

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0895-02
Bill No.: HB 379
Subject: Taxation and Revenue - Income; Taxation and Revenue - Property; Licenses -
Miscellaneous; Business and Commerce
Type: Original
Date: February 17, 2015

Bill Summary: This proposal would require statements of no tax due to be a prerequisite for local business license issuances or renewals and to be submitted with any bid to perform work on publicly funded projects.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
School District Trust	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Conservation Commission	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Parks, and Soil and Water	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

This proposal would, beginning January 1, 2016, require statements of no tax due to be a prerequisite for local business license issuances or renewals and to be submitted with any bid to perform work on publicly funded projects.

Oversight was unable to receive agency responses in a timely manner due to the short fiscal note request time. Oversight has prepared this fiscal note with the best current information that we have, or with prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will prepare an updated fiscal note and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials from the **Department of Revenue (DOR)** assumed a similar proposal in the previous session (HB 1950 LR 5060-01) would require businesses to possess a "no tax due" statement for issuance or renewal of licenses or with any bids to perform publically funded projects. DOR officials assumed the proposal would have a positive impact on Total State Revenues.

Oversight assumes this proposal could result in additional revenues for the state and for local governments. For fiscal note purposes, Oversight will indicate \$0 or Unknown additional revenue from an increase in the collection of delinquent taxes for those state funds which receive payroll and sales taxes, and for local governments. Oversight notes that sales tax revenues, along with other revenues in the School District Trust Fund, are distributed to local school districts but will not include those distributions in this fiscal note.

Administrative impact

DOR officials assumed Collections and Tax Assistance (CATA) would have additional customer contacts as a result of this proposal, and would require one additional Revenue Processing Technician I for additional contacts to the field offices. The technician would require CARES equipment and license.

ASSUMPTION (continued)

DOR officials assumed Withholding Tax would not require additional employees but could need to provide assistance to validate whether businesses have delinquencies.

DOR officials provided an estimate of the cost to implement the proposal including one additional employee with benefits, expense, and equipment. The DOR estimate totaled \$42,690 for FY 2015, \$41,356 for FY 2016, and \$41,783 for FY 2017.

Oversight notes this proposal would add an additional requirement for businesses to provide a statement of "no tax due" and assumes the proposal could increase the number of tax clearance letter requests that DOR would process. Oversight assumes DOR could absorb any administrative impact related to this proposal with existing resources. If unanticipated additional costs are incurred or if multiple proposals are implemented which result in additional workload, resources could be requested through the budget process.

IT impact

DOR officials did not provide an estimate of IT cost to implement the proposal, and Oversight assumes the additional requests would be processed using existing systems and procedures.

Officials from the **Office of the Secretary of State (SOS)** provided the following response to a similar proposal in the previous session (HB 1950 LR 5060-01).

Many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

ASSUMPTION (continued)

Officials from **Missouri State University (MSU)** assumed a similar proposal in the previous session (HB 1950 LR 5060-01) would add administrative duties for MSU. MSU officials stated the additional cost is not large, but it would take additional time and put more responsibility on the owner. University officials estimated it would cost their organization approximately \$1,600 annually to add this management procedure.

Oversight assumes any additional cost from implementing this proposal would be minimal and could be absorbed with existing resources.

Officials from the **Joint Committee on Administrative Rules** assumed a similar proposal in the previous session (HB 1950 LR 5060-01) would have no fiscal impact on their organization.

Officials from the **State Technical College of Missouri**, the **Metropolitan Community Colleges of Kansas City**, **St. Louis County**, the **City of Republic**, and the **Platte County Board of Elections** assume this proposal would have no fiscal impact on their organizations.

Not responding

Officials from the following counties: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to our request for information.

Officials from the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kansas City, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to our request for information.

ASSUMPTION (continued)

Officials from the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, and Truman State University did not respond to our request for information.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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GENERAL REVENUE FUND

<u>Additional Revenue - delinquent tax collections</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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SCHOOL DISTRICT TRUST FUND

<u>Additional Revenue - delinquent tax collections</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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CONSERVATION COMMISSION FUND

<u>Additional Revenue - delinquent tax collections</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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FISCAL IMPACT - State Government
(Continued)

FY 2016 FY 2017 FY 2018
(10 Mo.)

**PARKS, AND SOIL AND WATER
FUNDS**

Additional Revenue - delinquent tax
collections

\$0 or Unknown \$0 or Unknown \$0 or Unknown

**ESTIMATED NET EFFECT ON
PARKS, AND SOIL AND WATER
FUNDS**

\$0 or Unknown \$0 or Unknown \$0 or Unknown

FISCAL IMPACT - Local Government

FY 2016 FY 2017 FY 2018
(10 Mo.)

LOCAL GOVERNMENTS

Additional Revenue - delinquent tax
collections

\$0 or Unknown \$0 or Unknown \$0 or Unknown

**ESTIMATED NET EFFECT ON
LOCAL GOVERNMENTS**

\$0 or Unknown \$0 or Unknown \$0 or Unknown

FISCAL IMPACT - Small Business

This proposal could have a minor fiscal impact to small businesses which would be required to obtain and present the statement of no tax due when applying for a business license or renewal or with any bid to perform work on publicly-funded projects.

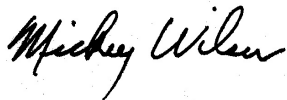
FISCAL DESCRIPTION

This proposal would, beginning January 1, 2016, require statements of no tax due to be a prerequisite for local business license issuances or renewals and to be submitted with any bid to perform work on publicly funded projects.

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 the Secretary of State
Joint Committee on Administrative Rules
Department of Revenue
Missouri State University
State Technical College of Missouri
City of Republic
Platte County Board of Elections



Mickey Wilson, CPA
Director
February 17, 2015

Ross Strobe
Assistant Director
February 17, 2015