COMMITTEE ON LEGISLATIVE RESEARCH OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0973-06

Bill No.: SCS for SB 196

<u>Subject</u>: Business and Commerce; Taxation and Revenue – Sales and Use

<u>Type</u>: Original

<u>Date</u>: April 15, 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.

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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 the recovery of spent carbon products and material recovery plants. DOR assumes this proposal would have no 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.

FISCAL IMPACT - State Government

FY 2006 (10 Mo.)

FY 2007

FY 2008

RK:LR:OD (12/02)

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GENERAL REVENUE FUND

<u>Loss</u> – Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(Unknown)*	(Unknown)*	(Unknown)*
FISCAL IMPACT - State Government OTHER STATE FUNDS	FY 2006 (10 Mo.)	FY 2007	FY 2008
<u>Loss</u> – Various State Funds Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	(Unknown)*	(Unknown)*	(Unknown)*
* – Estimated, in aggregate, to exceed \$100,000.			
FISCAL IMPACT - Local Government	FY 2006 (10 Mo.)	FY 2007	FY 2008
<u>Loss</u> – Cities and Counties Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)

FISCAL IMPACT - Small Business

This proposal would reduce the sales tax burden on small businesses engaged in or associated with the recovery of spent carbon products and other materials.

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DESCRIPTION

This legislation modifies the sales and use tax exemption to include electrical energy or gas, whether natural, artificial or propane, water, or other utilities which are ultimately consumed in connection with the manufacturing of cellular glass products or the recovery of spent carbon products.

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

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Mickey Wilen

Director

April 15, 2005