

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2139-01  
Bill No.: HB 701  
Subject: Banks and Financial Institutions; Property, Real and Personal; State Tax Commission; Taxation and Revenue - General; Taxation and Revenue - Property  
Type: Original  
Date: April 14, 2003

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Blind Pension	\$0	(Unknown)	(Unknown)
School District Trust	\$0	(Unknown)	(Unknown)
Conservation	\$0	(Unknown)	(Unknown)
Parks and Soil	\$0	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</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 LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Local Government</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **State Tax Commission** assume this proposal would have no impact on their organization.

Although they did not respond to our request for information, officials from the **Department of Revenue**, in response to a similar proposal, assumed there would be no administrative impact to their organization. Department of Revenue officials assume this proposal could result in unknown reductions in property and sales taxes.

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

Officials from the **Kansas City Area Transportation Authority** assume this proposal would have no negative impact on their organization.

Officials from the **Department of Elementary and Secondary Education** assume this proposal would have an unknown negative impact on state and local government revenues.

ASSUMPTION (continued)

Officials from the **Department of Revenue**, the **Department of Transportation**, the **City of Kansas City**, **Jackson County**, **St. Louis County**, the **City of St. Louis**, and the **Bi-State Development Agency**, did not respond to this proposal.

**Oversight** assumes this proposal would result in unknown reductions in local sales and property tax collections for political subdivisions where otherwise taxable property transfers would be made. Oversight also 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 2004, and for 2004 property taxes collected in FY 2005. Oversight assumes the provision in this proposal which would exempt from taxation any interest resulting from the structured financing transactions would have no direct impact, since interest from the state of Missouri and its political subdivisions and instrumentalities is currently exempt from taxation.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<b>GENERAL REVENUE FUND</b>			
<u>Revenue reduction</u>			
Sales Taxes	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<b>BLIND PENSION FUND</b>			
<u>Revenue reduction</u>			
Property Taxes	\$0	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON BLIND PENSION FUND</b>	<b><u>\$0</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<b>CONSERVATION FUND</b>			
<u>Revenue reduction</u>			
Sales Taxes	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON CONSERVATION FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<b>PARKS AND SOIL FUNDS</b>			
<u>Revenue reduction</u>			
Sales Taxes	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON PARKS AND SOIL FUNDS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

<u>FISCAL IMPACT - State Government -</u> continued	FY 2004 (10 Mo.)	FY 2005	FY 2006
<b>SCHOOL DISTRICT TRUST FUND</b>			
<u>Revenue reduction</u>			
Sales Taxes	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<b>POLITICAL SUBDIVISIONS</b>			
<u>Revenue reduction</u>			
Property and Sales Taxes	\$0	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<u>FISCAL IMPACT - Small Business</u>			

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

DESCRIPTION

This proposal would create a tax exemption for property leased or otherwise transferred by the state, its institutions, its political subdivisions, and city or interstate transit authorities to investors. All transferred real or personal property subject to a structured financing agreement as defined in the proposal would qualify for tax exempt treatment, subject to specific limitations on possession and further transfer of that property. In addition, interest created by the transaction would be exempt from taxation. The property would no longer be exempt from taxation as of the date, if any, when the transaction no longer meets the conditions and limitations in the proposal.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This proposal could impact total state revenue.

SOURCES OF INFORMATION

Kansas City Area Transit Authority  
State Tax Commission  
Department of Economic Development  
Department of Elementary and Secondary Education

NOT RESPONDING

**Bi-state Development Agency  
City of Kansas City  
City of St. Louis  
Jackson County  
St. Louis County  
Department of Revenue  
Department of Transportation**



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Director  
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