

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0246-03
Bill No.: HCS for SB 30
Subject: Motor Carriers; Revenue Dept.; Taxation and Revenue - Sales and Use
Type: #Corrected
Date: April 10, 2007
 #To correct fund totals.

Bill Summary: Would make a number of changes in sales and corporate income taxation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(More than \$33,707)	(More than \$150,657)	(More than \$150,657)
Total Estimated Net Effect on General Revenue Fund	(More than \$33,707)	(More than \$150,657)	(More than \$150,657)

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 23 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Conservation Commission	(Unknown)	(Unknown)	(Unknown)
Parks and Soils	(Unknown)	(Unknown)	(Unknown)
Road	(More than \$825,000)	(More than \$1,238,000)	(More than \$1,238,000)
School District Trust	(Unknown)	(Unknown)	(Unknown)
Senior Services and Youth Programs Sales Tax Trust *	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds#	(More than \$825,000)	(More than \$1,238,000)	(More than \$1,238,000)

* Net of receipts and transfers out.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	1.0	1.0	1.0
Total Estimated Net Effect on FTE	1.0	1.0	1.0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	(More than \$302,000)	(More than \$453,000)	(More than \$453,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions, and Professional Registration**, the **Department of Social Services**, and the **Office of the Cole County Assessor** assume this proposal would have no fiscal impact on their organization.

Officials from the **City of Centralia** stated that a previous version of the proposal would have no fiscal impact on their organization.

Officials from the **University of Missouri, Economic Policy Analysis and Research Center** stated they were not able to estimate the fiscal impact of this proposal

ASSUMPTION (continued)

Officials from the **Department of Revenue** (DOR) assume this legislation would cause many corporations and individuals that currently have nexus in this state and pay income tax, to no longer have nexus and therefore no longer subject to income tax. DOR officials assume that the proposed tax credits and exemptions would further reduce revenues. DOR summarized the proposal as follows:

Section 32.130 would modify the definition of tax nexus.

Section 67.997 would allow the County of Perry to impose a sales tax not to exceed $\frac{1}{4}$ of 1%, if approved by a vote of the people, to fund senior services and youth programs.

Section 71.011 would require a political subdivision to file a certified copy of each ordinance of detachment and annexation with the county assessor.

Section 71.012 regarding annexing unincorporated areas.

Section 137.092 would change require operators of storage facilities to provide documentation to county assessors for property tax purposes.

Section 142.817 would exempt from tax all motor fuel sold to be used by an interstate transportation authority, a city transit authority, or a city utilities board, to operate a public mass transportation facility.

Section 143.006 would modify income tax nexus determinations in Missouri.

Section 143.432 would exempt corporations who are manufacturers in this state from corporate income tax for the first 5 years of the manufacturer's existence in this state.

Section 144.030 would allow common carriers to be exempt for sales tax purposes, whether or not they are involved solely in interstate commerce. Would also add "utilities" to the exemption received in research and development of prescription medications and allows the same exemptions for agricultural/biotechnology and plant genomics products.

Section 144.054 would exempt from taxation, utilities, chemicals, machinery, equipment, and materials used in producing products; for materials used or consumed directly in television or broadcasting; and for contractors under a defense contract, or contracting with political subdivisions.

ASSUMPTION (continued)

Section 144.518 would expand the sales tax exemption for coin-operated amusement devices and vending machines.

Section 163.016 regarding school districts located in more than 1 county.

Section 208.750, would modify the Family Development Account Program.

Section 387.075 would modify state law regarding common carriers of household goods.

Section 390.030 would be modified to include common carriers of household goods.

Contains an Emergency Clause.

DOR assessed the administrative impact of the proposal on their organization as follows:

Taxation assumes a check box on the return along with certification from DED would be sufficient to document a new manufacturer exemption from corporate income tax. The Corporate Income Tax Section would require 1 Tax Processing Technician I to maintain the accounts, exemptions, correspondence, and phone calls.

