

Fiscal Estimate Narratives
DOR 2/7/02

LRB Number 01-4276/2	Introduction Number AB-778	Estimate Type Original
Subject		
Property tax exemption for medical research foundations		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, property owned by a nonprofit 501(c)(3) organization and used for medical research, education, training or the treatment of destitute individuals is exempt from taxation. The bill limits the exemption to an organization's primary location where data are received, aggregated and analyzed. Satellite facilities owned by the organization would become taxable. Under the bill, the Department of Revenue would be required to certify which property is eligible for the exemption.

The Department is aware of one organization in the state that would be affected by the bill. In addition to its main headquarters, valued at an estimated \$62 million, the organization owns 23 satellite clinics. Of these satellite clinics, seven are currently exempt from property taxes.

Based on 2000 Property Tax Exemption Reports and discussions with local assessors, it is estimated that the 2001 taxable value of the seven exempt satellite clinics would have been approximately \$22 million. Using the estimated 2001/02 statewide average net tax rate of \$21.10 per \$1,000 of full value, the bill would have resulted in a shift of approximately \$464,000 ($\$22 \text{ million} \times .02110$) in property taxes from other property owners to the seven facilities had the bill been in effect in 2001.

It is likely that the bill would result in the loss of payments in lieu of property taxes of approximately \$176,000 made by six of the satellite clinics to taxing jurisdictions.

The bill would increase state forestry tax revenue by \$4,400 [$\$22 \text{ million} \times .0002$].

To the extent that these facilities would be exempt under other statutory provisions, e.g. as property of educational or benevolent organizations, the effect of the bill would be mitigated.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S	4,400	
TOTAL State Revenues	\$4,400	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$4,400	\$-176,000
Agency/Prepared By	Authorized Signature	Date
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