## COMMITTEE ON LEGISLATIVE RESEARCH OVERSIGHT DIVISION

#### FISCAL NOTE

<u>L.R. No.</u>: 4246-01 <u>Bill No.</u>: SB 842

<u>Subject</u>: Taxation and Revenue - Sales and Use

<u>Type</u>: Original

<u>Date</u>: January 20, 2006

# **FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2007	FY 2008	FY 2009	
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 2007	FY 2008	FY 2009	
Various State Funds	(Unknown)	(Unknown)	(Unknown)	
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)	

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 2007	FY 2008	FY 2009	
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2007	FY 2008	FY 2009	
<b>Local Government</b>	(Unknown)	(Unknown)	(Unknown)	

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

RS:LR:OD (12/02)

Officials with the **Department of Revenue** and the **Department of Economic Development** – **Public Service Commission** and **Office of Public Counsel** each assume this proposal would have no fiscal impact on their respective agencies.

**Oversight** assumes this proposal would result in a negative fiscal impact on General Revenue. **Oversight** is unable to estimate the amount of a such a loss.

## This proposal could decrease Total State Revenue.

FISCAL IMPACT - State Government	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE			
<u>Loss</u> – Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Unknown)	(Unknown)	(Unknown)

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FISCAL IMPACT - State Government (continued)	FY 2007 (10 Mo.)	FY 2008	FY 2009
OTHER STATE FUNDS			
<u>Loss</u> – School District Trust Fund Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> – Conservation Fund Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> – Parks and Soil Fund Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	(Unknown)	(Unknown)	(Unknown)
FISCAL IMPACT - Local Government	FY 2007 (10 Mo.)	FY 2008	FY 2009
<u>Loss</u> – Local Sales Tax Revenues Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)

## FISCAL IMPACT - Small Business

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

## **DESCRIPTION**

Under current law, in order for a manufacturer to receive an exemption from sales tax for electrical energy used in the primary manufacture of a product, the manufacturer must prove that the total cost of electricity used exceeds ten percent of the total cost of production or that the raw materials used in the primary manufacture of a product contain at least twenty-five percent recovered materials. This act creates a rebuttable presumption that the raw materials used in the

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## <u>DESCRIPTION</u> (continued)

primary manufacture of automobiles contain at least twenty-five percent recovered materials.

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

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