

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2649-02  
Bill No.: HB 1314  
Subject: Property, Real and Personal; Taxation and Revenue - Property  
Type: Original  
Date: April 6, 2015

Bill Summary: This proposal modifies the definition of residential property for property taxation and creates a sales tax exemption for certain properties.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Minimal)	(Minimal)	(Minimal)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Minimal)</b>	<b>(Minimal)</b>	<b>(Minimal)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
School District Trust Fund	(Minimal)	(Minimal)	(Minimal)
Conservation Fund	(Minimal)	(Minimal)	(Minimal)
State Parks Fund	(Minimal)	(Minimal)	(Minimal)
Soil and Water Funds	(Minimal)	(Minimal)	(Minimal)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(Minimal)</b>	<b>(Minimal)</b>	<b>(Minimal)</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 2016</b>	<b>FY 2017</b>	<b>FY 2018</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 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>(Minimal)</b>	<b>(Minimal)</b>	<b>(Minimal)</b>

## FISCAL ANALYSIS

### ASSUMPTION

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials from the **State Tax Commission** assume the current proposal would not fiscally impact their agency.

**Oversight** assumes the sales tax exemption for sales made in certain properties is not current Department of Revenue policy and, therefore assumes the proposal would cause losses to the General Revenue Fund, the School District Trust Fund, The Conservation Fund, the State Parks Fund, the Soil and Water Fund, and the local governments.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE FUND</b>			
<u>Loss - Sales Tax Exemption</u>	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Minimal)</u></b>	<b><u>(Minimal)</u></b>	<b><u>(Minimal)</u></b>
<b>SCHOOL DISTRICT TRUST FUND</b>			
<u>Loss - Sales Tax Exemption</u>	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND</b>	<b><u>(Minimal)</u></b>	<b><u>(Minimal)</u></b>	<b><u>(Minimal)</u></b>
<b>CONSERVATION FUND</b>			
<u>Loss - Sales Tax Exemption</u>	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
<b>ESTIMATED NET EFFECT ON CONSERVATION FUND</b>	<b><u>(Minimal)</u></b>	<b><u>(Minimal)</u></b>	<b><u>(Minimal)</u></b>
<b>STATE PARKS FUND</b>			
<u>Loss - Sales Tax Exemption</u>	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
<b>ESTIMATED NET EFFECT ON STATE PARKS FUND</b>	<b><u>(Minimal)</u></b>	<b><u>(Minimal)</u></b>	<b><u>(Minimal)</u></b>
<b>SOIL AND WATER FUNDS</b>			
<u>Loss - Sales Tax Exemption</u>	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
<b>ESTIMATED NET EFFECT ON SOIL AND WATER FUNDS</b>	<b><u>(Minimal)</u></b>	<b><u>(Minimal)</u></b>	<b><u>(Minimal)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Loss - Sales Tax Exemption</u>	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(Minimal)</u></b>	<b><u>(Minimal)</u></b>	<b><u>(Minimal)</u></b>

FISCAL IMPACT - Small Business

Any property type defined under the new sales tax exemption will be fiscally impacted by this proposal.

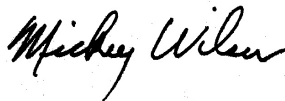
FISCAL DESCRIPTION

This proposal changes the classification of a bed and breakfast inn in which the owner resides and has four or less rooms for rent from commercial property to residential property for real property taxation purposes. The proposal authorizes a state and local sales and use tax exemption for a bed and breakfast inn in which the owner resides and has four or less rooms for rent.

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



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Director

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