

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4148H.01I
Bill No.: HB 2214
Subject: Taxation and Revenue - Sales and Use; Political Subdivisions; Fire Protection;
Cities, Towns, and Villages
Type: Original
Date: February 22, 2022

Bill Summary: This proposal authorizes cities and fire protection districts to impose a public safety sales tax.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on General Revenue	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
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 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
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 2023	FY 2024	FY 2025
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

Section 94.905 Public Safety Sales Tax

Officials from the **Department of Revenue (DOR)** state this proposal will allow any city to adopt a sales tax up to one-half of one percent for the purpose of public safety. The election for the sales tax must be at a county or state general election. Currently, in order for a city to have a sales tax for public safety the General Assembly must adopt legislation giving them authority. This proposal will give blanket authority to all cities.

If a political subdivision chooses to not adopt additional sales taxes, then this proposal will not have a fiscal impact. Should a political subdivision choose to adopt a new sales tax, then the political subdivision will receive increased revenue. It should be noted if they should adopt a sales tax and DOR is required to collect and distribute the sales tax to the political subdivision, DOR will retain 1% of the sales tax for reimbursement of expenses. DOR is not able to predict if any political subdivisions will adopt a new sales tax. The impact of this proposal is \$0 to Unknown.

Oversight notes that section 94.905 allows any city to adopt a sales tax up to one-half of one percent for the purpose of public safety. DOR is unable to determine how many or if any political subdivisions will adopt this sales tax. Oversight is also unable to make this determination. Therefore, the impact of this section of the proposal will reflect \$0 (not adopted by voters) to Unknown.

Sections 94.900, 94.902 & 94.903 Repealed

DOR notes currently these statutes allow certain delineated cities to adopt a sales tax for the purpose of public safety. These sections identify those cities. This proposal is removing the individual sections and replacing with Section 94.905 which allows all cities to have the sales tax. This provision is cleanup language and will not have a fiscal impact.

Section 144.518 Coin Operated Amusement Devices

DOR notes section 144.518 is amended to remove Section 321.242, which was a tax exemption from collection on sales collected from coin-operated amusement devices. The legislation repeals Section 321.242 which provided the particular city descriptions who could impose a fire protection district sales tax and because Section 321.242 would be repealed it would need to be removed from the coin-operated amusement device sales tax exemptions under Section 144.518. This provision is cleanup language and will not have a fiscal impact.

Section 321.244

DOR notes this provision is cleanup language and will not have a fiscal impact.

Section 321.900 Fire Protection District Sales Tax

DOR notes this proposal will allow any fire protection district to adopt a sales tax up to one-half of one percent. The election for the sales tax must be at a county or state general election. Currently, in order for a fire protection district to have a sales tax the General Assembly must adopt legislation giving them authority. This proposal will give blanket authority to all fire protection districts.

DOR notes if a fire protection district chooses to not adopt additional sales taxes, then this proposal will not have a fiscal impact. Should a fire protection district choose to adopt a new sales tax, then the fire protection district will receive increased revenue. It should be noted that if they adopt a sales tax and DOR is required to collect and distribute the sales tax to the district, DOR will retain 1% of the sales tax for reimbursement of expenses. DOR is not able to predict if any fire protection districts will adopt a new sales tax. The impact of this proposal is \$0 to Unknown.

Oversight notes that section 321.900 would allow any fire protection district to adopt a sales tax up to one-half of one percent. DOR is not able to predict if any fire protection districts will adopt a new sales tax. Oversight is also unable to make this determination. Therefore, the impact of this section of the proposal will reflect \$0 (not adopted by voters) to Unknown.

Section 321.242 & 321.246 Repealed

DOR notes currently these statutes allow certain delineated fire protection districts to adopt a sales tax. These sections identify those districts. This proposal is removing the individual sections and replacing with Section 321.900 which allows all fire protection districts to have the sales tax. This provision is cleanup language and will not have a fiscal impact.

Section 321.241 Fire Protection District Property Tax

DOR notes currently, fire protection districts have the ability to levy a property tax for the purpose of funding the district. Section 321.240 allows a levy of \$0.30 for every \$100 in valuation. Section 321.241 allows an additional \$0.25 for every \$100 of valuation. This proposal is repealing the ability of districts to levy the additional \$0.25. This proposal will prevent additional districts from implementing the additional property tax. This proposal will not fiscally impact the state.

Any administrative impact from this proposal, DOR assumes they can absorb with existing resources.

Proposal as a Whole

Officials from the **Office of Administration - Budget and Planning** assume DOR's retained collection fee will increase TSR, if more jurisdictions pursue the sales tax under the new Section 94.905 language, because DOR will be able to collect its 1% administration fee for handling the collections.

Officials from the **Department of Elementary and Secondary Education, Department of Natural Resources, Missouri Department of Transportation, and Missouri Department of Conservation** 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.

Officials from the city of **Kansas City** assume this proposal could have a positive fiscal impact on Kansas City if its voters authorized this sales tax.

Oversight notes the above local political subdivision stated this proposal would have positive fiscal impact on their respective organization of an indeterminate amount. Therefore, Oversight will note DOR's estimates for local political subdivisions on the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE			
<u>Revenue Impact</u> - Public Safety Sales Tax 1% collection fee- §94.905 p. 3	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Revenue Impact</u> - Fire Protection District Sales Tax 1% collection fee- §321.900 p. 4	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
<u>Revenue Impact</u> - Public Safety Sales Tax - §94.905 p. 3	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Revenue Impact</u> - Fire Protection District Sales Tax - §321.900 p. 4	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>

FISCAL IMPACT – Small Business

Businesses located in cities and fire protection districts who adopt the public safety sales tax will be impacted by this proposal.

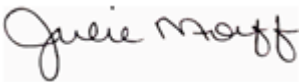
FISCAL DESCRIPTION

This proposal authorizes cities and fire protection districts to, upon a four-sevenths majority approval by voters, impose a public safety sales tax.

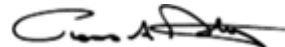
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Missouri Department of Conservation
Department of Natural Resources
Department of Revenue
Missouri Department of Transportation
Office of Administration - Budget and Planning
City of Kansas City



Julie Morff
Director
February 22, 2022



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February 22, 2022