

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4652-01
Bill No.: SB 1298
Subject: Property Tax, Sales Tax, Real Property, Personal Property, Transportation, Bi-State Development Agency, Kansas City Area Transportation Authority
Type: Original
Date: March 7, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Blind Pension	\$0	(Unknown)	(Unknown)
School District Trust	(Unknown)	(Unknown)	(Unknown)
Conservation	(Unknown)	(Unknown)	(Unknown)
Parks and Soil	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTIONS

Officials from the **Department of Revenue** (DOR) assume there would be no administrative impact to their organization. DOR officials assume this proposal could result in unknown reductions in property and sales taxes.

Officials from the **State Tax Commission** and the **Department of Economic Development** assume this proposal would result in no impact on their organizations.

Officials from the **Office of Administration, Division of Budget and Planning**, assume this proposal would have no direct impact on their organization but could have an unknown negative effect on total state revenues.

Officials from the **Bi-State Development Agency** (Bi-State) assume this proposal would allow Bi-State to participate in the specific asset financing transactions defined in the proposal. Bi-State officials stated their organization would not enter into such transactions unless there was a net benefit to Bi-State.

ASSUMPTIONS (continued)

Oversight assumes that this proposal would exempt from sales and property taxation those assets transferred to third parties as a result of certain structured financing agreements. Oversight notes the existing statutory exemption exempts from taxation only assets owned by, and sales to, the interstate compact agencies. Oversight assumes the proposal would result in unknown reductions in local sales and property tax collections for political subdivisions where otherwise taxable property related to interstate compact agencies is located.

In addition, Oversight assumes there could be an unknown negative impact to the Blind Pension Fund from reduced property tax collections, and to the General Revenue Fund, School District Trust Fund, Conservation Fund, and Parks and Soils Fund from reduced sales tax collections. The first fiscal impact of this proposal could be for sales taxes collected in FY 2005, and for 2005 property taxes collected in FY 2006.

Officials from the **City of Kansas City, Jackson County, St. Louis County, the City of St. Louis,** and the **Kansas City Area Transportation Authority** did not respond to our request for information on this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE FUND			
<u>Revenue reduction</u>			
Sales Taxes	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
BLIND PENSION FUND			
<u>Revenue reduction</u>			
Property Taxes	\$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON BLIND PENSION FUND	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - State Government</u>	FY 2005	FY 2006	FY 2007
(continued)	(10 Mo.)		
CONSERVATION FUND			

<u>Revenue reduction</u>			
Sales Taxes	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON CONSERVATION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
PARKS AND SOIL FUNDS			
<u>Revenue reduction</u>			
Sales Taxes	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON PARKS AND SOIL FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
SCHOOL DISTRICT TRUST FUND			
<u>Revenue reduction</u>			
Sales Taxes	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
POLITICAL SUBDIVISIONS			
<u>Revenue reduction</u>			
Property and Sales Taxes	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

SS:LR:OD (12/02)

This proposal would create a tax exemption for property leased or transferred by certain interstate compact agencies. The proposal would exempt such property from taxation for state, county or local purposes:

- All real or personal property leased or otherwise transferred by an interstate compact agency created pursuant to sections 70.370 to 70.430, RSMo, or sections 238.010 to 238.100, RSMo.
 - (a) To another for which or whom such property is not exempt.
 - (b) When immediately after the lease or transfer, the interstate compact agency enters into a leaseback or other agreement that directly or indirectly gives such interstate compact agency a right to use, control, and possess the property.
 - (c) Provided that in the event of a conveyance of such property, the interstate compact agency must retain an option to purchase the property at a future date or, within the limitations period for reversioners, the property must revert back to the interstate compact agency.

DESCRIPTION (continued)

- Property will no longer be exempt as of the date, if any, when:
 - (a) The right of the interstate compact agency to use, control, and possess the property is terminated.
 - (b) The interstate compact agency no longer has an option to purchase or otherwise acquire the property.
 - (c) There is no provision for reverter of the property within the limitation period for reverters.

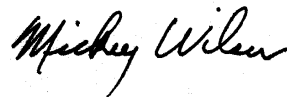
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Department of Revenue
State Tax Commission
Bi-State Development Agency
Office of Administration
Division of Budget and Planning

NOT RESPONDING

Kansas City Area Transit Authority
City of Kansas City
Jackson County
City of St. Louis
St. Louis County



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Director
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