DOR submitted an estimated cost to implement the proposal including the 1.0 additional FTE and related equipment and expenditures totaling \$37,623 for FY 2008, \$39,742 for FY 2009, and \$40,935 for FY 2010.

Oversight has, for fiscal note purposes only, changed the starting salary for the additional position to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight has adjusted the DOR equipment and expenditure estimate in accordance with OA budget guidelines.

Oversight also assumes this proposal would reduce corporation and personal income tax by an unknown amount.

ASSUMPTION (continued)

Officials from the **Department of Conservation** (MDC) assume this proposal would have a negative impact on MDC funds. MDC was unable to provide an estimated impact and will rely on the DOR estimate.

Officials from the **Department of Transportation** (MODOT) assume this proposal would have a substantial negative impact on their organization department due to loss of State Revenue from Highway Users.

- a. This proposal would exempt motor fuel sold to school districts from the motor fuel tax, and would also exempt motor fuel used for certain public transportation purposes from motor fuel tax.

The total bus miles traveled during the 2004-05 school year was 126,067,918. The average school bus gets 7 miles per gallon. Total gallons used is $(126,067,918/7=18,009,702.57)$. That would be an income loss of \$3,061,649.44. According to DESE they expect a 1.03% bus travel growth annually. Adding the 1% growth rate the impact would be \$2,061,510.62 for FY 08 - partial year, \$3,123,188.59 for FY 09 and \$2,333,400.53 for FY 09. Note this includes the lost revenue to cities and counties.

Estimated revenue reduction of \$825,000 for FY 08, \$1,238,000 for FY 09 and for FY 10. Also a loss of \$302,000 for FY 08 and \$453,000 for FY 09 and FY 10 to local funds.

- b. This proposal would expand the current sales tax exemption of commercial motor vehicles licensed for a gross weight of 24,000 pounds or more or trailers used by motor carriers solely in the transportation of person or property in interstate commerce. The proposal would delete the word "solely" and "in interstate commerce", resulting in expansion of the sales tax exemption for those commercial motor vehicles purchased by any motor carrier who transports persons or property, whether in interstate or intrastate commerce. MODOT has no basis for estimating the negative impact therefore, there is a negative unknown fiscal impact from this proposal.

ASSUMPTION (continued)

In response to several of the individual provisions in this proposal, officials from the **Office of the Secretary of State (SOS)** provided the following response:

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 SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume this proposal would have no fiscal impact to their organization.

BAP officials provided the following analysis:

32.130, 143.006, 144.605, 147.010

These sections would change the definition of substantial nexus for taxation purposes. BAP defers to the DOR for an estimate of the loss of general and total state revenues as a result of this proposal.

67.997

This section would create a new local sales tax if approved by voters. If collecting the tax, the DOR would deposit 1% of the sales taxes into GR as a collection fee. BAP defers to the DOR for an estimate of increased general and total state revenues as a result of this proposal.

142.817

This section would exempt certain public mass transit providers from paying motor fuel taxes. BAP defers to the DOR or the MODOT for an estimate of the loss of motor fuel and highway fund revenues as a result of this proposal.

ASSUMPTION (continued)

143.432

This provision would exempt new manufacturers in the state from corporate income tax. BAP notes that net corporate income tax totaled \$333.3M in FY06.

In calendar year 2006, according to US BLS Current Employment Statistics Data, about 13% of total private-service employees in Missouri were in manufacturing. Using this figure as an estimate of manufacturing's share, BAP estimates corporate income taxes from manufacturing were \$43.3 million in FY06.

BAP defers to the DOR or the DED for an estimate of the number of new manufacturers that may open in the state each year. This proposal would lower general and total state revenues by an unknown amount. This program may stimulate other economic activity, but BAP does not have data to estimate the induced revenues. The DED may have such an estimate.

144.030.2(11)

This provision would expand the current exemption for vehicles licensed for a gross weight of 24,000 pounds or more that may be used for other purposes other than transportation of persons and property, and also removes the 'interstate' restriction.

