

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6033
BILL NUMBER: SB 7

DATE PREPARED: Oct 12, 2001
BILL AMENDED:

SUBJECT: Tax Exempt Property Used for Religious or Charitable Purpose.

FISCAL ANALYST: Bob Sigalow
PHONE NUMBER: 232-9859

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that up to 150 acres of land and the buildings and structures on the land are exempt from property taxation if the land and buildings are owned by a church or religious institution or are owned, occupied, and used by a person for a charitable purpose. The bill also increases from 15 to 150 acres the amount of land subject to the property tax exemption for the land on which a parsonage or building used for religious worship is located.

Effective Date: July 1, 2002.

Explanation of State Expenditures:

Explanation of State Revenues: The State levies a small tax rate for State fair and State forestry. Any reduction in the assessed value base, as described below, will reduce the property tax revenue for these two funds.

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law, up to 15 acres of land on which an exempt building sits (or will sit) is also exempt for most qualifying organizations. The current exceptions are educational institutions which may exempt up to 150 acres and 4-H associations which may exempt up to 200 acres.

This bill would add two additional exceptions. Under the bill, religious and charitable organizations could exempt up to 150 acres of land instead of being capped at 15 acres.

In general, additional exemptions would reduce the assessed value tax base. This would cause a shift of the property tax burden from the taxpayers receiving the exemptions to all taxpayers in the form of an increased tax rate. The actual fiscal impact depends on the amount of additional property that would qualify for an

exemption under this proposal.

While sufficient data is not yet available to quantify the amount of the shift, data is being gathered. This fiscal note will be updated when the data becomes available.

State Agencies Affected:

Local Agencies Affected: County auditors.

Information Sources: