

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1597-02  
Bill No.: HCS for HB 608  
Subject: Property, Real and Personal; State Tax Commission; Taxation and Revenue -  
Property; Veterans  
Type: Original  
Date: February 21, 2007

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Bill Summary: Would exempt property owned by veterans' organizations from taxation.

**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 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</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\* Unknown expected to be less than \$100,000.

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## **FISCAL ANALYSIS**

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### **ASSUMPTION**

Officials from the **Department of Revenue** assumed a previous version of the proposal would have no fiscal impact on their organization.

Officials from the **City of Centralia** assumed a previous version of the proposal would result in a minimal loss of tax revenue to their organization.

Officials from the **Office of the Cole County Assessor** assumed a previous version of the proposal would have no impact on their office or on political subdivisions in Cole County since property owned by veterans' organizations is not currently being assessed or taxed.

Officials from the **Boone County Collector's Office** assumed similar proposal in the previous session (HJR 28 LR 3155-01, 2006) would have no impact on their office or on political subdivisions in Boone County since property owned by veterans' organizations is not currently being assessed or taxed.

Officials from the **Department of Elementary and Secondary Education (DESE)** stated that DESE officials deferred to the state tax commission as to the impact resulting from a previous version of the proposal.

Officials from **St. Louis County** assume the proposal would have an impact to their organization. St. Louis County officials estimated the cost at \$ 50 per application to process an application, \$75 to perform a field review of the property, and \$200 a hearing, for a total of \$325 per applicant. The number of potential applicants is unknown. Further there would be a reduction in assessed value based on the total assessed value removed from the tax rolls. The dollar amount of loss is unknown because the taxing authorities may be able to increase their tax rate to compensate for part or all of the loss.

**Oversight** assumes that the proposal would make the veterans organizations exempt from tax and that applications, field reviews, and hearings would not be required.

Officials from the **City of West Plains** assumed a previous version of proposal could have an unknown negative fiscal impact to their organization.

Officials from the **Parkway School District** and **Texas County** assume the proposal would have no fiscal impact to their organizations.

ASSUMPTION (continued)

Officials from the **State Tax Commission** (TAX) assumed a previous version of proposal would exempt from taxation all property owned by veterans' organizations. TAX is unable to determine the impact of this proposal because there is no information available on the number of veteran organizations or the amount of taxable property they own.

In 2006, TAX conducted a telephone survey with numerous counties regarding the question of taxing property owned by veterans' organizations. Only one of the seventeen first-class counties we contacted confirmed they assess taxes on a portion of the property owned by veterans' organizations. We believe there may be one other first-class county that assesses taxes on a portion of the property owned by veterans' organizations. Of the six second-class counties and fourteen third-class counties we contacted, only one county assessed taxes on such property. The City of St. Louis does not tax such property.

For the purposes of estimating a potential loss of revenue, TAX assumed the assessed valuation for all property owned by veterans' organizations currently being taxed is \$500,000. Assuming the average state-wide tax rate is \$6.15 per hundred dollars of assessed valuation, the potential loss of revenue would be \$30,750.

**Oversight** assumes the proposal would have an unknown negative impact to local governments beginning January 1, 2008 (FY 2009) and expected to be less than \$100,000 per year. Oversight assumes that the impact to the Blind Pension Fund, at 1/2 of 1% of the local government impact, would be minimal.

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

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

<u>Revenue reduction</u> - exemption of veterans organization property. *	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS *</b>	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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\* Unknown expected to be less than \$100,000 per year.

FISCAL IMPACT - Small Business

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

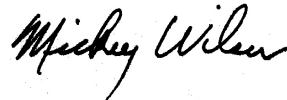
FISCAL DESCRIPTION

The proposal would exempt property owned by veterans' organizations from taxation.

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  
State Tax Commission  
St. Louis County  
Texas County  
City of Centralia  
City of West Plains  
Parkway School District  
Office of the Cole County Assessor

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

Mickey Wilson, CPA  
Director  
February 21, 2007