

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3626-01  
Bill No.: Perfected SB 805  
Subject: Property, Real and Personal; Taxation and Revenue - Property  
Type: Original  
Date: March 31, 2008

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Bill Summary: Would modify the definition of the term "Agricultural and Horticultural Property" for property tax purposes.

**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
<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 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</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 2009</b>	<b>FY 2010</b>	<b>FY 2011</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 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Local Government</b>	<b>(Less than \$100,000)</b>	<b>(Less than \$100,000)</b>	<b>(Less than \$100,000)</b>

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## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Department of Agriculture** (AGR) assume this proposal would have no fiscal impact on their organization. AGR officials stated that they don't have any way of determining how many horse arenas there are.

Officials from the **Department of Elementary and Secondary Education** deferred to the State Tax Commission as to the fiscal impact of this legislation.

Officials from the **Department of Revenue** assume this proposal would have no fiscal impact on their organization.

Officials from the **State Tax Commission** (TAX) assume this proposal would have no fiscal impact on their organization. TAX officials stated that they have no information as to the number of properties being used for showing horses, and would be classified as commercial property. The proposal would change the classification of those properties to agricultural and result in reduced assessed valuations for the properties.

Officials from **Linn State Technical College, the Metropolitan Community Colleges, St. Louis County, the City of Centralia, the City of Kansas City, and the City of West Plains** assume this proposal would have no fiscal impact on their organizations.

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assume this proposal would have no fiscal impact on their organization. BAP officials stated that the proposal would add real property used for showing horses to the definition of agricultural property. The proposal would have no impact on the state General Revenue Fund, and minimal impact on the Blind Pension Fund. To the extent the proposal may impact the foundation formula for schools, state expenditures may increase. BAP defers to DESE for any calculations of that impact.

**Oversight** assumes this proposal would require a county assessor to change the assessment status and thus the assessed valuation of a horse showing facility from commercial to agricultural. Oversight is not able to determine how many such situations might exist and assumes this proposal would have an impact on local government property tax revenues that is less than \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>LOCAL GOVERNMENTS</b>			
<u>Revenue reduction - reclassification of properties</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>(Less than \$100,000)</u></b>	<b><u>(Less than \$100,000)</u></b>	<b><u>(Less than \$100,000)</u></b>

FISCAL IMPACT - Small Business

This proposal could have a fiscal impact to a small business which had a facility for showing horses.

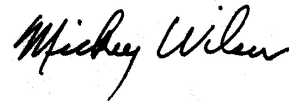
FISCAL DESCRIPTION

This proposal would modify the definition of the term "Agricultural and Horticultural Property" for property tax purposes.

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 Agriculture  
Department of Elementary and Secondary Education  
Department of Revenue  
State Tax Commission  
Linn State Technical College  
Metropolitan Community Colleges  
St. Louis County  
City of Centralia  
City of Kansas City  
City of West Plains



Mickey Wilson, CPA  
Director  
March 31, 2008