

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1482-02
Bill No.: SS for HB 616
Subject: Political Subdivisions
Type: Original
Date: May 6, 2015

Bill Summary: This proposal specifies when new political subdivisions will be effective for property tax assessment purposes and specifies that rental merchandise is exempt from property taxes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	(Minimal)	(Minimal)	(Minimal)

FISCAL ANALYSIS

ASSUMPTION

Section 137.018

In response to a similar proposal, HB 879, officials from the **Department of Revenue** assumed the proposal would not fiscally impact their agency.

In response to a similar proposal, HB 879, officials from the **State Tax Commission** assumed this proposal will not impact their agency. They also state, there could be a potential loss at the county level of a substantial nature, if items that are normally assessed such as leased vehicles, are leased in a manner that would qualify them under this proposal.

Oversight notes that the bill notes that the term "merchandise" shall include rentals of equipment and other merchandise offered for short term rentals (later clarified as less than 365 consecutive days) by rental companies classified under:

- 532412 - Construction, Mining, Forest Machinery and Equipment Rental & Leasing; and
- 532210 - Consumer Electronics and Appliance Rental

Oversight assumes the proposal would not include assets such as leased vehicles. Oversight will further assume the fiscal impact to counties will be minimal.

Section 137.081

Officials from the **State Tax Commission**, the **Office of the State Auditor** and the **Department of Revenue** assume the current proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
COUNTIES			
<u>Loss</u> - of property taxes from merchandise held by a merchant and available for short term rental and which will subsequently or ultimately be sold	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
ESTIMATED NET EFFECT TO COUNTIES	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>

FISCAL IMPACT - Small Business

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

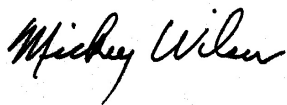
FISCAL DESCRIPTION

This proposal specifies that merchandise held by a rental company and available for short-term rentals of less than 365 consecutive days which will be ultimately sold is considered inventory and exempt from 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

Department of Revenue
State Tax Commission
Office of the State Auditor



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