

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5303-05
Bill No.: HCS for SCS for SB 1209
Subject: Taxation and Revenue - Sales and Use, Transient Guest Tax, Public Safety, Tax Credits, Sales Tax Holiday:
Type: Original
Date: May 2, 2008

Bill Summary: Modifies provisions relating to political subdivisions. Section 144.067 has an emergency clause.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	Unknown to more than (\$2,606,317)	Unknown to more than (\$5,052,535)	Unknown to more than (\$5,060,712)
Total Estimated Net Effect on General Revenue Fund	Unknown to more than (\$2,606,317)	Unknown to more than (\$5,052,535)	Unknown to more than (\$5,060,712)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 27 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Blind Pension Trust	(Unknown)	(Unknown)	(Unknown)
Conservation Commission	(More than \$100,000 to Unknown)	(Unknown)	(Unknown)
Parks, and Soils and Water	(More than \$100,000 to Unknown)	(Unknown)	(Unknown)

School District Trust	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(More than \$100,000 to Unknown)	(More than \$100,000 to Unknown)	(More than \$100,000 to 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
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

- 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	\$161,836 to more than (\$100,000)	\$200,027 to more than (\$100,000)	\$206,029 to more than (\$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Sections 67.175, 94.900, and 94.902 - Public Safety Sales Tax - Cass County, City of Harrisonville, and City of Raytown:

In response to similar legislation of this session, (in fiscal notes nos. 5091-01, HB 2150, Cass County), (fiscal note 2173-02, HB 1867, City of Harrisonville), the following impact statements were made:

Officials of the **Department of Revenue - Sales Tax Division** assume no fiscal impact to the department.

Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their county to approve the imposition of a sales tax. Should voters approve the imposition of a sales tax the county could expect revenue to be generated from the sales tax, and there would be the costs of providing public safety programs.

ASSUMPTION (continued)

RWB:LR:OD (12/02)

Oversight assumes the Department of Revenue would collect the sales tax and retain a 1% collection fee which would be deposited into the State's General Revenue Fund.

Oversight assumes the annual public safety fund balance would be either a positive unknown or a zero.

Oversight has no way to determine if any county would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.

Sections 67.1360, 94.271, 94.1011 - Transient Guest Taxes:

These sections provide for a voter approved transient guest tax to be imposed on all types of sleeping rooms, which includes hotels, motels, camping parks, etc.. Section 67.1360 would allow the cities of Sugar Creek, to impose a voter approved transient guest tax for the promotion of tourism. Section 94.271 allows for the City of Grandview to impose a guest tax for the promotion of tourism, and for capital improvements. Section 94.1011 allows the City of Waynesville to impose a transient guest tax for the purpose of constructing and maintaining a multi-purpose convention and conference center.

In response to similar legislation of this session, fiscal notes nos. 5303-02, SB 1209, and 3173-02, HB 1867, the following fiscal impact statements were made:

Officials of the **Department of Economic Development - Tourism Division** assume no fiscal impact to their department.

Oversight sent the Cities of Sugar Creek, Waynesville, Charleston, and Grandview a response request, and none have responded.

Oversight assumes these sections are permissive. Fiscal impact would not be realized without action by the local governing body and with voter approval. **Oversight** assumes this proposal as written does not require that a transient guest tax be imposed, therefore, **Oversight** will show fiscal impact as \$0.

ASSUMPTION (continued)

Section 135.610 - Tax Credit for Volunteer Firefighters:

In response to identical legislation of this session, fiscal note 3530-02, HB 1367, the following fiscal impact statements were made:

Officials from the **Department of Public Safety - Fire Safety (DPS)** state this legislation will provide for a tax credit for volunteer fire fighters who meet specific training requirements. This legislation provides for a tax credit of \$180 annually for volunteers who complete 12 hours of training approved by the Division of Fire Safety. Additionally, the legislation provides a \$360 tax credit for volunteer fire fighters who completes the Basic Fire Fighter course, or Fire Fighter 1 or 2 certification, or a minimum of 36 hours of fire fighting annually. According to the legislation, the Division of Fire Safety would be responsible for developing procedures for this process, administering the training programs and verifying the fire fighter is in good standing with a registered fire department, and verifying the training hours for individuals applying for the credit.

