

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1701H.02P
Bill No.: Perfected HCS for HB Nos. 876, 771, 676 & 551
Subject: Cities, Towns, and Villages; Taxation and Revenue - Sales and Use; Political
Subdivisions
Type: Original
Date: April 18, 2023

Bill Summary: This proposal changes provisions related to sales taxes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue	Could exceed (\$83,920,586)	Could exceed (\$117,258,534)	Could exceed (\$117,180,690)
Total Estimated Net Effect on General Revenue	Could exceed (\$83,920,586)	Could exceed (\$117,258,534)	Could exceed (\$117,180,690)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
School District Trust Fund (0688)	Could exceed (\$90,510,857)	Could exceed (\$189,232,753)	Could exceed (\$189,232,753)
Parks and Soils State Sales Tax Fund(S) (0613 & 0614)	Could exceed (\$9,051,085)	Could exceed (\$18,923,275)	Could exceed (\$18,923,275)
Conservation Commission Fund (0609)	Could exceed (\$11,313,858)	Could exceed (\$23,654,094)	Could exceed (\$23,654,094)
Total Estimated Net Effect on <u>Other</u> State Funds	Could exceed (\$110,875,800)	Could exceed (\$231,810,122)	Could exceed (\$231,810,122)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
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 2024	FY 2025	FY 2026
Local Government	Could exceed (\$654,544,697)	Could exceed (\$1,453,926,369)	Could exceed (\$1,453,234,988)

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints, **Oversight** was unable to receive some agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Section 67.782 HA 1 to HA 4 – County Recreation Tax

Officials from the **Department of Revenue (DOR)** note the legislation previously stated any county of the third class having a population of more than ten thousand and less than fifteen thousand and any county of the second class having a population of more than fifty-eight thousand and less than seventy thousand adjacent to such third-class county, both counties making up the same judicial circuit, could jointly impose a sales tax for public recreational purposes.

This proposal changes the definition to any county with more than nine thousand but fewer than eleven thousand inhabitants with a county seat with more than one thousand but fewer than one thousand five hundred inhabitants and any county with more than eighty thousand but fewer than one hundred thousand inhabitants and with a county seat with more than thirteen thousand but fewer than seventeen thousand inhabitants can impose a sales tax for public recreational purposes. DOR believes that Bollinger County and Cape Girardeau County are the ones allowed the sales tax.

Both Bollinger County and Cape Girardeau County are allowed to adopt this tax by a vote of their people. This is a 1% sales tax. DOR notes that they are allowed to retain 1% of all sales tax collected for reimbursement of expenses.

BOLLINGER COUNTY

Bollinger County had taxable sales of

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2017	12,283,021	12,270,147	11,903,277	11,684,252	48,140,697
2018	14,165,368	12,592,268	12,629,610	12,969,344	52,356,591
2019	12,689,105	12,581,666	13,111,609	12,602,523	50,984,903
2020	12,560,145	13,495,033	13,446,427	13,405,149	52,906,754
2021	13,166,999	12,967,346	13,099,439	22,843,063	62,076,848
2022	13,415,356	13,975,676			

Converting calendar year taxable sales to fiscal year taxable sales and using a 2% inflation rate annually, DOR is able to determine the amount of collection Bollinger County could expect if they pass this proposal.

Bollinger County	1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2024	\$5,604	\$554,764
2025	\$5,716	\$565,859
2026	\$5,830	\$577,176

DOR notes that this proposal would become effective on August 28, 2023, and the first election this issue could be presented to the voters would be the April 2024 municipal general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2024 (FY 2025) if adopted by the voters. Therefore, the impact in FY 2025 would be for 9 months.

Bollinger County	1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2024	\$0	\$0
2025	\$4,287	\$424,394
2026	\$5,830	\$577,176

CAPE GIRARDEAU COUNTY

Cape Girardeau County had taxable sales of:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2017	\$317,321,199	\$338,602,549	\$333,329,400	\$354,698,971	\$1,343,952,118
2018	\$326,759,327	\$342,411,413	\$344,721,208	\$359,599,262	\$1,373,491,210
2019	\$317,004,837	\$335,854,295	\$333,604,637	\$367,409,389	\$1,353,873,159
2020	\$318,049,761	\$346,574,051	\$359,218,109	\$378,945,058	\$1,402,786,979
2021	\$336,220,767	\$395,229,867	\$397,370,936	\$438,791,884	\$1,597,613,454
2022	\$371,159,594	\$423,375,883			

Converting calendar year taxable sales to fiscal year taxable sales and using a 2% inflation rate annually, DOR is able to determine the amount of collection Cape Girardeau County could expect if they pass this proposal.

Cape Girardeau County	1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2024	\$147,821	\$14,634,282
2025	\$150,777	\$14,926,968
2026	\$153,793	\$15,225,507

DOR notes that this proposal would become effective on August 28, 2023, and the first election this issue could be presented to the voters would be the April 2024 municipal general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2024 (FY 2025) if adopted by the voters. Therefore, the impact in FY 2025 would be for 9 months.

Cape Girardeau County	1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2024	\$0	\$0
2025	\$113,083	\$11,195,226
2026	\$153,793	\$15,225,507

This is not expected to have an administrative impact on the Department of Revenue.

In response to a similar proposal, HB 696, (2023), officials from the **Office of Administration - Budget and Planning (B&P)** note Section 67.782.1(1) - B&P defers to the local government (County of Bollinger) for the fiscal impact of the recreational sales tax imposed at a rate of 1%. DOR's retained collection fee will increase TSR because DOR will be able to collect its 1% administration fee for handling the collection of the tax.

B&P defers to the local government (County of Cape Girardeau) for the fiscal impact of the recreational sales tax imposed at a rate of 1%. DOR's retained collection fee will increase TSR because DOR will be able to collect its 1% administration fee for handling the collection of the tax.

Oversight notes this proposal states that Bollinger and Cape Girardeau counties do not have to act jointly to impose a recreational sales tax. If enacted, this bill will initially only apply to Bollinger and Cape Girardeau counties. If approved by voters, an additional 1% tax could generate roughly \$550,000 in Bollinger County and \$14.7 million in Cape Girardeau County.

Section 67.1009 – HA 3 -Transient Guest Tax for the City of Knob Noster

Officials from the **Department of Revenue (DOR)** note this allows the City of Knob Noster to institute a transient guest tax. Transient guest taxes are collected by the local political subdivision. The Department defers to the City of Knob Noster for the fiscal impact.

