

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2029-01
Bill No.: HB 879
Subject: Taxation and Revenue - Property; Property, Real and Personal
Type: Original
Date: March 30, 2015

Bill Summary: This proposal classifies short term rental merchandise as inventory and exempt from property taxes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Blind Pension Fund	(Unknown, Less than \$100,000)	(Unknown, Less than \$100,000)	(Unknown, Less than \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown, Less than \$100,000)	(Unknown, Less than \$100,000)	(Unknown, Less than \$100,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any Of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** assume the current proposal would not fiscally impact their agency.

Officials from the **State Tax Commission** assume this proposal will not impact their agency. They also state, there could be a potential loss at the county level of a substantial nature, if items that are normally assessed such as leased vehicles, are leased in a manner that would qualify them under this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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BLIND PENSION FUND

<u>Loss</u> - Personal property tax exemption	(Unknown, Less than \$100,000)	(Unknown, Less than \$100,000)	(Unknown, Less than \$100,000)
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ESTIMATED NET EFFECT ON BLIND PENSION FUND	<u>(Unknown, Less than \$100,000)</u>	<u>(Unknown, Less than \$100,000)</u>	<u>(Unknown, Less than \$100,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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COUNTIES

<u>Loss</u> - of property taxes from merchandise held by a merchant and available for short term rental and which will subsequently or ultimately be sold	(Unknown)	(Unknown)	(Unknown)
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ESTIMATED NET EFFECT TO COUNTIES	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Small Business

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

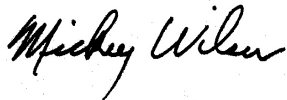
FISCAL DESCRIPTION

This proposal specifies that merchandise held by a rental company and available for short-term rentals of less than 365 consecutive days which will be ultimately sold is considered inventory and exempt from property tax.

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

State Tax Commission
Department of Revenue



Mickey Wilson, CPA
Director
March 30, 2015

Ross Strobe
Assistant Director
March 30, 2015