

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0973-01
Bill No.: SB 196
Subject: Business and Commerce; Taxation and Revenue – Sales and Use
Type: Original
Date: February 2, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)*	(Unknown)*	(Unknown)*

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Various State Funds	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)*	(Unknown)*	(Unknown)*

* – Estimated, in aggregate, to exceed \$100,000.
 Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Economic Development – Office of Public Counsel, Department of Economic Development – Public Service Commission, and Department of Natural Resources** assume this proposal would have no significant impact on their agencies.

Officials with the **Department of Revenue (DOR)** assume that this proposal expands the sales tax exemptions for manufacturing plants by allowing a broadened description of the exemption. DOR assumes this proposal would have little administrative impact on its operations, but also assumes this legislation would result in an unknown decrease in state revenues.

Oversight assumes this proposal would reduced state and local sales tax revenues by an unknown amount. **Oversight** further assumes that with a significant manufacturing presence within the state, the loss to state revenues as a result of this proposal would exceed \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE FUND			
<u>Loss</u> – Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown)*</u>	<u>(Unknown)*</u>	<u>(Unknown)*</u>

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
OTHER STATE FUNDS			
<u>Loss</u> – Various State Funds Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(Unknown)*</u>	<u>(Unknown)*</u>	<u>(Unknown)*</u>

* – Estimated, in aggregate, to exceed \$100,000.

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<u>Loss</u> – Cities and Counties Sales Tax Exemption	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

This proposal would reduce the sales tax burden on small businesses engaged in or associated with manufacturing and material recovery.

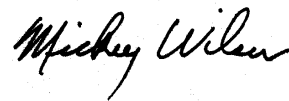
DESCRIPTION

This legislation clarifies sales and use tax exemption eligibility for manufacturing and material recovery plants.

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
Department of Economic Development
Office of Public Counsel
Public Service Commission
Department of Natural Resources



Mickey Wilson, CPA
Director
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