Oversight notes this provision permits certain cities the ability to vote in a transient guest tax for promotion of the city. Oversight assumes the proposal permits the city of Knob Noster (Subdivision 3) to impose a transient guest tax, upon voter approval, of not more than 6% per occupied room, per night. The transient guest tax on the city of Knob Noster would be used for the promotion of tourism, economic development and the retention and growth of Whiteman Air Force Base.

Therefore, **Oversight** will reflect a \$0 (no voter approval) or unknown amount of revenue (ballot proposal passed by the voters) to Knob Noster for this proposal.

Section 67.1013 – HA 5 Transient Guest Tax for the City of Harrisonville

Officials from the **Department of Revenue (DOR)** note this allows the City of Harrisonville to vote to institute a transient guest tax. Transient guest taxes are collected by the local political subdivision. The Department defers to the City of Harrisonville for the fiscal impact.

Oversight notes this provision permits certain cities the ability to vote in a transient guest tax for promotion of the city. Oversight assumes the proposal permits the city of Harrisonville (Subdivision 3) to impose a transient guest tax, upon voter approval, of not more than 6% per occupied room, per night. The transient guest tax on the city of Harrisonville would be used for the promotion of tourism, economic development and the retention and growth of Whiteman Air Force Base.

Therefore, **Oversight** will reflect a \$0 (no voter approval) or unknown amount of revenue (ballot proposal passed by the voters) to Harrisonville for this proposal.

Section 67.1360 – HA 3 - Transient Guest Tax for the City of Cameron

Officials from the **Department of Revenue (DOR)** note this allows the City of Cameron to vote to institute a transient guest tax. Transient guest taxes are collected by the local political subdivision. The Department defers to the City of Cameron for the fiscal impact.

In response to similar legislation from this year, HB 180, the **City of Cameron** estimated the fiscal impact of the referenced bill for fiscal years 2024, 2025 & 2026 to be as follows:

(Reminder: 2023 will likely not be a factor due to any changes voted and approved would not take effect until August or later which would delay the City of Cameron being able to make it available for a vote of its citizens until November 2023 or April 2024 depending on the effective date of the bill.

Revenue Increases: FY24 - estimate 50% of annual total or approximately \$70,000
FY25 - full year collection or approximately \$147,000
FY26 - full year collection or approximately \$148,000

This revenue source is not expected to decrease any other established revenues.

Costs that would increase would be sponsoring of community activities to revitalize the area. Cost savings would be in the form of re-allocation of costs for proposed community activities. Methodology: Cameron currently has approximately 280 hotel/motel rooms @ 60% occupancy with an average rate of \$60 per room X 365 nights per year = \$3,679,200. Those revenues X the 4% hotel/motel tax rate = \$147,168 annual revenue impact to the City of Cameron Tourism Bureau.

Oversight notes the City Cameron used a transient guest tax rate equal to four percent (4%) when calculating the estimated fiscal impact of this proposed legislation.

Oversight notes this proposed legislation would allow the governing body of the City of Cameron to impose a tax on the charges for all sleeping rooms paid by transient guests of hotels, motels, bed and breakfast inns, campgrounds and any docking facility that rents slips to recreational boats that are used by transients for sleeping. This proposed legislation permits the transient guest tax to be at least two percent (2%) but not more than five percent (5%) per occupied room per night.

Oversight notes the transient guest tax proposed shall not become effective unless the governing body of the City of Cameron submits to its voters a proposal to authorize the City of Cameron to impose a transient guest tax and the voters of the City of Cameron approve the proposal.

Oversight notes the revenue generated as a result of the transient guest tax(es) collected by the City of Cameron are to be used by the City of Cameron for the promotion of tourism.

Using the data provided by the City of Cameron, Oversight provides the possible fiscal impact provided Cameron puts forth a rate other than, but including, four percent (4%):

Estimated Transient Guest Tax Rate	Estimated Increase to City of Cameron's Revenue(s)
2%	\$73,584
3%	\$110,376
4%	\$147,168
5%	\$183,960

Oversight will report a revenue gain to the City of Cameron ranging from \$0 (Cameron does not propose to its respective voters the transient guest tax or the voters of Cameron reject the proposal) “up to” Oversight’s estimated revenue increase to the City of Cameron provided Cameron puts forth a transient guest tax equal to the maximum rate permitted of five percent (5%).

Section 67.1360 HA 2 to HA 3 - Wentzville Transient Guest Tax

Officials from the **Department of Revenue (DOR)** note this allows the City of Wentzville to vote to institute a transient guest tax. Transient guest taxes are collected by the local political subdivision. The Department defers to the City of Wentzville for the fiscal impact.

Oversight notes this provision permits certain cities the ability to vote in a transient guest tax for promotion of the city. Oversight assumes the proposal permits the city of Wentzville to impose a transient guest tax, upon voter approval.

Oversight will reflect a \$0 (no voter approval) or unknown amount of revenue (ballot proposal passed by the voters) to Wentzville for this proposal.

Section 94.838 – HA 4 - Village of Lamar Heights Local Tax

In response to a similar proposal, HB 1011 (2023), officials from the **Office of Administration - Budget and Planning (BAP)** state Section 94.838.1(3) – The bill updates the demographic description in the definition of municipality for the City of Lamar Heights. The tax rate changes from 2% to 6% with proceeds directed to the general revenue fund instead of capital improvements.

B&P defers to the local government 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 and to DOR for more specific estimates of actual collection costs.

Officials from the **Department of Revenue (DOR)** note this proposal allows the Village of Lamar Heights to change their sales tax from not to exceed two percent (2%) sales tax for the purpose of construction, maintenance and operation of capital improvements to a not to exceed six percent (6%) for general revenue purposes. This proposal does require a vote of the citizens prior to becoming effective. Should the vote fail, there would be no fiscal impact. Information on the amount of sales tax collected by the Village of Lamar Heights over the past calendar years.

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2017	\$1,836,428	\$2,113,725	\$2,020,972	\$1,709,198	\$7,680,323
2018	\$1,720,000	\$2,165,846	\$2,074,299	\$1,991,001	\$7,951,146
2019	\$1,736,801	\$2,223,930	\$2,441,185	\$2,526,234	\$8,928,150
2020	\$1,817,966	\$2,189,249	\$2,373,148	\$2,130,580	\$8,510,943
2021	\$2,045,983	\$2,822,869	\$2,614,191	\$2,369,169	\$9,852,212
2022	\$1,878,419	\$2,476,712			

Using the current expected tax base for the future fiscal years and a 2% inflation rate, the Department was able to calculate the amount of tax that would be collected with a 6% tax. The Department notes it will be allowed to retain the 1% collection fee. The Department is going to show the difference between the 2% that is currently collected and the 6% that could be collected.