The Division of Fire Safety has administered and maintained a training and certification program for fire fighters for nearly 20 years. Due to the number of fire fighters and emergency responders who have been previously trained and certified, adding this requirement would increase the workload of the program. Therefore, the Division would request an Office Support Assistant to process and evaluate the applications for tax credit eligibility, along with supporting expense funding to administer these additional duties.

The Division estimates there are 625 volunteer fire departments with 12,652 fire fighters. Additionally, there are 80 part volunteer/part paid departments with another 3,211 fire fighters in the State of Missouri.

The division currently offers 15 levels of certification and numerous training programs and has issued over 50,000 certifications since the program's implementation in 1986. This number will only continue to grow as there are approximately 4,000 individuals certified annually.

Officials from the **Department of Revenue (DOR)** state due to the Statewide Information Technology Consolidation, DOR's response to a proposal will now also reflect the cost estimates prepared by OA-IT for impact to the various systems. As a result, the impact shown may not be the same as previous fiscal notes submitted. In addition, if the legislation is Truly Agreed To and Finally Passed the OA-IT costs shown will be requested through appropriations by OA-IT.

ASSUMPTION (continued)

Office of Administration Information Technology (ITSD DOR) estimates the IT portion of this request can be accomplished within 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 for modifications to MINITS. The estimated cost is \$4,186.

DOR assumes the need for one additional Tax Processing Technician I for every 6,000 credits claimed. DOR assumes a total of one additional FTE will be needed, with an estimated cost of roughly \$40,000 per year.

Officials from the **Office of Administration - Budget and Planning** state this proposal creates a \$180 income tax credit for volunteer firefighters that meet certain training requirements, or \$360 if additional training requirements are met. The Department of Public Safety has previously estimated there are approximately 13,000 volunteer firefighters that might qualify for the \$180 credit, which could reduce Total and General State Revenues by up to \$2.34 million. If all these volunteers qualify for the \$360 credit, general and total state revenues could be reduced an additional \$2.34 million.

Oversight assumes this proposal is a little different from previous years' versions, and the credit allowed in the first year will be \$180. For subsequent years, the maximum credit allowed will be \$360. Oversight will range the fiscal impact of the tax credit from \$0 (no firefighters taking advantage of the credit) to a loss in general revenues of \$2.34 million (estimated 13,000 volunteer firefighters x \$180 maximum tax credit) in the first year and \$4.68 million (same 13,000 firefighters x \$360 credit) in subsequent years.

The fiscal impact could be substantially less if fewer firefighters apply for the credit and if those that do apply for the credit only qualify for the \$180 credit instead of the \$360 credit. The credit is for tax years beginning on or after January 1, 2008, therefore, Oversight will show a potential loss from the proposal in FY 2009.

Oversight compared the total tax credit issuances relative to the total tax credit redemptions for the previous three years in order to determine a relationship between the two. Oversight discovered that the annual redemptions ranged from 79 percent to 86 percent of the annual issuances.

ASSUMPTION (continued)

Depending on the program, the redeemed credits may have been issued several years prior and carried forward to the years studied; however, Oversight will utilize an estimated redemption total of 83 percent of tax credits issued. Therefore, under this proposal, if \$4,680,000 of credits are issued, Oversight would assume \$3,884,400 (83%) of credits to be redeemed, reducing Total State Revenues.

This section will decrease Total State Revenues.

Section 135.090 - Tax Credit for Surviving Spouse of Public Safety Officer:

In response to identical legislation, fiscal note 4348-01 the following fiscal impact statements were made:

Officials from the **Department of Revenue** and the **Department of Public Safety - Director's Office, Highway Patrol, Water Patrol, Capitol Police, Fire Safety and Alcohol and Tobacco Control** each assume the proposal would not fiscally impact their respective agencies.

Oversight assumes this proposal simply makes a clarification to the statutes regarding the program and **will not have a direct fiscal impact upon the state.**

Section 142.869 - Motor Vehicles Licensed as Historic and Powered by Alternative Fuels:

In response to identical legislation of this session, fiscal note 4075-01, HB 1628, the following fiscal impact statements were made:

Officials from the **Department of Transportation (MoDOT)** deferred to the Department of Revenue for any cost estimates of this proposed legislation. There is no direct fiscal impact to MoDOT.

