

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3624-01
Bill No.: HJR 40
Subject: Constitutional Amendments; Taxation and Revenue - Property; Military Affairs
Type: Original
Date: February 6, 2006

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|-------------------|------------|------------|
| FUND AFFECTED | FY 2007 | FY 2008 | FY 2009 |
| General Revenue | (\$52,560) | | |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (\$52,560) | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2007 | FY 2008 | FY 2009 |
| | | | |
| | | | |
| 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 2007 | FY 2008 | FY 2009 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|-------------------------------------|------------|------------|------------|
| FUND AFFECTED | FY 2007 | FY 2008 | FY 2009 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration, Division of Budget and Planning** and the **Department of Revenue** assume this proposal would have no fiscal impact on their organizations.

Officials from the **Office of the Secretary of State (SOS)** assume the proposal would propose a statewide ballot issue which would require publication by SOS. Statewide newspaper publication of state statutes cost approximately \$1,752 per column inch based on an estimate provided by the Missouri Press Service for three printings as required by the Constitution and state statute. The estimated total number of column inches for this amendment is 10 inches, which includes title header and certification paragraph. ($\$1,752 \times 3 = \$5,256$ per inch \times 10 inches = \$52,560). If a special election is called for this purpose rather than being voted on at a general election, the cost of the special election has been estimated to be \$1.2 million based on the cost of the past two such elections.

Oversight assumes this proposal would be placed on the November 2006 general election ballot rather than at a special election.

ASSUMPTION (continued)

Officials from the **State Tax Commission** (TAX) assume this proposal would exempt personal property owned by active duty military residents from local personal property taxes. The Department of Conservation estimates the total number of active duty military residents in Missouri to be 94,000. TAX records indicate that in Calendar Year 2004 nearly \$600,000,000 in personal property taxes was collected on motor vehicles. Department of Revenue records indicate nearly 5,294,882 vehicles were registered in FY 2005. Based on these estimates, we assume the average amount of personal property taxes paid on each vehicle to be \$114.00.

If we assume that each active military residents owns 1 vehicle, the average tax bill would be \$114.00 per resident, and the total impact to local political subdivisions would be a revenue loss of ($\$114 \times 94,000 = \$10,716,000$). If we assume that each active military resident owns 2.5 vehicles, the average tax bill would be \$285.00 per resident. ($\$285.00 \times 94,000 = \$26,790,000$).

Officials from the **Office of the Cole County Assessor** assume this proposal would provide an exemption from personal property taxes for active duty military members in Cole County. The legislation would not require any new administrative procedures or cost. The assessor and collector offices would utilize the current "waiver" system already in place. The only burden on the military personnel would be that they would have to provide a copy of their orders showing their dates of service.

The Missouri Veterans Commission estimate of 300 active duty military in Cole County. The average tax bill on personal property is estimated at \$300. There would be a loss in revenue of ($300 \times \$300 = \$90,000$) total impact on property taxes. The Cole County portion of the property tax levy is 18% of total levy; ($\$90,000 \times 18\% = \$16,200$) to Cole County. The Assessors Office currently receives .725% of taxes collected = $\$16,200 \times .00725 = \117.45 loss to county Assessment Fund.

The fiscal impact, stabilized over the next three years, is unknown. The numbers listed would be the worst case scenario for any year. The assessor does not have information on when those that are deployed will return, or how many more may be deployed. The impact will be at its greatest when the country is at war; if no troops are deployed in 2008 and 2009, the impact would be insignificant.

Oversight assumes this proposal would submit a ballot issue to the voter; if the voters approved the measure, then local property taxes would be reduced and revenues to the Blind Pension Fund would be reduced by about $\frac{1}{2}$ of 1% of the loss in local property taxes.

ASSUMPTION (continued)

Officials from the **Office of the Attorney General** did not respond to our request for information.

| <u>FISCAL IMPACT - State Government</u> | FY 2007 (10 Mo.) | FY 2008 | FY 2009 |
|--|--------------------------|-------------------|-------------------|
| GENERAL REVENUE | | | |
| <u>Cost – Secretary of State</u> | | | |
| Newspaper Advertisements | <u>(\$52,560)</u> | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>(\$52,560)</u> | <u>\$0</u> | <u>\$0</u> |
| <u>FISCAL IMPACT - Local Government</u> | FY 2007 (10 Mo.) | FY 2008 | FY 2009 |
| | <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 proposal would propose a constitutional amendment exempting from taxation personal property held by active-duty military personnel.

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 Revenue
Department of Public Safety
 Missouri Veterans Commission
State Tax Commission
Office of the Cole County Assessor

NOT RESPONDING

Office of the Attorney General

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

Mickey Wilson, CPA
Director
February 6, 2006