Fiscal Year	Tax Base	Current Collections (2%)	Proposed Tax (6%)	Difference	1% DOR Fee	City Retains
2021	\$9,154,126	\$183,083	\$549,248	\$366,165	\$3,662	\$362,503
2022	\$9,337,208	\$186,744	\$560,232	\$373,488	\$3,735	\$369,753
2023	\$9,523,952	\$190,479	\$571,437	\$380,958	\$3,810	\$377,149
2024	\$9,714,431	\$194,289	\$582,866	\$388,577	\$3,886	\$384,691
2025	\$9,908,720	\$198,174	\$594,523	\$396,349	\$3,963	\$392,385
2026	\$10,106,894	\$202,138	\$606,414	\$404,276	\$4,043	\$400,233
2027	\$10,309,032	\$206,181	\$618,542	\$412,361	\$4,124	\$408,238

DOR notes that this proposal would become effective on August 28, 2023, and the first election this issue could be presented to the voters would be the April 2024 general municipal election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2024 (FY 2025) if adopted by the voters. Therefore, the impact in FY 2025 would be for 9 months.

Fiscal Year	DOR retains 1%	Lamar Heights
2024	\$0	\$0
2025	\$2,972	\$294,289
2026	\$4,043	\$400,233

The Department assumes this will not have any administrative impact.

Oversight will reflect DOR's estimated fiscal impact to general revenue and the Village of Lamar Heights in the fiscal note.

Section 94.900 – HA 4 -Public Safety Sales Tax

In response to a previous version (HCS for HBs Nos. 876, 771, 676, & 551), officials from the **Department of Revenue (DOR)** note this proposal would allow any city with more than ten thousand but fewer than eleven thousand inhabitants and partially located in a county with more than two hundred thirty thousand but fewer than two hundred sixty thousand inhabitants to have a public safety sales tax. DOR believes this would be the Cities of Smithville, Kearney and Excelsior Springs.

This proposal would allow any city with more than four thousand nine hundred but fewer than five thousand six hundred inhabitants and located in a county with more than thirty thousand but fewer than thirty-five thousand inhabitants to have a public safety sales tax. DOR believes this would be the City of Odessa.

This proposal would allow any city with more than twelve thousand five hundred but fewer than fourteen thousand inhabitants and that is the county seat of a county with more than twenty-two thousand but fewer than twenty-five thousand inhabitants to have a public safety sales tax. DOR believes this would be the City of Marshall.

These sales taxes may be imposed in an amount up to one-half of one percent. The tax shall be imposed solely for the purpose of improving public safety. When the Department collects these public safety sales taxes DOR is allowed to retain 1% to reimburse the Department for their collection costs.

CITY OF SMITHVILLE

DOR shows that the **City of Smithville** has taxable sales of:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2017	\$18,671,654	\$22,070,560	\$21,628,460	\$19,691,818	\$82,062,492
2018	\$19,056,529	\$22,849,004	\$22,213,205	\$20,463,774	\$84,582,512
2019	\$19,126,749	\$24,175,713	\$23,189,729	\$22,835,526	\$89,327,717
2020	\$20,837,703	\$27,382,249	\$27,849,623	\$25,989,624	\$102,059,199
2021	\$26,491,251	\$32,417,017	\$31,599,459	\$29,336,717	\$119,844,444
2022	\$24,313,219	\$33,123,490			

Sales Tax only

The Department notes this proposal allows up to one-half of one percent sales tax. For the fiscal impact DOR will assume the one-half of one percent sales tax is adopted. However, for informational purposes DOR is showing how much would be collected if they just chose a lesser amount than the full one-half percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Smithville would collect and the fee retained by DOR as:

Smithville	1/4 of 1% Tax		1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2024	\$2,550	\$252,485	\$5,101	\$504,970
2025	\$2,601	\$257,534	\$5,203	\$515,069
2026	\$2,653	\$262,685	\$5,307	\$525,370

DOR notes that this proposal would become effective on August 28, 2023, and the first election this issue could be presented to the voters would be the April 2024 general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2024 (FY 2025) if adopted by the voters. Therefore, the impact in FY 2025 would be for 9 months.

Smithville	1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2024	\$0	\$0
2025	\$3,902	\$386,302
2026	\$5,307	\$525,370

This is not anticipated to have an administrative impact on the Department.

CITY OF KEARNEY

DOR shows that the **City of Kearney** has taxable sales of:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2017	\$30,965,917	\$33,837,063	\$33,228,851	\$31,556,051	\$129,587,881
2018	\$31,091,023	\$34,389,327	\$33,602,628	\$32,563,846	\$131,646,825
2019	\$30,976,066	\$35,044,505	\$34,102,828	\$34,057,453	\$134,180,852
2020	\$30,907,456	\$35,718,614	\$35,319,113	\$35,342,990	\$137,288,173
2021	\$31,173,262	\$37,716,432	\$37,463,196	\$39,355,323	\$145,708,213
2022	\$35,539,998	\$41,156,739			

The Department notes this proposal allows up to one-half of one percent sales tax. For the fiscal impact DOR will assume one-half of one percent sales tax is adopted. However, for informational purposes DOR is showing how much would be collected if they just chose a lesser amount than the full one-half percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Kearney would collect and the fee retained by DOR as:

Kearney	1/4 of 1% Tax		1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2024	\$3,647	\$361,095	\$7,295	\$722,191
2025	\$3,720	\$368,317	\$7,441	\$736,634
2026	\$3,795	\$375,684	\$7,590	\$751,367

DOR notes that this proposal would become effective on August 28, 2023, and the first election this issue could be presented to the voters would be the April 2024 general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2024 (FY 2025) if adopted by the voters. Therefore, the impact in FY 2025 would be for 9 months.

Kearney	1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2024	\$0	\$0
2025	\$5581	\$552,476
2026	\$7,590	\$751,367

This is not anticipated to have an administrative impact on the Department.