According to officials from the **Department of Revenue (DOR)**, this proposal will have minimal impact on their agency. DOR would need to notify all owners of historic motor vehicles that are registered as such and that operate on alternative fuels, that, due to this proposal, they would no longer be subject to the alternative fuel decal requirement. **The cost would be absorbed.**

ASSUMPTION (continued)

Section 144.030 - Exemption of sales tax on over-the-counter drugs that are prescribed by a practitioner:

In response to a similar proposal, fiscal note LE 4182-02, HCS for HB 1589, the following fiscal impact statements were made:

Officials of the **Department of Social Services (DOS)** stated that the language limits the sales tax exemption for over-the-counter drugs to those prescribed by a practitioner. DOS officials noted that all medications purchased through the Medicaid program were billed to the department and sales tax was not billed or paid.

Oversight assumes that restricting the sales tax exemption for over-the-counter and non prescription drugs to those prescribed by a practitioner would have no fiscal impact on state funds. **Oversight** assumes there may some instances where over-the-counter drugs might be prescribed by a practitioner but any fiscal impact would be minimal. For purposes of this fiscal note **Oversight** assumes no fiscal impact from the provisions of section 144.030.

Section 144.052 - Show-Me Green Tax Holiday:

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume this proposal would not result in additional costs or savings to their organization.

The proposal would exempt purchases of "Energy Star" certified appliances from sales tax for the seven day period in November, starting in 2009.

Based on Personal Consumption data as provided by the United States Bureau of Economic Analysis, sales of qualifying appliances would be approximately 0.04% of annual retail sales. Gross GR sales tax collections in FY07 were \$1,977.7 million. Therefore, general and total state revenues could be reduced in the following ways, beginning in FY09:

General Revenue	\$791,000
Prop C	\$264,000
Conservation	\$33,000
DNR	\$26,000
Total	<u>\$1,114,000</u>

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education** defer to the Department of Revenue as to the fiscal impact of the proposal.

Officials from the **Department of Conservation** (MDC) assume this proposal would create a sales tax holiday for retail sales of certain energy efficient products. This proposal would have a negative impact on MDC funds since it would create a seven-day sales tax holiday in November for certain energy efficient products. However, MDC is unable to provide an estimated impact and will rely on DOR for the fiscal impact of this legislation.

Officials from the **Department of Natural Resources** (DNR) assume the proposal would establish the "Show-Me Green Tax Holiday Act" which would authorize a state sales and use tax exemption on the purchase of energy efficient products costing \$1,500 or less and purchased for personal use during a seven-day period each November, beginning January 1, 2008.

The DNR Parks and Soils Tax Fund is derived from a one-tenth of one percent sales and use tax. Therefore, any additional sales and use tax exemption would be a loss to the Parks and Sales Tax Fund.

Officials from the **Department of Revenue** (DOR) assume this proposal would not have a fiscal impact on their organization.

DOR officials provided an estimate of the IT cost to implement the proposal.

The **Office of Administration, Information Technology Services Division (ITSD/DOR)** estimates

that this legislation could be implemented utilizing two FTE existing CIT III for two months at a total cost of \$16,744. ITSD/DOR assumes the IT portion of this proposal could be implemented with existing resources; however, if priorities shift, additional FTE/overtime would be needed.

Oversight has estimated part of the fiscal impact of the proposal as follows. According to information provided by the State Tax Commission, there are an average of 25,500 new homes constructed each year in Missouri. Assuming that each new home would have \$5,000 in new energy-efficient appliances there would be \$127.5 million in taxable sales for an estimated \$7.7 million in sales tax revenues.

ASSUMPTION (continued)

Weekly sales would be \$2.5 million. The sales tax would be distributed among taxing authorities as follows.

State of Missouri

General Revenue Fund (\$2.5 million x 3%)	\$73,600
School District Trust Fund (\$2.5 million x 1%)	\$24,500
Conservation Commission Fund (\$2.5 million x 1/8%)	\$3,100
Parks, and Soils and Water Fund (\$2.5 million x 1/10%)	\$2,500

Local governments

Local Governments (\$2.5 million x 2%)	\$49,000
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Oversight assumes that sales to other consumers would be several times sales to new home buyers, and that a sales tax holiday would tend to concentrate sales in the tax-free period. Accordingly, **Oversight** will assume that this proposal would have an unknown fiscal impact, and that impact would exceed \$100,000 for the General Revenue Fund, the School District Trust Fund, and local government.

