

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0793-01
Bill No.: HB 230
Subject: Elderly; Housing; State Tax Commission; Taxation and Revenue – Property
Type: Original
Date: February 9, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$0	\$570,000	Unknown less than \$570,000
Total Estimated Net Effect on General Revenue Fund	\$0	\$570,000	Unknown less than \$570,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Revenue and State Tax Commission** assume this proposal would have no fiscal impact on their agencies.

Oversight assumes this proposal would prohibit taxpayers from concurrently claiming both a circuit breaker tax credit and the homestead property tax exemption. Single claimants age 65 or older, married claimants with one spouse age 65 or older and the other spouse age 60 or older, or claimants that are 100% disabled are eligible for either credit provided that they own their home and that their income is below \$25,000 for single claimants or \$27,000 for married claimants filing a combined return.

Oversight assumes that as a result of this proposal, taxpayers eligible for both credits would choose the circuit breaker credit and the greater benefit it would most often allow. Thus, state reimbursements to political subdivisions for property tax revenue losses would decrease.

In a fiscal note from the 2004 regular session (2966-13/Truly Agreed To and Finally Passed CCS for HS for HCS for SS for SCS for SB 730), Oversight assumed a state reimbursement to political subdivisions for the homestead property tax exemption of \$1.4 million in FY07. Using the same methodologies with an income upper limit of \$25,000 (rather the \$70,000 limit the

ASSUMPTION (continued)

homestead exemption allows), the estimated decrease in state reimbursements for property tax revenue losses would be approximately \$570,000 in FY07.

In alternate, non-assessment years (beginning in FY08) when the exemption limit for homestead property tax increases would be 2.5%. Oversight is unable to speculate the rate at which local political subdivisions will increase their property tax rates in 2007 (FY08), however, it is assumed that rate of state reimbursements to political subdivisions would decrease in non-assessments as would any savings resulting from this proposal.

Note: Homestead property tax exemption reimbursements are subject to appropriation, per Section 137.106, RSMo.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Savings</u> – Reduced Reimbursements of Homestead Property Tax Exemptions	\$0	\$570,000	Unknown less than \$570,000
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$570,000</u>	<u>Unknown less than \$570,000</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This legislation mandates that a taxpayer shall not be allowed a (circuit breaker) property tax credit if the taxpayer filed a valid homestead property tax credit claim in the year following the year for which the property tax credit is claimed.

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

A handwritten signature in black ink, reading "Mickey Wilson". The signature is fluid and cursive, with the first name "Mickey" and last name "Wilson" clearly distinguishable.

Mickey Wilson, CPA
Director
February 9, 2005