CITY OF EXCELSIOR SPRINGS

DOR shows that the **City of Excelsior Springs** has taxable sales of:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2017	38,075,134	41,127,657	40,475,258	40,078,203	159,756,252
2018	41,168,245	45,207,396	45,136,160	46,761,901	178,273,702
2019	39,989,534	44,270,654	43,065,626	44,611,387	171,937,201
2020	40,957,066	45,513,740	46,318,186	46,770,225	179,559,217
2021	43,766,411	47,433,341	48,526,824	50,187,939	189,914,515
2022	45,097,658	53,794,298			

Sales Tax Only

The Department notes this proposal allows up to one-half of one percent sales tax. For the fiscal impact DOR will assume one-half of one percent sales tax is adopted. However, for informational purposes DOR is showing how much would be collected if they just chose a lesser amount than the full one-half percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Excelsior Springs would collect and the fee retained by DOR as:

Excelsior Springs	1/4 of 1% Tax		1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2024	\$4,713	\$466,545	\$9,425	\$933,091
2025	\$4,807	\$475,876	\$9,614	\$951,753
2026	\$4,903	\$485,394	\$9,806	\$970,788

DOR notes that this proposal would become effective on August 28, 2023, and the first election this issue could be presented to the voters would be the April 2024 general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2024 (FY 2025) if adopted by the voters. Therefore, the impact in FY 2025 would be for 9 months.

Excelsior Springs	1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2024	\$0	\$0
2025	\$7,211	\$713,815
2026	\$9,806	\$970,788

CITY OF ODESSA

DOR shows that the **City of Odessa** has taxable sales of:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2017	\$12,358,315	\$11,844,772	\$11,566,572	\$11,110,913	\$46,880,572
2018	\$11,224,904	\$10,757,700	\$11,851,202	\$13,256,529	\$47,090,335
2019	\$12,109,606	\$12,334,369	\$11,790,871	\$13,249,004	\$49,483,850
2020	\$11,974,919	\$13,349,127	\$13,905,828	\$12,792,668	\$52,022,542
2021	\$12,126,162	\$13,589,582	\$13,022,087	\$13,192,855	\$51,930,685
2022	\$11,879,553	\$13,412,369			

The Department notes this proposal allows up to one-half of one percent sales tax. For the fiscal impact DOR will assume one-half of one percent sales tax is adopted. However, for informational purposes DOR is showing how much would be collected if they just chose a lesser amount than the full one-half percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Odessa would collect and the fee retained by DOR as:

Odessa	1/4 of 1% Tax		1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2024	\$1,363	\$134,926	\$2,726	\$269,852
2025	\$1,390	\$137,624	\$2,780	\$275,249
2026	\$1,418	\$140,377	\$2,836	\$280,754

DOR notes that this proposal would become effective on August 28, 2023, and the first election this issue could be presented to the voters would be the April 2024 general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2024 (FY 2025) if adopted by the voters. Therefore, the impact in FY 2025 would be for 9 months.

Odessa	1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2024	\$0	\$0
2025	\$2,085	\$206,437
2026	\$2,836	\$280,754

CITY OF MARSHALL

DOR shows that the **City of Marshall** has taxable sales of:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2017	\$36,660,520	\$39,254,507	\$37,847,176	\$37,648,613	\$151,410,816
2018	\$36,431,475	\$39,467,674	\$38,902,649	\$39,867,667	\$154,669,465
2019	\$36,048,383	\$39,481,685	\$39,223,501	\$42,644,235	\$157,397,804
2020	\$36,941,416	\$40,003,479	\$40,598,001	\$42,222,222	\$159,765,118
2021	\$41,790,484	\$46,322,527	\$42,520,878	\$46,917,603	\$177,551,491
2022	\$42,490,730	\$46,186,577			

The Department notes this proposal allows up to one-half of one percent sales tax. For the fiscal impact DOR will assume one-half of one percent sales tax is adopted. However, for informational purposes DOR is showing how much would be collected if they just chose a lesser amount than the full one-half percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Marshall would collect and the fee retained by DOR as:

Marshall	1/4 of 1% Tax		1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2024	\$4,298	\$425,462	\$8,595	\$850,924
2025	\$4,384	\$433,971	\$8,767	\$867,943
2026	\$4,471	\$442,651	\$8,942	\$885,302

DOR notes that this proposal would become effective on August 28, 2023, and the first election this issue could be presented to the voters would be the April 2024 general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2024 (FY 2025) if adopted by the voters. Therefore, the impact in FY 2025 would be for 9 months.

Marshall	1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2024	\$0	\$0
2025	\$6,575	\$650,957
2026	\$8,942	\$885,302

These public safety sales taxes are not anticipated to have an administrative impact on the Department.

Oversight notes this section of the proposal has an emergency clause. Oversight assumes the first election this proposal could be presented to voters is the November 2023 election (according to the Office of the Secretary of State, November 7, 2023 is available for public elections). Therefore, Oversight will show the impact of this proposal possibly beginning in April 2024 (FY 2024).

Oversight will range the fiscal impact from \$0 (not approved by voters) to the estimates calculated by DOR for 3 months in FY 24 and reflect a full year of sales tax revenue for FY 25 and FY 26.

Section 94.902 Clinton, Lincoln & Cole Camp Public Safety Sales Tax

In response to a previous version (HCS for HBs Nos. 876, 771, 676, & 551), officials from the **Department of Revenue (DOR)** note this proposal would allow any city with more than one thousand sixty but fewer than one thousand one hundred seventy inhabitants and located in a county with more than nineteen thousand but fewer than twenty-two thousand inhabitants and with a county seat with more than one thousand but fewer than two thousand two hundred twenty inhabitants to have a public safety sales tax. DOR believes this would be the City of Cole Camp and the City of Lincoln.

Additionally, it would allow a city with more than four hundred eighty but fewer than five hundred forty inhabitants and located in a county with more than thirty thousand but fewer than thirty-five thousand inhabitants and with a county seat with more than two hundred but fewer than nine hundred inhabitants to adopt a public safety sales tax. DOR believes this to be the City of Branson West.

Additionally, it would allow any city with more than nine thousand but fewer than ten thousand inhabitants and that is the county seat of a county with more than nineteen thousand but fewer than twenty-two thousand inhabitants to adopt a public safety sales tax. DOR believes this to be the City of Clinton.

The sales tax may be imposed in an amount up to one-half of one percent. The tax shall be imposed solely for the purpose of improving the public safety.

When the Department collects these public safety sales taxes DOR is allowed to retain 1% to reimburse the Department for their collection costs.

