

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0797-01  
Bill No.: HJR 6  
Subject: Constitutional Amendments; Military Affairs; Property, Real and Personal; State Tax Commission; Taxation and Revenue - Property  
Type: Original  
Date: March 6, 2007

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Bill Summary: Would propose a constitutional amendment exempting from tax personal property of active duty military personnel.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Blind Pension	\$0 or (More than \$100,000)	\$0 or (More than \$100,000)	\$0 or (More than \$100,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 or (More than \$100,000)</b>	<b>\$0 or (More than \$100,000)</b>	<b>\$0 or (More than \$100,000)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government</b>	<b>\$0 or (More than \$100,000)</b>	<b>\$0 or (More than \$100,000)</b>	<b>\$0 or (More than \$100,000)</b>

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## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Office of Administration, Administrative Hearing Commission**, 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)** provided the following response:

Many joint resolutions are considered by the General Assembly that would require the SOS to publish in local newspapers the full text of each statewide ballot measure as directed by the Missouri Constitution and state law. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.6 million historically appropriated in even numbered fiscal years and \$100,000 appropriated in odd numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot.

There were six 6 statewide constitutional amendments or ballot propositions during FY 2007 (August and November 2006 elections) which cost \$1.2 million to publish (an average of \$193,000 per issue). Therefore, the SOS assumes, for the purposes of this fiscal note, that it would have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this proposal would not result in increased state cost to the school foundation formula. There might be some minimal cost to some school districts because their personal property tax revenue would decrease if there are residents of the district who qualify for the exemption. Any impact is expected to be minimal.

ASSUMPTION (continued)

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assume there would be no added cost to their organization as a result of this proposal. This proposal would submit a constitutional amendment to Missouri voters that would exempt from taxation personal property held for an entire tax year by active duty military personnel. If the amendment passes the exemption could decrease the amount of local effort used in funding local schools, thereby increasing the amount needed to fund the state foundation formula. BAP deferred to DESE for an estimate of the fiscal impact to the state.

Officials from **Nodaway County** and the **Office of the Nodaway County Treasurer** assume this proposal would have only a minimal impact on their organizations.

Officials from the **Office of the Cole County Assessor** assume this proposal would not have a direct fiscal impact on their organization. The Assessor and Collector would use the existing tax exemption process for the military personnel exempted from property tax by this proposal.

The Assessor estimated the tax revenue reduction as follows - according to the Missouri Veterans Commission, there are 300 military personnel from Cole County who would benefit from this proposal and the average Cole County tax bill for personal property is \$300. Therefore, the estimated impact to Cole County taxing authorities would be \$90,000. The Cole County portion of that estimated tax reduction would be \$16,200, and there would be a reduction of \$652 in withholdings for the Assessment Fund.

**Oversight** notes the proposal would propose a constitutional amendment to be submitted to the voters. Any exemption from taxation and resulting revenue loss to the state or local taxing authorities would result from passage of the constitutional amendment. Oversight also assumes this proposal would be submitted to the voters at the November, 2008, general election rather than at a special election. Oversight will indicate a loss of tax revenue of \$0 or "More than \$100,000" to Local Governments and to the Blind Pension Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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**BLIND PENSION FUND**

Revenue reduction

Personal property tax exemption	<u>\$0 or (More than \$100,000)</u>	<u>\$0 or (More than \$100,000)</u>	<u>\$0 or (More than \$100,000)</u>
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<b>ESTIMATED NET EFFECT ON BLIND PENSION FUND</b>	<b><u>\$0 or (More than \$100,000)</u></b>	<b><u>\$0 or (More than \$100,000)</u></b>	<b><u>\$0 or (More than \$100,000)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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**LOCAL GOVERNMENTS**

Revenue reduction

Personal property tax exemption	<u>\$0 or (More than \$100,000)</u>	<u>\$0 or (More than \$100,000)</u>	<u>\$0 or (More than \$100,000)</u>
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<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>\$0 or (More than \$100,000)</u></b>	<b><u>\$0 or (More than \$100,000)</u></b>	<b><u>\$0 or (More than \$100,000)</u></b>
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FISCAL IMPACT - Small Business

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

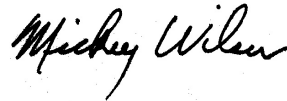
FISCAL DESCRIPTION

This proposal would submit to the voters a proposed constitutional amendment exempting from tax personal property of 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  
    Administrative Hearing Commission  
    Division of Budget and Planning  
Department of Elementary and Secondary Education  
Department of Revenue  
Nodaway County  
Office of the Cole County Assessor  
Nodaway County Treasurer

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

Mickey Wilson, CPA  
Director  
March 6, 2007