

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3680-01
Bill No.: HB 1647
Subject: Boats and Watercraft; Property, Real and Personal; State Tax Commission;
 Taxation and Revenue - Property
Type: Original
Date: March 30, 2010

Bill Summary: Would change the classification of certain watercraft from personal property to residential property for property taxation purposes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Blind Pension	\$0	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(Unknown)	(Unknown)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State, St. Louis County**, the **City of Centralia**, the **City of Kansas City**, and the **Parkway School District** assume this proposal would have no fiscal impact on their organizations.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume the proposed legislation would not result in additional costs or savings to their organization.

BAP officials stated that this proposal would change qualifying watercraft from personal property (vehicles) to residential property. Vehicles are assessed at 33.3% of value, while residential property is assessed at 19% of value. Therefore this proposal could reduce local property tax collections if related levies are not adjusted, perhaps significantly in counties with large numbers of qualifying watercraft. BAP does not have data on the number or valuation of qualifying watercraft.

BAP officials stated that this proposal would not impact general revenues, but could reduce Blind Pension Fund revenues.

Officials from the **Department of Revenue (DOR)** assume this proposal would include watercraft, as defined by current provisions, in the definition of "residential property." DOR also assumes there would be no change in the titling and registration requirements for watercraft since those provisions were not changed, and the definition of watercraft was not changed. Accordingly, DOR assumes it would require a statement of non-assessment from the county assessor's office which would indicate they have assessed the watercraft not as personal property, but as real estate.

Administrative impact

Motor Vehicle Bureau procedures would need to be revised by a Management Analyst Specialist I requiring forty hours of overtime, at a cost of \$805.. The DOR web site would need to be updated requiring ten hours of overtime for an Administrative Analyst III, at a cost of \$218.

Oversight assumes that this cost is minimal and could be absorbed with existing resources. If unanticipated additional costs are incurred or if multiple proposals are implemented which increase the DOR workload, resources could be requested through the budget process.

ASSUMPTION (continued)

IT impact

DOR officials provided an estimate of the Information Technology cost to implement the proposal, OA-ITSD (DOR) would need to update the renewal print program for vessel renewals to require a paid personal property tax receipt or a statement of non assessment. This proposal would have a minimal impact on OA-ITSD (DOR) and would be absorbed.

Officials from the **Department of Elementary and Secondary Education** (DESE) assume this proposal would have no fiscal impact on their organization and defer to the Department of Revenue as to the fiscal impact on the state.

Officials from the **State Tax Commission** (TAX) assume this proposal would have no fiscal impact on their organization. TAX officials assume this proposal could result in a loss of revenue for certain local governments.

Officials from the **Office of the Platte County Collector** assume this proposal could lead to enormous negative monetary impact for local governments.

Oversight assumes this proposal would result in the reclassification of qualifying houseboats from personal property to real property and an unknown reduction in property tax revenues for local governments and the Blind Pension Fund. Oversight assumes this proposal would become effective in August 2010 after the assessment process for 2010 is completed but would have an impact on 2011 property taxes collected in December 2011 (FY 2012).

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
BLIND PENSION FUND			
<u>Revenue reduction - property taxes</u>	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON BLIND PENSION FUND	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
LOCAL GOVERNMENTS			
<u>Revenue reduction - property taxes</u>	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>\$0</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.

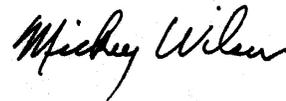
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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
State Tax Commission
St. Louis County
City of Centralia
City of Kansas City
Parkway School District
Office of the Platte County Collector



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