The provision would result in a loss of General Revenue and Highway Funds. The Department of Revenue should provide the estimate of possible increased costs and decreased revenues to the state as a result of this proposal

144.030.2(33)

This provision would modify the current sales tax exemption for personal property for the R&D of pharmaceuticals to include utilities, and include agricultural/biotechnology and plant genomics products. BAP defers to the DOR for an estimate of reduced general and total state revenues due to this proposal.

ASSUMPTION (continued)

144.054

This provision would exempt from state and local sales and use tax the cost of all utilities, chemicals, machinery, equipment, and materials used in the manufacturing, processing, compounding, mining, or production of a product; processing recovered materials; research and development related to manufacturing; purchases made by federal defense contractors; sales or leases of tangible personal property made by local governments for industrial development; and tangible personal property brought into this state for processing, fabrication, or other modification for use outside the state in the regular course of business. BAP defers to the DOR for an estimate of the significant loss of general and total state revenues and local funds as a result of this proposal.

144.518.2-4

This provision would exempt from sales tax coin-operated amusement devices and vending machines when taxes are paid on the gross receipts of these machines. BAP defers to the DOR for an estimate of the loss of general and total state revenues and local funds as a result of this proposal.

163.016

This provision would make changes to foundation formula payments for a certain school district. BAP defers to DESE for an estimate of any impacts.

208.750

This provision expands the list of qualifying community-based organizations under the Family Development Account program and makes other changes in the administration of this program. BAP defers to the DED for an estimate of lost general and total state revenues.

Officials from Buchanan County stated that the proposal would lead to a reduction in revenue of \$250,000.

ASSUMPTION (continued)

Oversight has estimated the fiscal impact of the individual provisions as follows:

Section 32.130 Nexus Determination

Oversight assumes this provision would have an unknown negative fiscal impact on the state due to reduced income tax collections.

Section 67.997 Perry Senior Services and Youth Programs Sales Tax

This provision would authorize Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to fund senior services and youth programs. A senior services tax commission would be established to administer the revenue received for senior services.

In response to a similar proposal (HB 235, LR 0903-01) officials from the **Department of Revenue** and the **Department of Social Services** assumed no fiscal impact to their organizations.

Perry County officials did not respond to our request for information.

Oversight assumes that implementing this proposal would require voter approval. Collections and offsetting distributions of \$0 or Unknown have been recorded in the Senior Services and Youth Programs Sales Tax Trust Fund. Oversight has also indicated a fiscal impact of \$0 or Unknown to the local government. Oversight assumes that revenues from the 1% General Revenue Fund collection fee would be less than \$31,188 in FY 2008, less than \$32,248 in FY 2009, and less than \$33,216 in FY 2010.

Section 71.011 Reporting Municipal Property Exchanges to the County Assessor

This provision would require a political subdivision to file a certified copy of each ordinance of detachment and annexation with the county assessor.

In response to a similar proposal (HB 459 LR 0709-01) officials of the **City of West Plains** and the **City of Centralia** assumed no fiscal impact to their organizations.

ASSUMPTION (continued)

Oversight requested information from numerous cities and county assessors and received no other responses. Oversight notes that cities are currently required to file a certified copy of each ordinance of detachment and annexation with the County Clerk, County Recorder of Deeds, and Circuit Court Clerk. Oversight assumes that filing a copy with the County Assessor would have no fiscal impact.

Section 137.092 Storage Facility Operator Reports to County Assessors

This provision would require operators of certain storage facilities to submit reports of personal property stored on their premises to the county assessor.

In response to a similar proposal (HB 624 LR 1586-01) officials from the **Department of Economic Development, Public Service Commission**, the **Department of Revenue**, the **City of Centralia**, the **City of West Plains**, and **Parkway School District** assumed the proposal would have no fiscal impact to their organizations.

Officials from the **Department of Elementary and Secondary Education, St. Louis County**, and the **Office of the Cole County Assessor** assumed a similar proposal (HB 624 LR 1586-01) would have no direct fiscal impact to their organizations; however, the proposal could result in additional tax revenues if additional property is added to the assessment system.