Section 144.067 - Federal Economic Stimulus Sales Tax Holiday:

In response to identical legislation of this session, in fiscal note 5100-02, HCS for HB 2250, the following fiscal impact statements were made:

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assumed a previous version of this proposal would not result in additional costs or savings to their organization.

This proposal would also create a sales tax holiday for all products with a selling price less than \$600 for a three day period in June. The June sales tax holiday has no local opt-out option. BAP notes that 3 days out of 365 is about 0.82% of a calendar year, therefore, most state and local sales taxes would be reduced by this much.

ASSUMPTION (continued)

Although the holiday occurs during the last week of FY08, the timing of sales tax payments to the state forces the loss into FY09. Based on FY 2007 receipts, FY 2009 revenue losses would be as in the table below.

General Revenue	\$16,255,000
Prop C	\$6,347,000
Conservation	\$849,000
DNR	<u>\$680,000</u>
Total	<u>\$24,131,000</u>

Motor vehicle sales taxes would see minimal impact, assuming most motor vehicle sellers fall into the exceptional category where less than 2 percent of their sales otherwise qualifies for the holiday.

Oversight assumes that motor vehicle sales would not be subject to the sales tax holiday due to the \$1,500 selling price limit.

Officials from the **Department of Elementary and Secondary Education** deferred to the Department of Revenue as to the fiscal impact of the proposal.

Officials from the **Department of Conservation** (MDC) assume this proposal would create a sales tax holiday for retail sales of certain energy efficient products and for spending the federal economic stimulus rebate. MDC officials assume this proposal would have a negative impact on MDC funds. However, MDC is unable to provide an estimated impact and will rely on DOR for the fiscal impact of this legislation.

Officials from the **Department of Natural Resources** (DNR) assume the proposal would establish a state and local sales and use tax exemption on the purchase of any product costing \$600 or less during a three-day period beginning on June 27, 2008. Retailers with less than 2% of their sales for qualifying merchandise during the holiday may offer a sales tax refund in lieu of the sales tax holiday.

The DNR Parks and Soils Tax Fund is derived from a one-tenth of one percent sales and use tax. Therefore, any additional sales and use tax exemption would be a loss to the Parks and Sales Tax Fund.

ASSUMPTION (continued)

Officials from the **Department of Revenue** (DOR) assume this proposal would create sales tax holiday program.

Retail sales of any product having a selling price of \$600 or less per product would be exempted from state and local sales tax during a three day period beginning at 12:01 a.m. on June 27, 2008, and ending at midnight on June 29, 2008. The sales tax holiday would not apply to any retailer when less than two percent of the retailer's merchandise offered for sale would qualify for the sales tax holiday. In that case, the retailer would be required to offer a sales tax refund in lieu of the sales tax holiday.

DOR assumes that Sales Tax would require a mass mailing to 150,000 retail businesses at a cost of $(150,000 @ \$0.025 + 150,000 @ \$0.41) = \$65,250$.

DOR officials also provided an estimate of the IT cost to implement the proposal.

The Office of Administration, Information Technology Services Division (ITSD/DOR) estimates that this legislation could be implemented utilizing two FTE existing CIT III for two months at a total cost of \$16,744. ITSD/DOR assumes the IT portion of this proposal could be implemented with existing resources; however, if priorities shift, additional FTE/overtime would be needed.

Oversight has estimated the fiscal impact of section 144.067 as follows.

According to the federal Internal Revenue Service, Missouri residents filed 2.6 million tax returns for 2005, of which 1.5 million were single filers and 1.1 million were joint filers. There were a total of 5.2 million exemptions claimed on these returns.

The federal program would provide rebates of \$600 for single filers and \$1,200 for joint filers, \$300 for dependents, and \$300 for Social Security recipients and disabled veterans if they earned at least \$3,000 in benefits in 2007. Oversight assumes that all of the rebates would be received by Missouri filers in the second half of 2008 and all of the fiscal impact would be in FY 2009.

