

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1187-01  
Bill No.: SB 264  
Subject: Taxation and Revenue – Sales and Use  
Type: Original  
Date: March 1, 2005

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
School District Trust	(Unknown)	(Unknown)	(Unknown)
Conservation	(Unknown)	(Unknown)	(Unknown)
Parks and Soil	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</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 2006</b>	<b>FY 2007</b>	<b>FY 2008</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 LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials with the **Department of Agriculture and Department of Revenue** assume this proposal would have no fiscal impact on their agencies.

Officials from the **Department of Natural Resources (DNR)** assume this proposal would exempt by-products of natural gas used to make fuel ethanol from sales and use tax law. DNR assumes the proposal would result in decreased revenue to the Parks and Soils Sales Tax Fund, but no significant fiscal impact.

Officials with the **Office of Administration – Division of Budget and Planning (BAP)** assume this proposal would create a reduction in revenue to General Revenue, but does not have data to provide a specific estimate. BAP assumes this proposal would have no impact on its agency.

**Oversight** assumes this proposal would potentially decrease revenue as a result of sales tax exemptions permitted by this act. The amount is unknown. **Oversight** will reflect the revenue loss for this proposal as a negative unknown for each year.

**This proposal could decrease Total State Revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>GENERAL REVENUE FUND</b>			
<u>Loss</u> - General Revenue			
Sales tax exemption for ethanol byproducts	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUNDS</b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>
<b>OTHER STATE FUNDS</b>			
<u>Loss</u> - Other State Funds			
Sales tax exemption for ethanol byproducts			
School District Trust Fund	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Conservation Sales Tax Fund	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Parks and Soil Sales Tax Fund	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2006 (10 Mo.)	FY 2007	FY 2008
<u>Loss</u> to Political Subdivisions			
Sales tax exemption for ethanol byproducts	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>

FISCAL IMPACT - Small Business

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

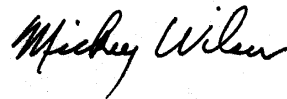
DESCRIPTION

The act adds ethanol's byproducts, including but not limited to dry distilled grain, to the list of items exempt from sales and use tax. The word "primary" has been removed with regard to natural gas used in the manufacture or processing of ethanol and its byproducts; eliminating distinction between primary and secondary 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 Natural Resources  
Department of Agriculture  
Office of Administration  
Division of Budget and Planning



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Director  
March 1, 2005