

HCS HB 1207 -- CLASSIFICATION OF SAWMILLS

SPONSOR: Wilson, 119 (Day)

COMMITTEE ACTION: Voted "do pass" by the Committee on Rural Community Development by a vote of 12 to 0.

This substitute specifies that for property taxation purposes agricultural and horticultural property will include sawmills and planing mills that alter logs from their original form and which are defined in the United States Department of Labor's Standard Industrial Classification Manual. Currently, these mills are classified as commercial property.

FISCAL NOTE: No impact on General Revenue Fund in FY 2011, FY 2012, and FY 2013. Estimated effect on Other State Funds of an income of \$0 in FY 2011, a cost of \$0 to \$20,143 in FY 2012, and a cost of \$0 to \$20,143 in FY 2013.

PROPOSERS: Supporters say that the bill will reduce the tax rate for these mills from 32% to 12%, providing tax relief that this industry desperately needs. The federal government considers timber to be an agricultural product, so treating sawmills as agricultural property makes sense. Sawmills and planing mills harvest trees like any other crop by taking a log and turning it into a plank of wood. They do not take a plank of wood and build something. The downturn in home and commercial construction has severely impacted Missouri's sawmill industry. A sawmill is often the largest employer for the rural area in which it is located, and many are family-owned businesses operating on a shoestring budget.

Testifying for the bill were Representatives Day and Kuessner; and Missouri Forest Products.

OPPOSERS: Those who oppose the bill say that the reclassification of sawmills to a lower tax rate will have a significant, negative affect on school districts which rely on property tax revenue to operate. Reducing the rate will mean less revenue for local governments. If sawmills are allowed to function as agricultural property, other facilities that use agricultural commodities in their products will want the same benefit which will be catastrophic for local revenues.

Testifying against the bill was Schools Administrators Coalition.

OTHERS: Others testifying on the bill say it only relates to the sawmill itself, not the surrounding ground on which the trees are located.

Testifying on the bill was Missouri Assessor's Association.