CITY OF COLE CAMP

DOR shows that the **City of Cole Camp** has taxable sales of:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2017	\$3,081,084	\$2,956,959	\$3,249,944	\$3,336,067	\$12,624,054
2018	\$3,278,248	\$3,220,758	\$3,474,064	\$4,684,461	\$14,657,531
2019	\$3,402,802	\$3,687,581	\$3,745,639	\$3,618,415	\$14,454,437
2020	\$3,331,101	\$3,451,596	\$3,915,171	\$3,748,845	\$14,446,713
2021	\$3,601,159	\$3,884,537	\$4,173,028	\$4,255,922	\$15,914,646
2022	\$3,074,242	\$3,849,935			

Source: <http://dor.mo.gov/publicreports/>

Sales Tax only (no
use tax)

DOR reports are generated by calendar year not fiscal
year

City of Cole Camp Taxable Sales Report Data

The Department notes this proposal allows up to a one-half of one percent sales tax. For the fiscal impact DOR will assume the one-half of one percent sales tax is adopted. However, for informational purposes DOR is showing how much would be collected if they just chose a lesser amount than the full one-half percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Cole Camp would collect and the fee retained by DOR as:

Cole Camp	1/4 of 1% Tax		1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2024	\$383	\$37,899	\$766	\$75,799
2025	\$390	\$38,657	\$781	\$77,315
2026	\$398	\$39,431	\$797	\$78,861

DOR notes that this proposal would become effective on August 28, 2023 and the first election this issue could be presented to the voters would be the April 2024 general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2024 (FY 2025) if adopted by the voters. Therefore the impact in FY 2025 would be for 9 months.

Cole Camp	1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2024	\$0	\$0
2025	\$586	\$57,986
2026	\$797	\$78,861

CITY OF LINCOLN

DOR shows that the **City of Lincoln** has taxable sales of:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2017	\$2,177,513	\$2,602,875	\$2,547,296	\$2,120,049	\$9,447,734
2018	\$2,444,106	\$2,542,249	\$2,617,362	\$2,318,717	\$9,922,434
2019	\$2,031,857	\$2,243,606	\$2,706,418	\$2,367,247	\$9,349,128
2020	\$2,210,290	\$2,737,197	\$2,871,955	\$2,513,477	\$10,332,919
2021	\$2,579,066	\$2,987,493	\$3,161,798	\$2,625,409	\$11,353,766
2022	\$2,345,952	\$3,146,216			

Source: <http://dor.mo.gov/publicreports/>

Sales Tax only (no
use tax)

DOR reports are generated by calendar year not fiscal year

City of Lincoln Taxable Sales Report Data

The Department notes this proposal allows up to a one-half of one percent sales tax. For the fiscal impact DOR will assume the one-half of one percent sales tax is adopted. However, for informational purposes DOR is showing how much would be collected if they just chose a lesser amount than the full one half of one percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Lincoln would collect and the fee retained by DOR as:

Lincoln	1/4 of 1% Tax		1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2024	\$271	\$26,847	\$542	\$53,694
2025	\$277	\$27,384	\$553	\$54,768
2026	\$282	\$27,931	\$564	\$55,863

DOR notes that this proposal would become effective on August 28, 2023 and the first election this issue could be presented to the voters would be the April 2024 general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2024 (FY 2025) if adopted by the voters. Therefore the impact in FY 2025 would be for 9 months.

Lincoln	1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2024	\$0	\$0
2025	\$415	\$41,076
2026	\$564	\$55,863

CITY OF BRANSON WEST

DOR shows that the **City of Branson West** has taxable sales of:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2017	\$18,850,783	\$25,742,289	\$26,723,871	\$22,779,379	\$94,096,322
2018	\$19,229,746	\$26,277,102	\$27,300,134	\$24,081,341	\$96,888,323
2019	\$19,672,156	\$27,420,436	\$29,729,276	\$27,350,166	\$104,172,034
2020	\$22,651,716	\$29,242,763	\$29,792,719	\$26,205,570	\$107,892,768
2021	\$28,380,778	\$36,188,981	\$34,472,066	\$32,759,586	\$131,801,411
2022	\$29,605,301	\$39,031,409			\$68,636,710

The Department notes this proposal allows up to a one-half of one percent sales tax. For the fiscal impact DOR will assume the one-half of one percent sales tax is adopted. However, for informational purposes DOR is showing how much would be collected if they just chose a lesser amount than the full one-half of one percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Branson West would collect and the fee retained by DOR as:

Branson West	1/4 of 1% Tax		1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2024	\$2,949	\$291,943	\$5,782	\$572,438
2025	\$3,008	\$297,782	\$5,898	\$583,887
2026	\$3,068	\$303,738	\$6,016	\$595,564

DOR notes that this proposal would become effective on August 28, 2023 and the first election this issue could be presented to the voters would be the April 2024 general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2024 (FY 2025) if adopted by the voters. Therefore the impact in FY 2025 would be for 9 months.

Branson West	1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2024	\$0	\$0
2025	\$4,424	\$437,915
2026	\$6,016	\$595,564

CITY OF CLINTON

DOR shows that the **City of Clinton** has taxable sales of:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2017	\$40,038,915	\$47,066,194	\$45,477,582	\$43,884,475	\$176,467,167
2018	\$40,961,939	\$47,940,212	\$46,462,280	\$46,505,858	\$181,870,288
2019	\$41,412,692	\$48,554,205	\$48,146,261	\$47,602,031	\$185,715,189
2020	\$42,901,586	\$51,426,027	\$50,786,586	\$49,145,326	\$194,259,525
2021	\$49,010,609	\$56,090,839	\$53,966,363	\$54,513,783	\$213,581,594
2022	\$47,880,699	\$57,433,067			

Source: <http://dor.mo.gov/publicreports/>

Sales Tax only (no use tax)

DOR reports are generated by calendar year not fiscal year

City of Clinton Taxable Sales Report Data

The Department notes this proposal allows up to a one-half of one percent sales tax. For the fiscal impact DOR will assume the one-half of one percent sales tax is adopted. However, for informational purposes DOR is showing how much would be collected if they just chose a lesser

amount than the full one-half of one percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Clinton would collect and the fee retained by DOR as:

Clinton	1/4 of 1% Tax		1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2024	\$5,144	\$509,217	\$10,287	\$1,018,434
2025	\$5,246	\$519,401	\$10,493	\$1,038,803
2026	\$5,351	\$529,789	\$10,703	\$1,059,579

DOR notes that this proposal would become effective on August 28, 2023 and the first election this issue could be presented to the voters would be the April 2024 general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2024 (FY 2025) if adopted by the voters. Therefore the impact in FY 2025 would be for 9 months.

Clinton	1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2024	\$0	\$0
2025	\$7,870	\$779,102
2026	\$10,703	\$1,059,579

This proposal is not expected to have an administrative impact on the Department.

In response to a previous version (HCS for HBs Nos. 876, 771, 676, & 551), officials from the **Office of Administration - Budget and Planning (B&P)** defer to the local governments 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 the tax.

