

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5904-02  
Bill No.: HCS for HB 1818  
Subject: Taxation and Revenue - Property; Property, Real and Personal  
Type: Original  
Date: April 6, 2012

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Bill Summary: This proposal changes property tax provisions relating to time-share units.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Blind Pension Fund	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Revenue** state this proposal will have no fiscal impact on their agency.

Officials from the **State Tax Commission** state this proposal will not have a fiscal impact on their agency. There will be additional administrative duties for the assessor's offices as a result of this proposal. The amount of additional duties is unknown.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** state the proposed legislation should not result in additional costs or savings to BAP.

This proposal changes the classification of time-share units for property tax purposes from commercial to residential based on the ratio of the nights rented to nights available. Commercial properties are assessed at 32% of its value, while residential property is assessed at 19% of its value. This proposal would reduce the taxable base, and if a municipality is unable to adjust its levy, would reduce municipal receipts, including those for schools. This proposal would reduce Blind Pension Fund receipts by an unknown amount.

Officials from **St Louis County** state there are no declared time-shares. If they did exist, there would be a marginal cost in maintaining them on the parcel records.

**Oversight** assumes while there are areas in the state that have time-share units, additional administrative duties for assessor's offices associated with this proposal could be performed with existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>BLIND PENSION FUND</b>			
<u>Revenue reduction</u> - Change in assessment value of time-share units	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON BLIND PENSION FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue reduction</u> - Change in assessment value of time-share units	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<u>FISCAL IMPACT - Small Business</u>			

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

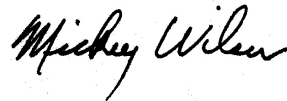
#### FISCAL DESCRIPTION

This proposal changes the classification of time-share units for property tax purposes from commercial to residential property based on a ratio of the nights the time-share units are actually rented compared to the overall nights available for use in that time-share development.

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 Attorney General  
Office of Administration  
    Division of Budget and Planning  
Department of Revenue  
State Tax Commission  
Counties  
    St Louis County

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
April 6, 2012