

Fiscal Estimate Narratives

DOR 4/22/2005

LRB Number	05-0917/1	Introduction Number	AB-348	Estimate Type	Original
Subject					
Property tax exemption for property owned by Goodwill Industries					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, real and personal property is exempt from general property taxes if it is owned by any of the following charitable organizations: the Salvation Army, the Boy Scouts of America, the Boys' Clubs of America, the Girl Scouts or Camp Fire Girls, the Young Men's Christian Association or the Young Women's Christian Association. Also under current law, real and personal property owned and used exclusively by benevolent institutions is exempt from general property taxes.

Under this draft, Goodwill Industries would be added to the list of charitable organizations whose property is exempt from real and personal property taxes. The exemption would first apply to assessments as of January 1, 2005.

Based on a survey of assessors of municipalities in which Goodwill stores are located, the real and personal property owned by Goodwill Industries typically is exempt from property taxes under the exemption for benevolent institutions. In cases where Goodwill Industries leases space, often in a strip mall or shopping center, only Goodwill's personal property is exempt.

The survey found one instance where an apartment building owned by Goodwill Industries was only partially exempt. A one-bedroom apartment that is used by staff, a non-exempt purpose, in the otherwise exempt apartment building has been taxed since 1982. The apartment had an estimated market value of about \$40,000 in 2004 and property taxes of about \$800.

Although assessors typically exempt the property of Goodwill Industries as property of a benevolent institution, there is at least one exception. Based on the known exception, this draft would shift about \$800 in property taxes from Goodwill Industries to owners of taxable property.

State forestry taxes would decrease by about \$8 per year ($\$40,000 \times 0.0002$) under the bill.

Administrative costs are minimal and would be absorbed by the Department.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Property tax exemption for property owned by Goodwill Industries			
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		-8
	TOTAL State Revenues	\$	\$-8
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$8	\$
Agency/Prepared By		Authorized Signature	
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		Date	
		12/8/2004	