

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4396-02  
Bill No.: HCS for HJR 64  
Subject: Constitutional Amendments; State Tax Commission; Taxation and Revenue -  
Property; Veterans  
Type: Original  
Date: April 29, 2008

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Bill Summary: Would propose a constitutional amendment exempting from taxation all real property used as a homestead by any state citizen who is a former POW with a total service-connected disability.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<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 2009	FY 2010	FY 2011
Blind Pension	\$0	\$0 or (Less than \$3,625)	\$0 or (Less than \$3,625)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0 or (Less than \$3,625)</b>	<b>\$0 or (Less than \$3,625)</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<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 2009	FY 2010	FY 2011
<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 2009	FY 2010	FY 2011
<b>Local Government</b>	<b>\$0</b>	<b>\$0 or (Less than \$725,000)</b>	<b>\$0 or (Less than \$725,000)</b>

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## **FISCAL ANALYSIS**

### **ASSUMPTION**

In response to a similar proposal, 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 pay for publishing in local newspapers the full text of each statewide ballot measure. 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. In FY 2007, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.2 million to publish (an average of \$193,000 per issue). Therefore, the SOS assumed, for the purposes of the 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.

Each year a number of bills are considered by the General Assembly that would require statewide elections to allow the voters to decide the issues in the legislation. The SOS is provided with \$4.3 million in general revenue core funding to handle such special elections. The appropriation had historically been an estimated appropriation because the final cost each year is dependent upon the number of special elections required to fill vacant legislative seats and the number of ballot measures approved by the General Assembly. However, in recent years an estimated appropriation has only been provided in presidential primary years. The SOS assumed for the purposes of the fiscal note that it would have the full appropriation authority it needs to meet these special election costs. However, we reserve the right to request funding needed to meet these requirements.

Officials from the **Department of Public Safety, Missouri Veterans Commission** assume this proposal would have no fiscal impact to their organization.

ASSUMPTION (continued)

Officials from the **Department of Revenue** (DOR) assumed a previous version of this proposal would have no fiscal impact on their organization. DOR officials said there were 1,160 persons with the free license plates made available to totally disabled veterans.

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assume this proposal would not result in added cost to their organization. BAP officials stated that this proposal would exempt former POW's with a service-related disability from real property taxes on their homestead. The proposal would have no fiscal impact on general revenues but could impact the Blind Pension Fund. To the extent this proposal could impact the foundation formula for schools, state expenditures could increase.

Officials from the **State Tax Commission** stated in response to a previous version of this proposal that the average residential real estate tax bill for Missouri would be \$1,200.

**Oversight** calculated an average residential real estate tax bill of \$625 from State Tax Commission data, and will use that amount to compute the potential impact of this proposal. Oversight has researched the available data for totally handicapped veterans who were former POW's and has not found that information. Oversight will assume the number is less than the 1,160 persons who have free license plates.

Oversight assumes the impact of this proposal on local governments would be as follows.

$$1,160 \text{ totally disabled persons} \times \$625 \text{ average real property tax bill} = \underline{\underline{\$725,000}}$$

Oversight assumes the impact to the Blind Pension Fund would be one-half of one percent of the local government impact, or  $(\$725,000 \times .005) = \$3,625$ .

The local government impact and the Blind Pension Fund impact would only become effective if the voters approved the constitutional amendment, so Oversight will indicate an impact of \$0 or the calculated impact. Oversight assumes the proposal would be submitted to the voters in November 2008 and could become effective in 2009 (FY 2010).

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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**BLIND PENSION FUND**

<u>Revenue reduction - property tax exemption</u>	\$0	<u>\$0 or (Less than \$3,625)</u>	<u>\$0 or (Less than \$3,625)</u>
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<b>ESTIMATED NET EFFECT ON BLIND PENSION FUND</b>	\$0	<b><u>\$0 or (Less than \$3,625)</u></b>	<b><u>\$0 or (Less than \$3,625)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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**LOCAL GOVERNMENTS**

<u>Revenue reduction - property tax exemption</u>	\$0	<u>\$0 or (Less than \$725,000)</u>	<u>\$0 or (Less than \$725,000)</u>
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<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENT</b>	\$0	<b><u>\$0 or (Less than \$725,000)</u></b>	<b><u>\$0 or (Less than \$725,000)</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.

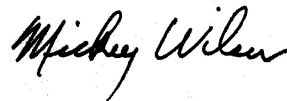
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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 Administration  
    Division of Budget and Planning  
Department of Revenue  
Department of Public Safety  
    Missouri Veterans Commission  
State Tax Commission

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

Mickey Wilson, CPA  
Director  
April 29, 2008