

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4216H.011  
 Bill No.: HB 2291  
 Subject: Taxation and Revenue - Sales and Use; Taxation and Revenue - General; Political Subdivisions; Cities, Towns, and Villages; Fire Protection; Law Enforcement Officers and Agencies; Ambulances and Ambulance Districts  
 Type: Original  
 Date: January 28, 2022

Bill Summary: This proposal authorizes a sales tax dedicated to public safety in the cities of Clinton and Lincoln.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue*	\$0 to \$2,843	\$0 to \$11,595	\$0 to \$11,595
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 to \$2,843</b>	<b>\$0 to \$11,595</b>	<b>\$0 to \$11,595</b>

\*Represents the potential 1% Department of Revenue collection fee if voters approve the sales tax(es).

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
<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 to \$278,511</b>	<b>\$0 to \$1,136,332</b>	<b>\$0 to \$1,159,059</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 94.902

Officials from the **Department of Revenue (DOR)** state this proposal would allow any city with more than one thousand sixty but fewer than one thousand one hundred seventy inhabitants and located in a county with more than nineteen thousand but fewer than twenty-two thousand inhabitants and with a county seat with more than one thousand but fewer than two thousand two hundred twenty inhabitants to have a public safety sales tax. DOR believes this would be the City of Cole Camp and the City of Lincoln.

Additionally, DOR notes this proposal would allow any city with more than nine thousand but fewer than ten thousand inhabitants and that is the county seat of a county with more than nineteen thousand but fewer than twenty-two thousand inhabitants to adopt a public safety sales tax. DOR believes this to be the City of Clinton.

The sales tax may be imposed in an amount up to one-half of one percent. The tax shall be imposed solely for the purpose of improving the public safety.

DOR notes when the Department collects these public safety sales taxes, they are allowed to retain 1% to reimburse the Department for collection costs.

#### CITY OF COLE CAMP

DOR shows that the **City of Cole Camp** has taxable sales of:

<b>CY</b>	<b>Jan-Mar</b>	<b>Apr-Jun</b>	<b>Jul-Sep</b>	<b>Oct-Dec</b>	<b>Total</b>
2015	3,229,113	3,002,081	3,402,238	3,196,016	12,829,447
2016	3,095,340	3,003,988	3,225,042	3,279,187	12,603,558
2017	3,081,084	2,956,959	3,249,944	3,336,067	12,624,054
2018	3,278,248	3,220,758	3,474,064	4,684,461	14,657,531
2019	3,402,802	3,687,581	3,745,639	3,618,415	14,454,437
2020	3,331,101	3,451,596	3,915,171	3,748,845	14,446,713
2021	3,600,303	3,872,080	4,144,837		

Source: <http://dor.mo.gov/publicreports/>

\* DOR reports are generated by calendar year not fiscal year

DOR notes this proposal allows up to a one-half of one percent sales tax. For the fiscal impact, DOR will assume the one-half of one percent sales tax is adopted. However, for informational

purposes, DOR has shown how much would be collected if they just chose a lesser amount than the full one-half percent sales tax.

Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Cole Camp would collect and the fee retained by DOR as:

Cole Camp	1/4 of 1% Tax		1/2 of 1% Tax	
	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2023	\$375	\$37,156	\$751	\$74,313
2024	\$383	\$37,899	\$766	\$75,799
2025	\$390	\$38,657	\$781	\$77,315

DOR notes that this proposal would become effective on August 28, 2022 and the first election this issue could be presented to the voters would be the November 2022 general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be April 1, 2023 (FY 2023) if adopted by the voters. Therefore, the impact in FY 2023 would be for 3 months.

Cole Camp	1/2 of 1% Tax	
	DOR 1% Fee	Local Collection
2023	\$188	\$18,578
2024	\$766	\$75,799
2025	\$781	\$77,315

**CITY OF LINCOLN**

DOR shows that the **City of Lincoln** has taxable sales of:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2015	2,124,060	2,412,496	2,368,178	2,014,074	8,918,808
2016	2,138,130	2,369,529	2,437,892	2,142,464	9,088,015
2017	2,177,513	2,602,875	2,547,296	2,120,049	9,447,734
2018	2,444,106	2,542,249	2,617,362	2,318,717	9,922,434
2019	2,031,857	2,243,606	2,706,418	2,367,247	9,349,128
2020	2,210,290	2,737,197	2,871,955	2,513,477	10,332,919
2021	2,578,649	2,981,957	3,151,986		

Source: <http://dor.mo.gov/publicreports/>

\* DOR reports are generated by calendar year not fiscal year

DOR notes this proposal allows up to a one-half of one percent sales tax. For the fiscal impact DOR will assume the one-half of one percent sales tax is adopted. However, for informational purposes DOR has shown how much would be collected if they just chose a lesser amount than the full one half of one percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Lincoln would collect and the fee retained by DOR as:

Lincoln	1/4 of 1% Tax		1/2 of 1% Tax	
	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2023	\$266	\$26,320	\$532	\$52,641
2024	\$271	\$26,847	\$542	\$53,694
2025	\$277	\$27,384	\$553	\$54,768

DOR notes that this proposal would become effective on August 28, 2022 and the first election this issue could be presented to the voters would be the November 2022 general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be April 1, 2023 (FY 2023) if adopted by the voters. Therefore the impact in FY 2023 would be for 3 months.

