

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0433-01  
Bill No.: HJR 15  
Subject: Veterans; Disabilities; Taxation and Revenue - Property  
Type: Original  
Date: March 11, 2009

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Bill Summary: Would propose a constitutional amendment exempting from taxation the homestead property of a former prisoner of war with a total service-connected disability.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<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 2010	FY 2011	FY 2012
Blind Pension	\$0	\$0	\$0 or (\$934)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 or (\$934)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<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 2010	FY 2011	FY 2012
<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 2010	FY 2011	FY 2012
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 or (\$186,717)</b>

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## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Office of the Secretary of State (SOS)** provided the following estimate of the cost to publish the statewide ballot measure language for this proposal.

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. State statutes require the SOS to be 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. Therefore, the SOS assumes for the purposes of this fiscal note that it should have the full appropriation authority it needs to meet these special election costs. However, we reserve the right to request funding if needed to meet these mandatory requirements.

**Oversight** assumes that this proposal would be submitted to the voters on a general election ballot and that the cost to the SOS could be absorbed with existing resources.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume there would be no added cost to their organization as a result of this proposal. BAP officials stated that this proposal would exempt former Prisoners of War (POW) with a service-related disability from real property taxes on their homestead.

According to the United States Department of Veterans Affairs, there were approximately 32,500 former POW living at the end of 2004. Based on the death rate in that report, BAP estimates perhaps 25,000 POWs are living in 2009. Assuming 2% are in Missouri, then perhaps 500 POWs are in the state. BAP has no data on what portion may have a service-related disability.

The State Tax Commission reports \$51,016 million in residential assessed valuations in 2007. Since POW comprise .008% of the Missouri population, they may have \$4 million in assessed residential valuation. At 3-cents per \$100 assessed valuation, this proposal could reduce Blind Pension Fund revenues by \$1200. This proposal would have no impact on general revenues.

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education** (DESE) assume this proposal would change the Missouri Constitution by adding a provision that would exempt from taxation real property used as a homestead by a POW with a service connected disability. This could have a fiscal impact but it would be impossible to calculate and would probably be very small.

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

Officials from the **Missouri Veterans Commission** (MVC) assume this proposal would have no fiscal impact on their organization. MVC officials stated there were approximately 200 POW with service-connected disabilities in 2007.

Officials from the **State Tax Commission** (TAX) stated that the proposed constitutional amendment would exempt from taxes all real property owned by a former prisoner of war who has a total service-connected disability. TAX officials contacted the Missouri Division of Veterans Affairs and obtained the estimate of 200 former prisoners of war with a total service connected disability currently living in Missouri. However, TAX does not have information regarding the number of these veterans who own real property nor what the value of that property might be. Therefore, TAX was unable to project any loss of revenue.

Officials from **Cass County** stated that they believed their organization could absorb any lost revenue if the amendment were approved by the voters.

Officials from **Clinton County** stated that this proposal would result in unknown election costs and revenue losses as a result of this proposal.

Officials from **St. Louis County** stated that they have no way of calculating the fiscal impact of the proposal because they do not know how many veterans there are in St. Louis County nor the kind of property they own.

Officials from the **Metropolitan Community Colleges** and the **City of Kansas City** assume this proposal would have no significant fiscal impact to their organizations.

ASSUMPTION (continued)

Officials from **Linn State Technical College** and the **City of Centralia** assume this proposal would have no fiscal impact on their organizations

Officials from the **City of West Plains** assume this proposal could have a negative fiscal impact to their organization.

**Oversight** notes that this resolution would submit to the voters a proposal to exempt from property tax the homestead (principal residence) of a former prisoner of war who has a total service-connected disability.

Oversight has calculated an average residential real estate tax bill of \$1,328 from State Tax Commission data; and United States Census Bureau data indicates that 70.3% of Missouri residences are owner-occupied. Oversight assumes the impact of this proposal on local governments for 200 former POW with total service-connected disability, a \$1,328 average real property tax bill and a 70.3% owner-occupied residential ratio would be  $(200 \times \$1,328 \times .703) = \$186,717$ .

Oversight assumes the impact to the Blind Pension Fund would be one-half of one percent of the local government impact, or  $(\$186,717 \times .005) = \$934$ .

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 2010 and could become effective in 2011 (FY 2012).

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
<b>BLIND PENSION FUND</b>			
<u>Revenue reduction</u> - real estate tax exemption	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (\$934)</u>
<b>ESTIMATED NET EFFECT ON BLIND PENSION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0 or (\$934)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
<b>LOCAL GOVERNMENTS</b>			
<u>Revenue reduction</u> - real estate tax exemption	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (\$186,717)</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0 or (\$186,717)</u></b>

FISCAL IMPACT - Small Business

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

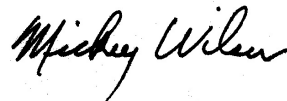
FISCAL DESCRIPTION

This proposal would submit to the voters a constitutional amendment exempting from taxation homestead property of a former prisoner of war with a total service-connected disability.

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 the Secretary of State  
Office of Administration  
    Division of Budget and Planning  
Department of Elementary and Secondary Education  
Department of Revenue  
Missouri Veterans Commission  
State Tax Commission  
Cass County  
Clinton County  
St. Louis County  
City of Centralia  
City of Kansas City  
City of West Plains  
Linn State Technical College  
Metropolitan Community Colleges



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