

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4721S.01I
 Bill No.: SB 1264
 Subject: Taxation and Revenue - Sales and Use; Political Subdivisions; Ambulances and Ambulance Districts; Fire Protection
 Type: Original
 Date: February 23, 2024

Bill Summary: This proposal modifies provisions relating to local use taxes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	\$0 or (Unknown)* to Unknown**	\$0 or (Unknown)* to Unknown**	\$0 or (Unknown)* to Unknown**
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)* to Unknown**	\$0 or (Unknown)* to Unknown**	\$0 or (Unknown)* to Unknown**

*This proposal requires DOR to upgrade their systems and sales tax map for each district that approves the proposed use tax, estimated at (\$1,785) per district. The negative unknown amount above represents the potential cost if a county gets voter approval to adopt the local use tax. Oversight assumes the fiscal impact will *not* reach the \$250,000 threshold.

**This proposal allows any district that has a sales tax for emergency service to also adopt a use tax. The positive unknown amount above represents the potential 1% collection fee if a county gets voter approval to adopt the local use tax. Oversight assumes the fiscal impact will *not* reach the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- 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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Budget and Planning (B&P)** note Section 144.757 - B&P defers to the local taxing jurisdictions for the fiscal impact. DOR's retained collection fee will increase TSR because DOR will be able to collect its 1% administration fee for handling the collection of any new use taxes. B&P defers to DOR for more specific estimates of actual collection costs.

Officials from the **Department of Revenue (DOR)** note currently, in statute, cities, counties and several other designated districts are allowed to collect a sale or use tax if adopted by their voters. This proposal intends to allow sales tax collecting emergency service districts to also put before the voters the question of whether to collect a use tax.

DOR records note there are only 8 emergency districts in the state allowed to collect sales tax currently. However, DOR's interpretation of "emergency services" districts includes ambulance districts (69 districts), fire protection districts (21 districts), and hospital districts (1 district).

It is unclear how many of these districts would want to collect a use tax and to get their citizens to support a use tax. Should any of these districts succeed in adopting a use tax then DOR will collect that money in its normal course of business. It should be noted that DOR is allowed to retain 1% of all sales or use tax money collected to reimburse the department's collection costs.

This proposal could result in an unknown revenue to districts that adopt the use tax and therefore, DOR would also benefit by an unknown amount.

For each district that adopts the tax, DOR will need to upgrade their sales tax map, rate manager program, the department's individual income tax and distribution system. These changes are \$1,785 for each district added

Officials from the **Department of Natural Resources, Missouri Department of Conservation, Kansas City, City of Springfield, Branson Police Department, Kansas City Police Dept.,** and the **St. Louis County Police Department** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight will show the potential fiscal impact to locals as \$0 (not approved by voters) to an unknown positive impact (local use tax approved by voters).

Oversight notes if a county approves the proposed use tax, DOR is allowed to retain 1% of collections which is deposited into general revenue. Oversight will show the potential fiscal

impact to general revenue as \$0 (not approved by voters) to an unknown positive impact (local use tax approved by voters).

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE			
<u>Potential Revenue Gain - §144.757 to §144.761 - DOR 1% Collection Fee</u>	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Potential Cost - DOR - System upgrades</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or (Unknown) to Unknown</u>	<u>\$0 or (Unknown) to Unknown</u>	<u>\$0 or (Unknown) to Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
LOCAL POLITICAL SUBDIVISIONS			
<u>Potential Revenue Gain - §144.757 to §144.761 - Local Use Tax</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

FISCAL IMPACT – Small Business

Small businesses in a taxing jurisdiction that adopts the local use tax will be impacted. (Pending voter approval).

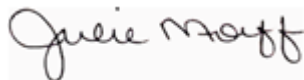
FISCAL DESCRIPTION

Current law authorizes counties and municipalities to impose a local use tax if a local sales tax is imposed. This act provides that the term "county or municipality" shall include any taxing jurisdiction with the ability to impose a sales tax for emergency 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

Department of Revenue
Office of Administration - Budget and Planning
Department of Natural Resources
Missouri Department of Conservation
Kansas City
City of Springfield
Branson Police Department
Kansas City Police Dept.
St. Louis County Police Department



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February 23, 2024



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