Total exemptions	5,200,000	
Joint filers (1,100,000 filers x 2 exemptions)		-2,200,000
Single filers (1,500,000 x 1 exemption)		<u>-1,500,000</u>
Estimated remaining exemptions		<u>1,500,000</u>

ASSUMPTION (continued)

Oversight has examined available statistical reports and estimated the number of filers whose incomes would likely make them ineligible for the federal rebate program.

Single filer rebates - (1,500,000 x \$600)	\$900,000,000
Less filers over income limit - (102,162 x \$600)	<u>\$61,297,200</u>
Net single filer rebates	<u>\$838,702,800</u>
Joint filer rebates - (1,100,000 x \$1,200)	\$1,320,000,000
Less filers over income limit (321,122 x 2 x \$1,200)	<u>\$385,346,400</u>
Net joint filer rebates	<u>\$934,653,600</u>

Oversight assumes that rebates for dependents and others would be reduced in the same proportion as filers with incomes over the maximum for the federal rebate program.

Single filer households over income limit	102,162
Joint filer households over income limit	<u>321,122</u>
Total over income limit	<u>423,284</u>
<hr/> Single filer household total	1,500,000
Joint filer household total	<u>1,100,000</u>
Total	<u>2,600,000</u>
Percent over income limit (423,284/2,600,000) =	<u>16.2%</u>
Estimated number of dependents in households over Income limit (1,500,000 x 16.2%) =	<u>243,000</u>
Rebates for dependents and others (1,500,000 x \$300)	\$450,000,000
Less dependents over income limit (243,000 x \$300)	<u>\$72,900,000</u>
Net dependent rebates	<u>\$377,100,000</u>

Estimated total rebates:

Single filer	\$838,702,800
Joint filer	\$934,653,600
Dependents and others	<u>\$377,100,000</u>

Total \$2,150,456,400

ASSUMPTION (continued)

If the estimated total rebates were to be spent on otherwise taxable items within the sales tax holiday period, the maximum potential sales tax reduction would be distributed as follows among the entities collecting sales taxes.

General Revenue Fund - (3% x \$2,150,456,400) =	\$64,513,692
School District Trust Fund - (1% x \$2,150,456,400) =	\$21,504,564
Conservation Commission Fund - (1/8% x \$2,150,456,400) =	\$2,688,071
Parks, and Soils and Water Fund - (1/10% x \$2,150,456,400) =	<u>\$2,150,456</u>
Total	<u>\$90,856,783</u>

Oversight notes that the revenue reduction could be larger than the calculated amount since additional rebates could be paid to Missouri residents who do not currently file an income tax return but will file in order to qualify for the rebate program. In addition, the sales tax holiday could attract sales from residents of other states. **Oversight** also notes that the reduction in potential sales tax revenue could be less than the amount calculated since a significant portion of the rebates may not be spent within the sales tax holiday period or may not be spent on otherwise taxable items. Accordingly, this calculation is only an estimate.

Oversight notes that this provision would not impact local governments and will indicate a revenue reduction in excess of \$100,000 for each of the state funds that receive sales taxes.

This section has an Emergency Clause.

Section 155.010 - Changes Definition of Aircraft for Tax Purposes:

In response to almost identical legislation of this session, fiscal note 4175-01, HB 2221, the following fiscal impact statements were made:

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assume this proposal would not result in additional costs or savings to their organization. BAP officials also assume the proposal would have no fiscal impact on total state revenue.

Officials from the **Department of Elementary and Secondary Education** deferred to the State Tax Commission for an estimate of the fiscal impact of the proposal.

ASSUMPTION (continued)

Officials from the **Department of Revenue, Linn State Technical College, the Metropolitan Community Colleges, the City of Centralia, and the City of West Plains** assume this proposal would have no fiscal impact on their organizations.

Officials from **Clinton County** assumed this proposal would increase revenues to their organization.

Officials from the **State Tax Commission (TAX)** stated that this proposal could increase the workload of the TAX Original Assessment Unit by moving the assessment of some aircraft from the local political subdivision to the state level. The amount of workload increase is unknown because TAX does not have any information available on how many owners of commercial aircraft would elect to have their airplanes state-assessed.

Currently aircraft whose maximum certified gross take-off weight is less than seven thousand pounds and is fully equipped for flight is locally assessed. The locally assessed valuation is based on 33 1/3% of the wholesale value of the aircraft. The proposal would allow the aircraft owner to elect to have his aircraft state-assessed which would allocate property taxes based on miles flown in the state of Missouri. If the aircraft flies 50% of their miles outside the state of Missouri, their property taxes could be reduced to one-half of what they currently pay.