For the cities impacted by Section 94.902, **Oversight** will range the fiscal impact from \$0 (not approved by voters) to the estimates calculated by DOR for 9 months in FY 25 and reflect a full year of sales tax revenue for FY 26 in this proposal.

Section 114.014 – HA 2 to HA 4 – Food Sales Tax Exemption

Officials from the **Department of Revenue (DOR)** note in Section 144.020 items that are sold are subject to state and local sales and use tax. The state sales tax is 4.225%. That sales tax is broken down as:

General Revenue	3%
School District	1%
Conservation Commission	.125

Parks, Soil & Water Funds .1%

In 1997, Section 144.014 was adopted and it exempted the collection of the 3% general revenue sales tax while leaving the remaining 1.225% sales tax in place. This proposal would exempt food from the remaining 1.225% state and the 4.07% local sales and use taxes.

This proposal would become effective on January 1, 2024. Sales tax is remitted and distributed one month behind collection and therefore this will only have five months of impact in FY 2024.

The Department notes that in FY 22 food reported \$15,424,112,225 in taxable sales. Therefore the School District Trust Fund received \$154,241,122, the Conservation Commission Fund received \$19,280,140 and the Park, Soil & Water Funds received \$15,424,112 in state sales tax.

Additionally, numerous other local districts received sales tax from food. For fiscal note purposes, the Department uses a local sales tax rate of 4.07% based on the local weighted average to calculate sales tax.

The Department notes the estimated local sales tax collected by type of district.

District	Sales Tax
City	\$676,144,528
City - TIF	\$14,806,188
County	\$503,601,896
District	\$122,054,187
Total	\$1,316,606,799

The Department is allowed to retain a 1% collection fee off some of the local sales and use tax they collect. Community Improvement Districts (CID), Transportation Development Districts (TDD) and Port Authority Districts do not have the 1% retained even those most other districts do. For those districts in which DOR collects the 1% fee, they assume a loss to general revenue of \$5,175,843 in FY 2024 and \$12,422,024 in FY 2025 and beyond from the 1% fee.

The expected loss to the state funds and locals is estimated:

Estimated Loss by Fund

<u>State Fund</u>	FY24	FY25+
-	High	High
GR (1% fee)	(\$5,175,843)	(\$12,422,024)
School District	(\$64,267,134)	(\$154,241,122)

Conservation	(\$8,033,392)	(\$19,280,140)
DNR	(\$6,426,713)	(\$15,424,112)
Total State Loss	(\$83,903,083)	(\$201,367,399)
<u>Local Funds</u>		
City	(\$281,726,887)	(\$676,144,528)
City - TIF	(\$6,169,245)	(\$14,806,188)
County	(\$209,834,123)	(\$503,601,896)
CID	(\$15,798,306)	(\$37,915,935)
TDD	(\$15,194,400)	(\$36,466,560)
Ambulance	(\$10,286,141)	(\$24,686,738)
Fire	(\$3,999,904)	(\$9,599,769)
Emergency	(\$2,502,206)	(\$6,005,294)
Other	(\$3,074,955)	(\$7,379,892)
Total Local Loss	(\$548,586,167)	(\$1,316,606,800)

The Department will need to modify their forms, website and computer programs. These changes are estimated at \$7,193.

Section 144.030 – HA 2 to HA 4 – Toiletries Sales Tax Exemption

Officials from the **Department of Revenue (DOR)** note this proposal would exempt from all tax levied and imposed under Chapter 144 personal hygiene products and toiletries. This proposal says that the items must be necessary for personal hygiene, health, safety and cleanliness and not be a luxury item or cosmetic personal care item. It identifies the following items being included but does not limit to only these items.

- Diapers- kids and adults
- Feminine Hygiene Products
- Toilet Paper
- Toothbrushes
- Toothpaste
- Soap
- Shampoo
- Deodorant and Antiperspirants

There could be potential problems with the clarity of phrases like “necessary personal hygiene” and “luxury or cosmetic personal care items.” As an example, would a toothbrush count as a necessary item, while an electric one count as a luxury item? What about items like detergents, conditioner etc. Clarity is really needed to identify only the items intended to be exempted.

This proposal would begin August 28, 2023 and therefore would be effective for 10 months of FY 2024. However, sales tax is remitted and distributed one month behind collection and therefore this would result in 9 months of impact in FY 2024.

DOR pulled the Bureau of Economic Analysis' Personal Consumption Expenditure report and noted that there were \$200.2 billion of potentially qualifying personal care items purchased in 2022. Based on additional information published by the BEA, Missouri personal consumption is approximately 1.7% of total U.S. consumption. Therefore DOR estimates this could exempt up to \$3.5 billion in sales from state and local taxes.

This is estimated to be a loss to the state and local sales tax funds.

Estimated Personal Hygiene Loss by Fund

<u>State Fund</u>	FY 2024 (9 months)	FY 2025+
-		
GR	(\$78,731,170)	(\$104,974,893)
School		
District	(\$26,243,723)	(\$34,991,631)
Conservation	(\$3,280,466)	(\$4,373,954)
Park, Soil	(\$2,624,372)	(\$3,499,163)
Total State		
Loss	(\$110,879,731)	(\$147,839,641)
<u>Local Funds</u>		
Local Sales		
Tax	(\$106,811,954)	(\$142,415,938)

DOR notes this proposal would require one time computer programming changes and form changes. This is estimated to cost \$15,000. The Department assumes they can absorb these changes with existing staff.

Officials from the **Branson Police Department** assume eliminating sales tax on food and toiletries will negatively impact the funding available for law enforcement.

Sections 144.030 & 144.615 - HA 1 to HA 3 - Sales Tax Exemption on Used Goods Sold at Auction

Officials from the **Department of Revenue (DOR)** assume this proposal attempts to exempt from sales and use tax items that are considered used tangible personal property. It defines "used tangible personal property" as an item that is sold at an auction.

Currently when an item is purchased the customer owes sales or use tax on the item and each time it is resold, sales and/or use tax is owed. Whether you pay sales or use tax on the item depends on the business' nexus with the state. This proposal will exempt from sales tax an item that is used and sold at an auction. Therefore, when it was purchased the item would have been subject to tax and then when auctioned off it would not be subject to tax.

Currently, when an auctioneer has an auction at your house, all items sold are exempt from sales tax. However, when the auctioneer adds multiple owner's items together in a joint auction, sales tax is required to be collected. This proposal would make all items sold at an auction no longer subject to sales tax.

The Department is not able to estimate the amount of items sold at auctions that collect sales tax. This proposal would result in an unknown loss to state and local sales tax funds.

