

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1645-04
Bill No.: HCS for SS for SB 314
Subject: Taxation and Revenue - Property
Type: Original
Date: May 7, 2015

Bill Summary: This proposal classifies certain short term rental merchandise as inventory and 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

In response to a previous version, officials from the **State Tax Commission** assumed the current proposal would not fiscally impact their agency. There will be a reduction of assessed value in most every county but the overall impact statewide should be negligible.

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

Officials from the **County of St. Louis** assume this proposal would have a minimal fiscal impact for the Assessors's Office to modify the software program.

Section 137.076:

Changes to this provision would add several additional factors that an assessor would be required to consider in establishing the value for property tax purposes of a parcel of real estate.

Oversight assumes this provision would, in general, lead to an unknown reduction in the assessed valuation of real properties. **Oversight** notes, based on information from the Missouri Tax Commission, that the total assessed valuation of real property has decreased in the last three assessment cycles. Oversight is also aware that many additional factors influence actual property tax revenues for local governments and the Blind Pension Fund, which are supported by those revenues. For the purposes of this fiscal note, Oversight will assume there would be no revenue reductions to political subdivisions or the Blind Pension Fund resulting from the additional requirements for assessed valuations proposed in this legislation.

<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
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COUNTIES

<u>Loss</u> - of property taxes from merchandise held or owned 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>
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<u>Cost</u> - Program changes to comply with legislation	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
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ESTIMATED NET EFFECT TO COUNTIES	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

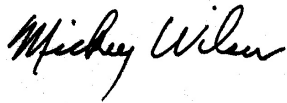
This act specifies that certain merchandise whether or not subject to a short term rental and which will ultimately be sold shall be considered inventory for property tax purposes and exempt from taxation. The act is limited to general rental centers and construction, mining, and forestry equipment rental.

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

State Tax Commission
Department of Revenue
County of St. Louis



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May 7, 2015

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May 7, 2015