

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4499H.011  
Bill No.: HB 2147  
Subject: Taxation and Revenue - General; Taxation and Revenue - Sales and Use; Fire Protection; Political Subdivisions  
Type: Original  
Date: March 9, 2022

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Bill Summary: This proposal modifies provisions relating to sales taxes imposed for fire protection purposes.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</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 2023</b>	<b>FY 2024</b>	<b>FY 2025</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 \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Local Government</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Administration - Budget and Planning (BAP)** assume the Department of Revenue's retained collection fee will increase Total State Revenue (TSR). BAP defers to the local government for the fiscal impact.

Officials from the **Department of Revenue (DOR)** assume this proposal expands the authority of the City of Ballwin to use their one-half of one percent sales tax for contracting with fire protection services. Currently statute allows them to fund their own municipal fire district. While the City of Ballwin is allowed to collect this tax, the Department records indicate they are not collecting it. It is unclear if granting them the authority to contract for services would cause them to adopt the fire tax. Should they chose to collect the tax the Department would retain our 1% collection fee.

This proposal would become effective August 28, 2022 and the earliest this proposal could appear on a ballot is November 2022. If adopted, the first collection of the tax would occur starting April 2023 (FY 2023). The Department assumes no fiscal impact from this proposal unless it is adopted by the voters.

**Oversight** does not know how many municipalities contract "for fire protection services." Oversight assumes this proposal could allow a municipality that currently contracts for fire protection services and does not have a sales tax authorized in §321.242 to submit the sales tax before voters. Therefore, Oversight will assume an unknown potential (\$0 or) for sales tax revenue to local municipalities as well as an unknown amount of 1% collection fee for the Department of Revenue. This potential revenue will not hit the \$250,000 threshold. SEQ CHAPTER \h \r 1

Officials from the **Office of the Secretary of State** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for that office.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
<b>GENERAL REVENUE</b>			
<u>Revenue – DOR – 1% collection fee</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
<b>MUNICIPALITIES</b>			
<u>Revenue Gain – sales tax collected for municipal fire districts that contract for fire protection services</u>	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost – DOR’s 1% collection fee</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
<b>ESTIMATED NET EFFECT ON MUNICIPALITIES</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>

#### FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

#### FISCAL DESCRIPTION

This bill adds municipalities contracting for fire protection services to the list of political subdivisions authorized to impose, upon voter approval, a sales tax in an amount of up to .5% for fire protection services.

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

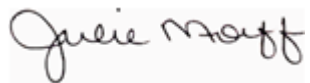
Office of Administration -Budget and Planning  
Department of Revenue  
Office of the Secretary of State

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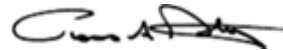
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