Lincoln	1/2 of 1% Tax	
	DOR 1% Fee	Local Collection
2023	\$133	\$13,160
2024	\$542	\$53,694
2025	\$553	\$54,768

**CITY OF CLINTON**

DOR shows that the **City of Clinton** has taxable sales of:

<b>CY</b>	<b>Jan-Mar</b>	<b>Apr-Jun</b>	<b>Jul-Sep</b>	<b>Oct-Dec</b>	<b>Total</b>
2015	40,147,895	44,618,974	44,443,717	44,037,435	173,248,021
2016	41,389,150	45,465,065	45,533,177	44,893,260	177,280,651
2017	40,038,915	47,066,194	45,477,582	43,884,475	176,467,167
2018	40,961,939	47,940,212	46,462,280	46,505,858	181,870,288
2019	41,412,692	48,554,205	48,146,261	47,602,031	185,715,189
2020	42,901,586	51,426,027	50,786,586	49,145,326	194,259,525
2021	49,192,054	55,900,073	53,889,047		

Source: <http://dor.mo.gov/publicreports/>

\* DOR reports are generated by calendar year not fiscal year

DOR notes this proposal allows up to a one-half of one percent sales tax. For the fiscal impact, DOR will assume the one-half of one percent sales tax is adopted. However, for informational purposes, DOR has shown how much would be collected if they just chose a lesser amount than the full one-half of one percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Clinton would collect and the fee retained by DOR as:

Clinton	1/4 of 1% Tax		1/2 of 1% Tax	
	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2023	\$5,043	\$499,232	\$10,086	\$998,465
2024	\$5,144	\$509,217	\$10,287	\$1,018,434
2025	\$5,246	\$519,401	\$10,493	\$1,038,803

DOR notes that this proposal would become effective on August 28, 2022 and the first election this issue could be presented to the voters would be the November 2022 general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be April 1, 2023 (FY 2023) if adopted by the voters. Therefore, the impact in FY 2023 would be for 3 months.

Clinton	1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2023	\$2,522	\$249,616
2024	\$10,287	\$1,018,434
2025	\$10,493	\$1,038,803

Officials from the **DOR** do not anticipate any administrative costs stemming from the proposal.

Officials from the **Office of Administration - Budget and Planning** note this proposal will increase total state revenue as DOR's 1% collection fee would increase

**Oversight** notes this proposal would become effective on August 28, 2022, and the first election this issue could be presented to the voters would be the November 2022 general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be April 1, 2023 (FY 2023) if adopted by the voters. Therefore, Oversight will range the fiscal impact from \$0 (not approved by voters) to the estimates calculated by DOR for 3 months in FY 23 and reflect a full year of sales tax revenue for FY 24 in this proposal.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
<b>GENERAL REVENUE FUND</b>			
<u>Additional Revenue - DOR - '94.902 - 1% DOR Collection fee</u>	\$0 to <u>\$2,843</u>	\$0 to <u>\$11,595</u>	\$0 to <u>\$11,595</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b>\$0 to <u>\$2,843</u></b>	<b>\$0 to <u>\$11,595</u></b>	<b>\$0 to <u>\$11,595</u></b>

<b>FISCAL IMPACT – Local Government</b>	<b>FY 2023 (10 Mo.)</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<b>CITY OF CLINTON</b>			
<u>Additional Revenues</u> - additional sales tax for Public Safety - '94.902 p. 3-6	\$0 to \$249,616	\$0 to \$1,018,434	\$0 to \$1,038,803
<u>Loss</u> - 1% collection fee kept by DOR	\$0 to <u>(\$2,522)</u>	\$0 to <u>(\$10,287)</u>	\$0 to <u>(\$10,493)</u>
<b>NET EFFECT ON CITY OF CLINTON</b>	<b>\$0 to <u>\$247,094</u></b>	<b>\$0 to <u>\$1,008,147</u></b>	<b>\$0 to <u>\$1,028,310</u></b>
<b>CITY OF LINCOLN</b>			
<u>Additional Revenues</u> - additional sales tax for Public Safety - '94.902 p. 3-6	\$0 to \$13,160	\$0 to \$53,694	\$0 to \$54,768
<u>Loss</u> - 1% collection fee kept by DOR	\$0 to <u>(\$133)</u>	\$0 to <u>(\$542)</u>	\$0 to <u>(\$553)</u>
<b>NET EFFECT ON CITY OF LINCOLN</b>	<b>\$0 to <u>\$13,027</u></b>	<b>\$0 to <u>\$53,152</u></b>	<b>\$0 to <u>\$54,215</u></b>
<b>CITY OF COLE CAMP</b>			
<u>Additional Revenues</u> - additional sales tax for Public Safety - '94.902 p. 3-6	\$0 to \$18,578	\$0 to \$75,799	\$0 to \$77,315
<u>Loss</u> - 1% collection fee kept by DOR	\$0 to <u>(\$188)</u>	\$0 to <u>(\$766)</u>	\$0 to <u>(\$781)</u>
<b>NET EFFECT ON CITY OF COLE CAMP</b>	<b>\$0 to <u>\$18,390</u></b>	<b>\$0 to <u>\$75,033</u></b>	<b>\$0 to <u>\$76,534</u></b>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0 to <u>\$278,511</u></b>	<b>\$0 to <u>\$1,136,332</u></b>	<b>\$0 to <u>\$1,159,059</u></b>

FISCAL IMPACT – Small Business



Small businesses in Clinton, Lincoln, and Cole Camp that either collect and/or pay sales taxes could be impacted by this proposal.

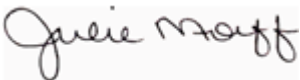
FISCAL DESCRIPTION

This proposal authorizes a sales tax dedicated to public safety in the cities of Clinton and Lincoln.

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

Department of Revenue  
Office of Administration - Budget and Planning



Julie Morff  
Director  
January 28, 2022



Ross Strobe  
Assistant Director  
January 28, 2022