

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6884-01  
Bill No.: HB 2809  
Subject: Taxation and Revenue - Sales and Use;  
Type: Original  
Date: March 29, 2016

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Bill Summary: This proposal changes the laws regarding local sales and use tax.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(Up to \$650,000)	(Up to \$1,950,000)	(Up to \$1,950,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Up to \$650,000)</b>	<b>(Up to \$1,950,000)</b>	<b>(Up to \$1,950,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<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.

This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</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 \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>(Up to \$65,000,000)</b>	<b>(Up to \$195,000,000)</b>	<b>(Up to \$195,000,000)</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the Office of **Administration-Division of Budget and Planning (OA-B&P)** assume the proposal eliminates all local sales and use tax collections on motor vehicles if voters do not pass a local sales tax law by November 2016. B&P assumes this will not have an impact on state revenues and will not impact the calculation under Article X, Section 18(e). However, B&P assumes there could be a significant negative impact to local revenues.

Officials from the **Department of Revenue (DOR)** assume that on March 1, 2017, DOR will cease collecting local tax on motor vehicles, trailers, boats, and outboard motors for local taxing jurisdictions that failed to present a ballot measure on or before November 2016 or where the measure was not approved, unless the jurisdiction had previously approved a local use tax. The tax that was generated for those jurisdictions that have not passed the ballot measure under §32.087, RSMo, and did not previously adopt a use tax is approximately \$195 million annually. The estimation is subject to change, based upon how many jurisdictions fail to approve the ballot question on or before November 2016.

<b><u>FISCAL IMPACT - State Government</u></b>	FY 2017	FY 2018	FY 2019
	(4 Mo.)		

**GENERAL REVENUE FUND**

Revenue reduction

DOR 1% collection fee	(Up to <u>\$650,000</u> )	(Up to <u>\$1,950,000</u> )	(Up to <u>\$1,950,000</u> )
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b>(Up to <u>\$650,000</u>)</b>	<b>(Up to <u>\$1,950,000</u>)</b>	<b>(Up to <u>\$1,950,000</u>)</b>
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<b><u>FISCAL IMPACT - Local Government</u></b>	FY 2017	FY 2018	FY 2019
	(4 Mo.)		

**LOCAL GOVERNMENTS**

Revenue reduction

Sales & Use tax	(Up to <u>\$65,000,000</u> )	(Up to <u>\$195,000,000</u> )	(Up to <u>\$195,000,000</u> )
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<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b>(Up to <u>\$65,000,000</u>)</b>	<b>(Up to <u>\$195,000,000</u>)</b>	<b>(Up to <u>\$195,000,000</u>)</b>
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FISCAL IMPACT - Small Business

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

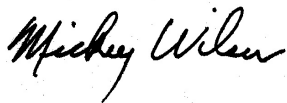
FISCAL DESCRIPTION

The proposed legislation removes the authorization to levy a local sales tax on the titling of motor vehicles, trailers, boats, and outboard motors from any local jurisdiction that does not authorize the local sales tax or fails to place the ballot question before the voters by November 2016, except those jurisdictions in which voters have previously approved a local use tax. Such taxing jurisdiction must cease applying the local sales tax on the titling of motor vehicles whether purchased in-state or out of state.

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-  
Division of Budget and Planning  
Department of Revenue



Mickey Wilson, CPA  
Director  
March 29, 2016

Ross Strobe  
Assistant Director  
March 29, 2016