP defers to the Department of Elementary and Secondary Education for the impact.

Officials from the **Office of the Cole County Assessor** assumed this proposal would have no administrative cost to the County Assessor or Collector but would have a fiscal impact on local governments in Cole County and on the Assessment Fund. The estimated fiscal impact was computed as follows:

1. Missouri Veterans Commission estimate of 300 military personnel in Cole County who would be eligible for the exemption.
2. Estimated average personal property tax bill for Cole County of \$300.
3. Estimated tax reduction is $(\$300 \times 300) = \$90,000$.
4. Cole County portion of tax loss would be $(18\% \times \$90,000) = \$16,200$.
5. Assessment Fund revenue reduction would be $(.00725 \times \$90,000) = \652.50 .

Oversight assumes this proposal would have an unknown negative impact to local governments but is not able to estimate the amount of that impact. Oversight is unable to estimate the impact of this proposal on other statutory provisions related to property taxes. Since the proposed tax limitation would be subject to voter approval, Oversight will indicate a fiscal impact of \$0 or (Unknown) for local governments.

Oversight assumes that the reduction in personal property tax collections would be distributed to all property taxes by the county collectors and would therefore have a negative fiscal impact on the Blind Pension Fund equal to approximately 1/2 of 1% of the local government impact.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
BLIND PENSION FUND			
<u>Revenue reduction</u> - limit on tax rates	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT TO BLIND PENSION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>

<u>FISCAL IMPACT - Local Government</u>	<u>FY 2008 (10 Mo.)</u>	<u>FY 2009</u>	<u>FY 2010</u>
<u>LOCAL GOVERNMENT</u>			
<u>Revenue reduction</u> - limit on tax rates *	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL GOVERNMENT *	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>

* Expected to exceed \$100,000.

FISCAL IMPACT - Small Business

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

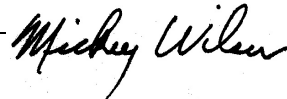
FISCAL DESCRIPTION

This proposal would submit to the voters a proposition to exempt property of active duty military personnel from personal property tax.

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

SOURCES OF INFORMATION

Office of the Secretary of State
Office of Administration
 Division of Budget and Planning
Department of Elementary and Secondary Education
Department of Revenue
State Tax Commission
Missouri Veterans Commission
Office of the Cole County Assessor



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Director
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