Oversight assumes that this proposal would have no state or local fiscal impact. Oversight also assumes that any additional tax revenues resulting from the implementation of this proposal would be minimal.

Section 142.817 Mass Transit Motor Fuel Exemption

Officials from the **Missouri Department of Transportation** (MODOT) assumed a similar proposal (HB 247 LR 0179-01) would exempt motor fuel used for certain public transportation purposes from motor fuel tax.

MODOT calculated that in Fiscal Year 2006 transit authorities consumed an estimated 9,943,211 gallons of gasoline at the State Gas Tax Rate of \$.17 per gallon for a total of \$1,690,346 in gas tax being paid. MODOT then calculated the loss of that money for the state, cities and counties.

ASSUMPTION (continued)

MODOT provided an estimate of revenue reduction for the Road Fund of \$825,000 for FY 2008 and \$1,238,000 for FY 2009 and for FY 2010; and a revenue reduction for cities and counties of \$302,000 for FY 2008 and \$453,000 for FY 2009 and for 2010.

Officials from the **Department of Revenue** (DOR) assumed a similar proposal (HB 247 LR 0179-01) would have no fiscal impact to their organization. DOR assumes this legislation establishes an exemption. Exemptions reduce state tax due, therefore it will reduce state revenues.

The excise tax section anticipates additional refunds to process due to this exemption. This may impede process time. DOR currently does not track fuel usage, therefore, cannot determine the loss of fuel tax revenues the state would experience due to this exemption.

Information Technology ITSD/DOR estimates the IT portion of this request could be accomplished with existing resources, however; if priorities shift, additional FTE/overtime would be needed to implement. Office of Administration Information Technology (ITSD DOR) estimates that this legislation could be implemented utilizing 1 existing CIT III for 1 month at a total cost of \$4,186

Officials at the **City of Kansas City** stated that a similar proposal (HB 247 LR 0179-01) would apply to a city transportation authority. The City of Kansas City does not operate a transportation authority; those mass transit services are provided by the Kansas City Area Transportation Authority, which is partially funded by Kansas City. Any savings enjoyed by the KC ATA may be indirectly enjoyed by the City of Kansas City through greater services for the money now spent for transportation services if the KC ATA has additional funds available.

Section 143.432 Five Year Corporate Tax Income Exemption for New Manufacturers

In response to a similar proposal (HB 1000 LR 2243-01) officials from the **Department of Economic Development, Division of Business and Community Services** (DED) assumed the proposal would result in an unknown negative impact to the General Revenue Fund. DED assumed DOR would provide an estimate of the fiscal impact.

DED officials stated they would likely use this tax exemption to try to bring manufacturing businesses to Missouri. Some unknown positive impact could be derived from new businesses relocating, and if the businesses stayed in the state the taxes paid after the exemption expires there could be a positive impact.

ASSUMPTION (continued)

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assumed a similar proposal (HB 1000 LR 2243-01) would exempt new manufacturers in the state from corporate income tax. BAP assumes there would be no added cost to their organization as a result of this proposal.

BAP noted that net corporate income tax totaled \$333.3 million in FY06. In calendar year 2006, according to the United States Bureau of Labor Statistics Current Employment Statistics Data, about 13% of total private-service employees in Missouri were in manufacturing. Using this figure as an estimate of manufacturing's share, BAP estimates corporate income taxes from manufacturing were \$43.3 million in FY06. BAP defers to the Department of Revenue or the Department of Economic Development for an estimate of the number of new manufacturers that may open in the state each year. This proposal would lower general and total state revenues by an unknown amount less than \$43.3 million.

Officials from the **Department of Revenue** (DOR) stated in response to a similar proposal (HB 1000 LR 2243-01) that the Division of Taxation was unable to determine if this would create an additional line on the corporate income tax return or additional forms to accompany the income tax return.

Oversight assumes this proposal would result in a revenue reduction greater than \$100,000 per year to the General Revenue Fund for tax years beginning January 1, 2008 (FY 2009). Oversight notes that new enterprises typically experience losses during their first years of existence, and that there could be some offset to the revenue reduction from increased employment and general economic activity.

