

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6085

BILL NUMBER: SB 100

NOTE PREPARED: Jan 24, 2008

BILL AMENDED: Jan 17, 2008

SUBJECT: Committee to Study Taxation of Homestead Property. .

FIRST AUTHOR: Sen. Long

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: The bill establishes the Interim Study Committee on the Taxation of Homestead Property. The Committee is to study various issues surrounding the possible elimination of the taxation of homestead property, including sources of replacement revenue and the impact on homeowners and local government. The Committee is required to issue a final report by December 1, 2008, including legislative proposals for the 2009 legislative session, if recommended by the Committee.

Effective Date: Upon passage.

Explanation of State Expenditures: The bill creates the 15-member Interim Study Committee on Taxation of Homestead Property. The members of the Committee are entitled to per diem and travel allowances in the same amount as the Legislative Council provides for members of interim study committees. However, the Committee is not subject to the rules established by the Legislative Council for interim study committees and may meet as needed to accomplish its purpose. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$9,500 per interim for committees with fewer than 16 members.

Background: The Interim Study Committee on Taxation of Homestead Property consists of eight legislative members plus seven other members from higher education institutions, the real estate and homebuilding industry, agricultural community, business community, local government, and an organized citizens group active in the property tax reform movement.

The areas that will be examined by the Committee include revenue alternatives to replace property tax; the impact on economic development and competitiveness, impact on the budget process for local units and schools, and impact on residential property and homebuilding industry; measures that could avoid tax shifts; mechanisms to return revenues generated by the state to local units and schools; possible measures for not diminishing local decision authority; the need for greater state reserves and balances; administrative savings; and other issues as determined by the Committee. The Committee is to issue a final report by December 1, 2008.

The Committee is to be staffed by the Legislative Services Agency. The funds necessary to carry out the bill are to be paid from state General Fund appropriations to the Legislative Council and Legislative Services Agency.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Legislative Services Agency; Legislative Council.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Karen Firestone, 317-234-2106.