

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0450-01  
Bill No.: HB 65  
Subject: Education, Elementary and Secondary; Revenue Dept.; Taxation and Revenue -  
Property  
Type: Original  
Date: January 5, 2007

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Bill Summary: Would provide a real property tax credit for certain educational expenses.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<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>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<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 2008	FY 2009	FY 2010
<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 2008	FY 2009	FY 2010
<b>Local Government</b>	<b>(More than \$100,000)</b>	<b>(More than \$100,000)</b>	<b>(More than \$100,000)</b>

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Revenue** assume this proposal would not have a fiscal impact on their organization.

Officials from the **Department of Elementary and Secondary Education** (DESE) stated that this proposal would allow a resident of the state, having at least one child eligible for any educational services provided by any public school district to such child, but who has declined the provision of such services to such child, to submit to the county collector proof of all expenditures for educational purposes on behalf of the child or children in such year. The collector would be required to subtract that amount of expenditures from the real property taxes owed to the appropriate school district, and recalculate the qualified taxpayer's real property tax.

DESE assumed this proposal would have no fiscal impact on their organization or on the foundation formula; however, they stated that local school districts may lose a portion of real property tax revenue. The amount of any lost revenue cannot be determined as it would depend on the level of participation by qualified taxpayers and on the level of expenses for educational purposes submitted to the county collector.

Officials from the **Parkway School District** stated that based on their latest demographic data, there are approximately 8,000 private school students in Parkway School District. Given the average school property taxes for each household of \$1,500 and assuming 1 to 1.5 students per household, the cost would be anywhere from \$8 - \$12 million annually.

Officials from the **Columbia School District** stated that they were unable to estimate the total fiscal effect if private school students were allowed to access Columbia real property tax revenues.

**Oversight** assumes there would be significant but unknown losses in excess of \$100,000 per year to local school districts as a result of this proposal.

ASSUMPTION (continued)

Officials from the **Office of the Boone County Collector** assume this proposal would have a major impact on their organization.

- a. The electronic tax file would need to be changed to capture the credit amount and recalculate the tax bill amount.
- b. The distribution program would need to be changed to account for and report the variances between the originally billed amounts and the collected/distributed amounts to the impacted school districts.
- c. Because tax records are historically retained as permanent records, the documentation proving the expenditures from the taxpayer would become part of the appropriate tax billing record. The office currently microfilms directly from the electronic format.

This proposal would require scanning to capture the tax bill image along with the supporting documents. The office would then have to create some type of bar code process for indexing purposes. The records could then be microfilmed.

The estimated costs to the Office of the Boone County Collector to implement and administer this proposal are as follows.

Implementation:

a.	Minimum 700 hours of programming at \$30/hour	\$21,000
b.	Minimum 40 hours staff at \$16.50/hr	660
c.	Cost of a scanner	6,100
d.	Workstation for scanner	1,800

ASSUMPTION (continued)

Ongoing Administration:

a.	Programming support annually 10 hours @ \$30/hour	\$300
b.	Staff support annually 40 hours @ \$16.50/hour	660
c.	Annual maintenance on scanner	700
d.	Annual microfilming expense	unknown

No statistical information is available to determine how many taxpayers would qualify for the annual credit; however, the 1% collector commissions and ½% Assessment Fund withholding would be less because the applied credit would lower the amounts collected. This would result in a reduction to both the General Revenue and the Assessment Funds. The \$5 retained by the collector to recalculate the bill would offset General Revenue reductions somewhat; however there would be no offset to the Assessment Fund.

Officials from **Nodaway County** assume the fiscal impact would be according the percentage of home-schooled children in the county. Since the collector would have to do significant calculations and paperwork on each one, the proposal could require:

- 1) part-time help to help with this task
- 2) computer programming changes

School districts base their budgets on assessed value and this could significantly change the amount of tax revenue they receive.

**Oversight** assumes there would be an unknown but significant cost in excess of \$100,000 per year to county governments to implement this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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**COUNTY GOVERNMENTS**

<u>Losses</u> - Assessment Fund withholdings	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
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<u>Cost</u> - Collectors	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
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<b>ESTIMATED NET EFFECT ON COUNTY GOVERNMENTS</b>	<u><b>(More than \$100,000)</b></u>	<u><b>(More than \$100,000)</b></u>	<u><b>(More than \$100,000)</b></u>
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**SCHOOL DISTRICTS**

<u>Losses</u> - Property tax revenues	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
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<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICTS</b>	<u><b>(More than \$100,000)</b></u>	<u><b>(More than \$100,000)</b></u>	<u><b>(More than \$100,000)</b></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.

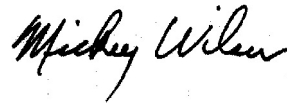
FISCAL DESCRIPTION

This proposal would provide a real property tax credit for certain educational expenses.

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 Elementary and Secondary Education  
Department of Revenue  
Nodaway County  
Columbia School District  
Parkway School District

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

Mickey Wilson, CPA  
Director  
January 5, 2007