ASSUMPTION (continued)

Section 144.030 Sales Tax Exemptions

Railroad Rolling Stock and Vehicles Used in Interstate Commerce

This proposal would expand the sales tax exemption for vehicles purchased by common carriers.

In response to a similar proposal (SB 30 LR 0246-01) officials from the **Department of Transportation** (MODOT) assume this proposal would expand the sales tax exemption for common carriers which would lead to a reduction in sales tax revenue. Current law authorizes a sales tax exemption for commercial motor vehicles licensed for a gross weight of 24,000 pounds or more and for trailers used by motor carriers solely in the transportation of persons or property in interstate commerce. This proposal would apply the sales tax exemption for commercial motor vehicles and trailers purchased by any motor carrier who transports persons or property, whether in interstate or intrastate commerce. MODOT has no basis for estimating the impact; MODOT assumes there would be a negative unknown fiscal impact from this proposal.

Officials from the **Department of Conservation** (MDC) assumed a similar proposal (SB 30 LR 0246-01) would appear to have a negative fiscal impact on MDC funds since it appears to expand the sales tax exemption. MDC defers to the Department of Revenue for the fiscal impact of the proposal.

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assumed a similar proposal (SB 30 LR 0246-01) would expand the common carrier sales tax exemption to include any vehicles licensed for a gross weight of 24,000 pounds or more. There should be no added cost to the BAP as a result of this bill. The proposal would result in a loss of General Revenue because these carriers are currently paying sales tax. The Department of Revenue should provide the estimate of possible increased costs and decreased revenues to the state as a result of this proposal.

Oversight assumes the expansion of the sales tax exemption would lead to a reduction in sales tax revenue to state and local funds. Oversight has no basis for estimating the amount of the reduction resulting from this bill and therefore, has assumed an unknown amount.

ASSUMPTION (continued)

Utilities for Research and Development of Agricultural/Biotechnology and Plant Genomics

Oversight assumes this provision would have an unknown negative fiscal impact on those state funds and local governments which are supported by sales tax revenues.

Section 144.054 State and Local Sales and Use Tax Exemption for the Costs of Utilities, Chemicals, Machinery and Equipment, and Materials Used to Produce a Product.

In response to a similar proposal (HB 131 LR, 0716-01) officials from the **Department of Revenue** (DOR) assumed no fiscal impact for their organization. DOR officials stated there would be a reduction to General Revenue equal to the amount of tax currently being paid by companies on these purchases. This amount is unknown to DOR.

Officials from the **Department of Conservation** (MDC) assumed a similar proposal (HB 131 LR, 0716-01) would appear to have a negative fiscal impact on MDC funds since it appears to exempt utilities, chemicals, and materials used to produce a product from state and local sales and use tax. However, MDC is unable to provide the estimated amount and will rely on DOR for the fiscal impact of this legislation.

In response to a similar proposal (HB 131 LR, 0716-01) officials from the **Department of Natural Resources** assumed that proposal would authorize an exemption from state and local sales and use tax for the cost of utilities, chemicals, and materials used to produce a product. The Department's Parks and Soils Tax Fund is derived from a one-tenth of one percent sales and use tax pursuant to Section 47(a) of the Missouri Constitution. Therefore, any additional sales and use tax exemption would appear to be a loss to the Parks and Sales Tax Fund. The cost of utilities, chemicals, and materials used to produce a product is unknown; however, the department would not anticipate a significant fiscal impact from this proposal.

Officials from the **University of Missouri Economic Policy and Research Center** stated they were unable to estimate the potential impact of a similar proposal (HB 131 LR, 0716-01).

Oversight assumes there would be a significant but unknown negative fiscal impact from this proposal, and that the state General Revenue Fund, Conservation Commission Fund, Parks and Soils Fund, School District Trust Fund, and local governments would have a reduction in sales tax revenues if the proposal is enacted.

