

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0380-01  
Bill No.: HB 34  
Subject: Revenue Dept.; Taxation and Revenue - General; Taxation and Revenue - Sales and Use  
Type: Original  
Date: March 7, 2007

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Bill Summary: Would provide a sales tax exemption for certain fees and dues paid to health and fitness centers.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
General Revenue	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(More than \$100,000)</b>	<b>(More than \$100,000)</b>	<b>(More than \$100,000)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Conservation Commission	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
Parks and Soils	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
School District Trust	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(More than \$100,000)</b>	<b>(More than \$100,000)</b>	<b>(More than \$100,000)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<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>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government</b>	<b>(More than \$100,000)</b>	<b>(More than \$100,000)</b>	<b>(More than \$100,000)</b>

**FISCAL ANALYSIS**

ASSUMPTION

Officials from the **Department of Conservation** assume this proposal would provide a sales tax exemption for certain fees and dues paid to health and fitness centers. This proposed legislation could have a fiscal impact on MDC funds. However, MDC is unable to provide an estimated impact and will rely on DOR for fiscal impact of this legislation

Officials from the **Department of Health and Senior Services** and the **Department of Revenue** assume this proposal would have no fiscal impact on their organizations.

In response to a similar proposal in the previous session (HB 1142, LR 3432-01, 2006) officials from the **Office of Administration, Division of Budget and Planning** (BAP) stated that there should be no added cost to their organization as a result of this bill. This proposal would exempt from sales tax dues and fees paid to health and fitness centers. BAP has no way of estimating these amounts; there would be an unknown loss to general revenue as a result of this proposal.

**Oversight** assumes this proposal would exempt from sales tax most fees paid to health and fitness centers, and there would be a loss in excess of \$100,000 per year to the General Revenue Fund, the Conservation Commission Fund, the Parks and Soils Fund, the School District Trust Fund, and to local governments if this proposal was enacted.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>GENERAL REVENUE FUND</b>			
<u>Revenue reduction</u>			
Sales tax exemption on health and fitness center fees	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(More than \$100,000)</u></b>	<b><u>(More than \$100,000)</u></b>	<b><u>(More than \$100,000)</u></b>
<b>CONSERVATION COMMISSION FUND</b>			
<u>Revenue reduction</u>			
Sales tax exemption on health and fitness center fees	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND</b>	<b><u>(More than \$100,000)</u></b>	<b><u>(More than \$100,000)</u></b>	<b><u>(More than \$100,000)</u></b>
<b>PARKS AND SOILS FUND</b>			
<u>Revenue reduction</u>			
Sales tax exemption on health and fitness center fees	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON PARKS AND SOILS FUND</b>	<b><u>(More than \$100,000)</u></b>	<b><u>(More than \$100,000)</u></b>	<b><u>(More than \$100,000)</u></b>
<b>SCHOOL DISTRICT TRUST FUND</b>			
<u>Revenue reduction</u>			
Sales tax exemption on health and fitness center fees	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND</b>	<b><u>(More than \$100,000)</u></b>	<b><u>(More than \$100,000)</u></b>	<b><u>(More than \$100,000)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>LOCAL GOVERNMENTS</b>			
<u>Revenue reduction</u>			
Sales tax exemption on health and fitness center fees	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>(More than \$100,000)</u></b>	<b><u>(More than \$100,000)</u></b>	<b><u>(More than \$100,000)</u></b>

FISCAL IMPACT - Small Business

This proposal would have a fiscal impact to small businesses which operate health and fitness centers.

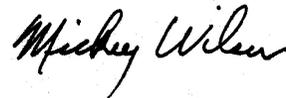
FISCAL DESCRIPTION

This proposal would provide a sales tax exemption for certain fees and dues paid to health and fitness centers.

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 Conservation  
Department of Health and Senior Services  
Department of Revenue



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Director  
March 7, 2007