

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3242-01
Bill No.: SB 823
Subject: Taxation and Revenue - Sales and Use
Type: Original
Date: February 14, 2008

Bill Summary: Would create a state and local sales and use tax exemption for sales of weather radios.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
School District Trust	(Unknown)	(Unknown)	(Unknown)
Conservation Commission	(Unknown)	(Unknown)	(Unknown)
Parks, and Soil and Water	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	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 2009	FY 2010	FY 2011
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assume this proposal would exempt radios primarily designed to receive weather transmissions from sales and use tax. The proposal would not result in additional costs or savings to BAP. There would however be an unknown loss of sales tax revenue to the state as a result of the proposal.

Officials from the **Department of Elementary and Secondary Education** defer to the Office of Administration, Division of Budget and Planning or the Department of Revenue as to the fiscal impact of this proposal.

Officials from the **Department of Conservation** (MDC) assume this proposal would appear to have a negative fiscal impact on MDC funds since it would exempt certain radios from sales tax. Although the impact is likely to be minimal, MDC is unable to provide an estimated amount and will reply on DOR for the fiscal impact of this legislation.

Officials from the **Department of Natural Resources** (DNR) assume this proposal would exempt sales of radios, designed for the primary purpose of receiving transmissions of weather forecasts and warnings provided by the National Oceanic and Atmospheric Administration, from state and local sales and use tax. The Department's Parks and Soils Tax Fund is derived from a one-tenth of one percent sales and use tax. The exemption in this proposal by itself would not be expected to have a significant fiscal impact, but taken in the aggregate with sales and use tax exemptions in past and future legislative sessions would result in some loss to the Parks and Soils Tax Fund.

ASSUMPTION (continued)

Officials from the **Department of Revenue, East Central College, Linn State Technical College, the Metropolitan Community Colleges, St. Louis County, and the City of Kansas City** assume this proposal would have no fiscal impact on their organizations.

Officials from **Cass County** assume this proposal would cost their organization \$140 per year in lost sales tax revenue.

Officials from the **City of Centralia** assume this proposal would result in lost sales tax revenues for their organization of \$6 in 2009, and \$17 in 2010 and 2011.

Officials from the **City of Webb City** and the **City of West Plains** assume there would be minimal fiscal impact to their organizations as a result of this proposal.

Oversight has researched the available information on weather radio sales and found a wide range of prices for individual radios but no information as to unit sales. Oversight concludes that enactment of this proposal would result in an unknown loss of sales tax revenue to the state General Revenue Fund and to other state funds that receive sales tax revenues, and to local governments.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Revenue reduction - sales tax exemption</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
SCHOOL DISTRICT TRUST FUND			
<u>Revenue reduction - sales tax exemption</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
CONSERVATION COMMISSION FUND			
<u>Revenue reduction - sales tax exemption</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
PARKS, AND SOIL AND WATER FUNDS			
<u>Revenue reduction - sales tax exemption</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2009 (10 Mo.)	 FY 2010	 FY 2011
LOCAL GOVERNMENTS			
<u>Revenue reduction - sales tax exemption</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact to small businesses which sell weather radios.

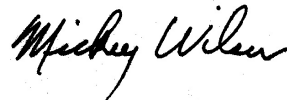
FISCAL DESCRIPTION

This proposal would create a state and local sales and use tax exemption for sales of weather radios.

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 Administration
 Division of Budget and Planning
Department of Elementary and Secondary Education
Department of Conservation
Department of Natural Resources
Department of Revenue
East Central College
Linn State Technical College
Metropolitan Community Colleges
Cass County
St. Louis County
City of Centralia
City of Kansas City
City of Webb City
City of West Plains



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