ASSUMPTION (continued)

Section 144.518 Sales Tax Exemption for Coin Operated Amusement Devices, Parts, and Rentals and Vending Machines

Officials from the **Department of Revenue** assumed a similar proposal (HB 921 LR 2151-01) would have no fiscal impact on their organization.

Oversight assumes this proposal would clarify an existing exemption and would have no significant fiscal impact on state or local government organizations.

Section 163-016 Multi-County School District Modifier Choice

This proposal would specifically allow the Monroe City School District to choose the higher county dollar value modifier under the school foundation formula.

In response to a similar proposal (HB 109, LR 0253-01) officials from the **Department of Elementary and Secondary Education** stated that the proposed language would cause an increase to the dollar value modifier variable used for the district from 1.000 to 1.023. That change would increase the state payment to the district by approximately \$33,707 in FY08, \$50,657 in FY09 and \$50,657 in FY10 for a total of \$135,021. These are estimates based on constant pupil counts and the state adequacy target.

Section 208.750 Family Development Account Program Modifications

This provision would change the administrative cost limits for Family Development Accounts.

Oversight assumes this provision would have no fiscal impact on state funds or on local governments.

This proposal would reduce Total State Revenue.

FISCAL IMPACT - State Government	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE FUND			
<u>Revenue</u> - Collection Fee from Perry County Local Option Sales Tax	Less than \$31,188	Less than \$32,248	Less than \$33,216
<u>Revenue reduction</u> - Income Tax			
Businesses Which Would No Longer Have Nexus in the State	(Unknown)	(Unknown)	(Unknown)
Exemption for New Corporate Manufacturers	\$0	(More than \$100,000)	(More than \$100,000)
<u>Revenue reduction</u> – Sales Tax			
Exemption for Rolling Stock and Vehicles	(Unknown)	(Unknown)	(Unknown)
Exemption for Utilities for Research and Development of Agriculture/Biotechnology and Plant Genomics	(Unknown)	(Unknown)	(Unknown)
Exemption for Utilities, Chemicals, Materials, and Machinery and Equipment Used in Manufacturing	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - DESE			
Dollar Value Modifier Change	(\$33,707)	(\$50,657)	(\$50,657)

FISCAL IMPACT - State Government	FY 2008 (10 Mo.)	FY 2009	FY 2010
<u>Cost - DOR</u>			
Personal Service (1.0 FTE)	(\$17,820)	(\$22,026)	(\$22,686)
Fringe Benefits	(\$7,851)	(\$9,704)	(\$9,996)
Expense and Equipment	(\$5,517)	(\$518)	(\$534)
Total	<u>(\$31,188)</u>	<u>(\$32,248)</u>	<u>(\$33,216)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(More than \$133,707)</u>	<u>(More than \$150,657)</u>	<u>(More than \$150,657)</u>
Estimated Net FTE Effect on General Revenue Fund	1.0	1.0	1.0
SENIOR SERVICES AND YOUTH PROGRAMS SALES TAX TRUST FUND			
<u>Income - DOR - Perry County Local Option Sales Tax</u>	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer Out - Perry County</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON SENIOR SERVICES and YOUTH PROGRAMS SALES TAX TRUST FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - State Government	FY 2008 (10 Mo.)	FY 2009	FY 2010
ROAD FUND			
<u>Revenue reduction</u> – Sales Tax			
Exemption for Rolling Stock and Vehicles	(Unknown)	(Unknown)	(Unknown)
<u>Revenue reduction</u> - Motor Fuel Tax			
Exemption for Mass Transit Systems	(\$825,000)	(\$1,238,000)	(\$1,238,000)
ESTIMATED NET EFFECT ON ROAD FUND	<u>(More than \$825,000)</u>	<u>(More than \$1,238,000)</u>	<u>(More than \$1,238,000)</u>
CONSERVATION COMMISSION FUND			
<u>Revenue reduction</u> – Sales Tax			
Exemption for Rolling Stock and Vehicles	(Unknown)	(Unknown)	(Unknown)
Exemption for Utilities for Research and Development of Agriculture/Biotechnology and Plant Genomics	(Unknown)	(Unknown)	(Unknown)
Exemption for Utilities, Chemicals, Materials, and Machinery and Equipment Used in Manufacturing	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT</u> - State Government	FY 2008 (10 Mo.)	FY 2009	FY 2010
PARKS AND SOIL TAX FUND			
<u>Revenue reduction</u> – Sales Tax			
Exemption for Rolling Stock and Vehicles	(Unknown)	(Unknown)	(Unknown)
Exemption for Utilities for Research and Development of Agriculture/Biotechnology and Plant Genomics	(Unknown)	(Unknown)	(Unknown)
Exemption for Utilities, Chemicals, Materials, and Machinery and Equipment Used in Manufacturing	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON PARKS AND SOIL TAX FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
SCHOOL DISTRICT TRUST FUND			
<u>Revenue reduction</u> – Sales Tax			
Exemption for Rolling Stock and Vehicles	(Unknown)	(Unknown)	(Unknown)
Exemption for Utilities for Research and Development of Agriculture/Biotechnology and Plant Genomics	(Unknown)	(Unknown)	(Unknown)
Exemption for Utilities, Chemicals, Materials, and Machinery and Equipment Used in Manufacturing	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Local Government	FY 2008 (10 Mo.)	FY 2009	FY 2010
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PERRY COUNTY SENIOR SERVICES TAX COMMISSION