In response to a similar proposal, HCS for HB 1141 (2023), officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would exempt items sold at an auction for the second or more time from state and local sales and use tax. B&P notes that as written, the language would only exempt used property that has been sold at auctions multiple times. This proposal would not exempt the first sale at auction or other, non-auction, sales from state and local sales and use tax.

B&P is unsure how taxpayers would be able to verify that items have been sold at least one prior auction in order to determine whether that item is exempt from tax. Therefore, B&P estimates that this proposal could have an unknown, likely minimal, impact on state and local sales tax collections.

In response to a similar proposal, HCS for HB 1141 (2023), officials from the **Department of Natural Resources** defer to the **Department of Revenue** for the potential fiscal impact of this proposal.

Oversight notes the Park, Soil, and Water Sales Tax funds are derived from the one-tenth of one percent sales and use tax pursuant to Article IV Section 47 (a) thus DNR's sales taxes are constitutional mandates. Oversight assumes the proposed sales tax exemption could reduce the amount of funds distributed to the Park, Soil, and Water Sales Tax Fund. Therefore, Oversight will reflect an unknown negative impact on DNR's funds beginning in FY 2024.

The **Missouri Department of Conservation** anticipates an unknown fiscal impact. The Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax pursuant to Article IV Section 43 (a) of the Missouri Constitution. The Department defers to the Department of Revenue as it is responsible for tax collection and would be better able to estimate the anticipated fiscal impact that would result from this proposal.

Oversight notes that the Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax of the Missouri Constitution, thus MDC's sales taxes are constitutional mandates. Oversight assumes the proposed sales tax exemption could reduce the amount of funds

distributed to the Conservation Sales Tax fund. Therefore, Oversight will reflect an unknown negative impact on MDC's funds beginning in FY 2024.

In response to a similar proposal, HCS for HB 1141 (2023), officials from the **City of Springfield** anticipate a negative fiscal impact of an undetermined amount.

In response to a similar proposal, HCS for HB 1141 (2023), officials from the **City of Kansas City** assume there is a negative fiscal impact of an indeterminate amount.

Oversight notes the above local political subdivisions stated this proposal would have a negative fiscal impact on their respective city of an indeterminate amount. Oversight notes the proposed sales tax exemption could result in a loss of sales tax revenues to local funds. Therefore, Oversight will reflect an unknown negative impact to all local political subdivisions beginning in FY 2024.

Oversight notes officials from B&P and DOR both assume the proposal will have an unknown, likely minimal, impact on state and local sales tax collections. Oversight does not have any information to the contrary. Therefore, Oversight will reflect DOR's and B&P's estimated impact in the fiscal note.

Section 190.327 – HA 2 - Sales Tax for Emergency Services

In response to a similar proposal, HCS for HB 648, (2023), officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal repeals the charter county of Jefferson's 0.25% emergency services sales tax limit. B&P defers to Jefferson County Emergency Services Boards for the fiscal impact of this proposal. The DOR 1% administration fee for handling the collection of the taxes may be impacted by the changes depending upon whether the 0.25% sales taxes increase or decrease. This will impact TSR. B&P defers to DOR on the fee impact from this legislation.

In response to a similar proposal, (HB 648), officials from the **City of Kansas City** and **Jackson County** each assume the proposal will have no fiscal impact on their respective cities/counties. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight notes this section repeals the provision which provides that a sales tax for emergency services or for providing central dispatching for emergency services shall not be greater than one-quarter of one percent in Jefferson County. Therefore, Oversight will present a \$0 (no change in sales tax) to Unknown (increase in sales tax) impact for Jefferson County and a \$0 (no change in sales tax) to Unknown (increase in 1% collection fee) impact for the General Revenue Fund.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local law enforcement, fire protection districts, ambulance and

EMS, schools, and Jefferson County were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in the MOLIS database is available upon request.

HA 6 – Clean Up language

Officials from the **Department of Revenue (DOR)** note This provision will not have a fiscal impact on DOR.

Oversight assumes House Amendment 6 will have no fiscal impact on state or local governments.

Responses regarding the proposed legislation as a whole

Oversight will note the one-time cost at \$22,193, associated with the updates of DOR's sales tax system for all sections within the proposal, in the fiscal note beginning FY 2024.

Officials from the **Department of Natural Resources, Department of Elementary and Secondary Education**, and the **Department of Health and Senior Services** 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 **St. Louis County Police Dept** assume the proposal will have no fiscal impact on their organization.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with its core budget. Therefore, the SOS reserves 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.

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 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE			
<u>Additional Revenue</u> - DOR – '67.782 - 1% DOR Collection fee from County Recreation Tax p. (3-5)	\$0	\$0 or \$117,370	\$0 or \$159,623
<u>Additional Revenue</u> - DOR - '94.838 - 1% DOR Collection fee from Sales Tax - p. (8-10)	\$0	\$0 or \$2,972	\$0 or \$4,043
<u>Additional Revenue</u> - DOR - '94.900 - 1% DOR Collection fee from Public Safety Sales Tax - p. (10-15)	\$0 to \$8,620	\$0 to \$34,481	\$0 to \$34,481
<u>Additional Revenue</u> - DOR - '94.902 - 1% DOR Collection fee from Public Safety Sales Tax - p. (16-21)	\$0	\$0 to \$13,560	\$0 to \$18,080
<u>Revenue Reduction</u> - §144.014 - Sales tax exemption on food - p. (21-23) HA2 to HA4	(\$5,175,843)	(\$12,422,024)	(\$12,422,024)
<u>Revenue Reduction</u> - §144.030 - Sales tax exemption on toiletries - p. (23-24) HA2 to HA4	(\$78,731,170)	(\$104,974,893)	(\$104,974,893)
<u>Revenue Reduction</u> - §144.030 - Sales tax exemption on used goods - p. (24- 26)	(Unknown)	(Unknown)	(Unknown)
<u>Additional Revenue</u> –§190.327 Potential 1% collection fee due to local sales tax increases p. (26)	\$0 or Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs</u> – DOR – Form, Computer, and IT upgrades p. (27)	(\$22,193)	\$0	\$0

ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>Could exceed</u> <u>(\$83,920,586)</u>	<u>Could exceed</u> <u>(\$117,258,534)</u>	<u>Could exceed</u> <u>(\$117,180,690)</u>
SCHOOL DISTRICT TRUST FUND			
<u>Revenue Reduction</u> - §144.014 - Sales tax exemption on food - p. (21-23) HA2 to HA4	(\$64,267,134)	(\$154,241,122)	(\$154,241,122)
<u>Revenue Reduction</u> - §144.030 - Sales tax exemption on toiletries - p. (23-24) HA2 to HA4	(\$26,243,723)	(\$34,991,631)	(\$34,991,631)
<u>Revenue Reduction</u> - §144.030 - Sales tax exemption on used goods - p. (24- 26)	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	<u>Could exceed</u> <u>(\$90,510,857)</u>	<u>Could exceed</u> <u>(\$189,232,753)</u>	<u>Could exceed</u> <u>(\$189,232,753)</u>
PARKS AND SOILS STATE SALES TAX FUNDS			
<u>Revenue Reduction</u> - §144.014 - Sales tax exemption on food - p. (21-23) HA2 to HA4	(\$6,426,713)	(\$15,424,112)	(\$15,424,112)
<u>Revenue Reduction</u> - §144.030 - Sales tax exemption on toiletries - p. (23-24) HA2 to HA4	(\$2,624,372)	(\$3,499,163)	(\$3,499,163)
<u>Revenue Reduction</u> - §144.030 - Sales tax exemption on used goods - p. (24- 26)	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON PARKS AND SOILS STATE SALES TAX FUNDS	<u>Could exceed</u> <u>(\$9,051,085)</u>	<u>Could exceed</u> <u>(\$18,923,275)</u>	<u>Could exceed</u> <u>(\$18,923,275)</u>

CONSERVATION COMMISSION FUND			
<u>Revenue Reduction</u> - §144.014 - Sales tax exemption on food - p. (21-23) HA2 to HA4	(\$8,033,392)	(\$19,280,140)	(\$19,280,140)
<u>Revenue Reduction</u> - §144.030 - Sales tax exemption on toiletries - p. (23-24) HA2 to HA4	(\$3,280,466)	(\$4,373,954)	(\$4,373,954)
<u>Revenue Reduction</u> - §144.030 - Sales tax exemption on used goods - p. (24-26)	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	<u>Could exceed (\$11,313,858)</u>	<u>Could exceed (\$23,654,094)</u>	<u>Could exceed (\$23,654,094)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Gain</u> – §67.782 – Bollinger County Recreation Tax - p. (3-4)	\$0	\$0 or \$424,394	\$0 or \$577,176
<u>Revenue Gain</u> – §67.782 – Cape Girardeau County Recreation Tax - p. (4-5)	\$0	\$0 or \$11,195,226	\$0 or \$15,225,507
<u>Revenue Gain</u> – §67.1009 – City of Knob Noster Transient Guest Tax - p. (6)	\$0	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> – §67.1013 – City of Harrisonville Transient Guest Tax - p. (6)	\$0	\$0 or Unknown	\$0 or Unknown

<u>Revenue Gain</u> – §67.1360 – City of Cameron Transient Guest Tax - p. (6-8)	\$0	\$0 or up to \$45,990	\$0 or up to \$183,960
<u>Revenue Gain</u> – §67.1360 – City of Wentzville Transient Guest Tax – p. (8)	\$0	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> – §94.838 – Village of Lamar Heights Net Increase in Sales Tax Collections p. (8-10)	\$0	\$0 or \$294,289	\$0 or \$400,233
<u>Revenue Gain</u> – §94.900 – City of Smithville Public Safety Sales Tax - p. (10-12)	\$0 to \$131,343	\$0 to \$525,370	\$0 to \$525,370
<u>Revenue Gain</u> – §94.900 – City of Kearney Public Safety Sales Tax - p. (12-13)	\$0 to 187,869	\$0 to \$751,476	\$0 to \$751,476
<u>Revenue Gain</u> – §94.900 – City of Excelsior Springs Public Safety Sales Tax - p. (13-14)	\$0 to \$242,697	\$0 to \$970,788	\$0 to \$970,788
<u>Revenue Gain</u> – §94.900 – City of Odessa Public Safety Sales Tax - p. (14-15)	\$0 to \$70,189	\$0 to \$280,754	\$0 to \$280,754
<u>Revenue Gain</u> – §94.900 – City of Marshall Public Safety Sales Tax - p. (15)	\$0 to \$221,326	\$0 to \$885,302	\$0 to \$885,302
<u>Revenue Gain</u> – §94.902 – City of Cole Camp Public Safety Sales Tax - p. (16-17)	\$0	\$0 to \$59,146	\$0 to \$78,861
<u>Revenue Gain</u> – §94.902 – City of Lincoln Public Safety Sales Tax - p. (18-19)	\$0	\$0 to \$41,897	\$0 to \$55,863

<u>Revenue Gain</u> – §94.902 – City of Branson West Public Safety Sales Tax - p. (19-20)	\$0	\$0 to \$446,673	\$0 to \$595,564
<u>Revenue Gain</u> – §94.902 – City of Clinton Public Safety Sales Tax - p. (20-21)	\$0	\$0 to \$794,684	\$0 to \$1,059,579
<u>Revenue Reduction</u> - §144.014 - Sales tax exemption on food - p. (21-23) HA2 to HA4	(\$548,586,167)	(\$1,316,606,800)	(\$1,316,606,800)
<u>Revenue Reduction</u> - §144.030 - Sales tax exemption on toiletries - p. (23-24) HA2 to HA4	(\$106,811,954)	(\$142,415,938)	(\$142,415,938)
<u>Revenue Reduction</u> - §144.030 - Sales tax exemption on used goods - p. (24-26)	(Unknown)	(Unknown)	(Unknown)
<u>Revenue Gain</u> – §190.327 - Jefferson County Potential sales tax increase p. (26)	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>Could exceed</u> <u>(\$654,544,697)</u>	<u>Could exceed</u> <u>(\$1,453,926,369)</u>	<u>Could exceed</u> <u>(\$1,453,234,988)</u>

FISCAL IMPACT – Small Business

Small businesses will be impacted by both the new sales tax exemptions and the possible new sales (and transient guest) taxes.

FISCAL DESCRIPTION

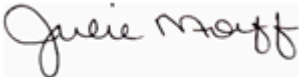
The proposed legislation relates to sales taxes.

This proposal contains an emergency clause for section 94.900.

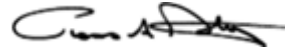
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of Administration - Budget and Planning
Department of Natural Resources
Department of Elementary and Secondary Education
Department of Health and Senior Services
Missouri Department of Conservation
City of Cameron
City of Kansas City
City of Springfield
Branson Police Department
St. Louis County Police Dept



Julie Morff
Director
April 18, 2023



Ross Strobe
Assistant Director
April 18, 2023