<u>Revenue</u> - local option sales tax.	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
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ESTIMATED NET EFFECT ON PERRY COUNTY SENIOR SERVICES TAX COMMISSION

	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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CITIES AND COUNTIES

Revenue reduction – Sales Tax

Exemption for Rolling Stock and Vehicles	(Unknown)	(Unknown)	(Unknown)
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Exemption for Utilities for Research and Development of Agriculture/Biotechnology and Plant Genomics	(Unknown)	(Unknown)	(Unknown)
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Exemption for Utilities, Chemicals, Materials, and Machinery and Equipment Used in Manufacturing	(Unknown)	(Unknown)	(Unknown)
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<u>Revenue reduction</u> - Motor Fuel Tax Exemption for Mass Transit Systems	<u>(\$302,000)</u>	<u>(\$453,000)</u>	<u>(\$453,000)</u>
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ESTIMATED NET EFFECT TO CITIES AND COUNTIES	<u>(More than \$302,000)</u>	<u>(More than \$453,000)</u>	<u>(More than \$453,000)</u>
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FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact to small businesses which meet the specifications listed in the proposal.

FISCAL DESCRIPTION

This proposal would modify criteria used to determine whether a substantial nexus exists with the state for certain corporations and individuals. Other provisions would authorize a Perry County Senior Services and Youth Programs Sales Tax, require Reporting of Municipal Property Exchanges to the County Assessor, require Storage Facility Operator Reports to County Assessors, allow a Five Year Corporate Tax Income Exemption for New Manufacturers, create Sales Tax Exemptions for Railroad Rolling Stock and Vehicles Used in Interstate Commerce, for Utilities for Research and Development of Agricultural/Biotechnology and Plant Genomics, and for Manufacturing Inputs, allow one Multi-County School District a Modifier Choice, and change the Family Development Account Program.

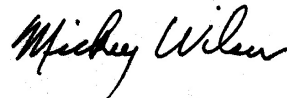
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Office of Administration
 Division of Budget and Planning
Department of Conservation
Department of Economic Development
 Division of Business and Community Services
 Public Service Commission
Department of elementary and Secondary Education
Department of Health and Senior Services
Department of Insurance, Financial Institutions, and Professional Registration
Department of Natural Resources
Department of Revenue
Department of Social Services
Department of Transportation
University of Missouri
 Economic Policy Analysis and Research Center
St. Louis County
City of Centralia
City of West Plains
Parkway School District
Office of the Cole County Assessor

NOT RESPONDING

Perry County



Mickey Wilson, CPA
Director
April 10, 2007