TAX assumes there could be as many as 2,600 locally assessed airplanes; however, TAX does not have any information available to estimate the assessed value of these airplanes or how much local revenue may be lost.

Oversight assumes this proposal would cause an unknown loss of property tax revenues to local governments and to the Blind Pension Fund. Oversight assumes the State Tax Commission could absorb the additional workload with existing resources; if unanticipated costs are incurred or if multiple proposals are enacted which increase the State Tax Commission workload, resources could be requested through the budget process.

Section 190.450 - Provides for Wireless Fee for 911 Equipment, Training, and Related Services:

Officials of the **Department of Economic Development - Public Service Commission** assume

no fiscal impact to the Commission.

ASSUMPTION (continued)

Oversight assumes this section as written is permissive and would require local action with voter approval before any fiscal impact would be realized. This section allows only first class charter counties and first class non-charter counties to assess a fee on wireless phones for the purpose of funding 911 related public safety purposes.

Oversight has no way of knowing the number of wireless phones that are in use in these counties.

Oversight will make the following assumptions in figuring the fiscal impact of this section.

Oversight assumes there are 3 first class charter counties, and 14 first class non-charter counties. The total population of these counties, based on the 2000 census, is 3,411,002.

Oversight assumes that 50% , (3,411,002 X 50% = 1,705,501), of the people in these counties have a wireless phone that would be subject to paying a monthly fee that could not exceed seventy-five cents per number. **Oversight** assumes if the voters in all eligible first class counties were to approve the maximum fee allowed of \$.75 cents times 1,705,501 numbers, the total monthly amount of income generated by the maximum fee would be \$1,279,126. **Oversight** has no way of knowing the amount of fee that voters might approve in their county.

Oversight will show fiscal impact to first class counties Special 911 Fund as \$0, (if voters did not approve a special fee on wireless phones), to the maximum of income generated if all first class counties were to impose the maximum \$.75 cent fee per month or \$1,279,126.

Section - 321.227 - Certain Fire Protection Districts Sales Taxes:

Oversight sent response request to several fire protection districts in St. Louis County and none have responded.

Oversight assumes this proposal is enabling legislation and would have no fiscal impact without action of certain fire protection district boards and with voter approval of voters within those fire protection districts. Oversight assumes this proposal as written would have no fiscal impact.

Oversight assumes if a fire protection district board would request that an additional levy be approved by the voters, and the voters approved the request then an additional levy would be imposed. The revenues generated by the property tax levy increase would be used for the designated purpose, which would be to fund programs for fire district.

ASSUMPTION (continued)

Section 487.466 - Jackson County Drug Court Judge:

The proposal removes the requirement that the state be reimbursed by Jackson County for the salary and benefits of the drug court commissioner in the sixteenth judicial circuit.

In response to identical legislation of this session, fiscal note 4896-01, HB 1991, the following fiscal impact statements were made.

Officials from the **Office of State Courts Administrator (CTS)** assume, beginning August 28, 2008, the proposed legislation would remove the requirement that the state be reimbursed by Jackson County for salary and benefits of the drug court commissioner in the 16th judicial circuit. The compensation for a drug court commissioner is the same as for an associate circuit judge (\$106,181 per year plus fringe benefits). CTS assumes the total cost of the legislation to be approximately \$163,000 in FY 09 and approximately \$200,000 in subsequent years.

Oversight assumes the proposal does not address the current payment of equipment and expenses of the drug court commissioner. Therefore, the fiscal note does not reflect any cost or savings to equipment and expenses.

Oversight assumes the proposal would result in savings to Jackson County because they would no longer be required to reimburse the state for the salary and benefits of the drug court commissioner. Oversight assumes the savings to be approximately \$162,000 in FY 09 and approximately \$200,000 in subsequent years.

Officials from Jackson County did not respond to Oversight's request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			

Income - To Department of Revenue
 From 1% collection fee on sales taxes.
(Sections - 67.175, 94.900, 94.902, and 321.227)

\$0 to Unknown \$0 to Unknown \$0 to Unknown

FISCAL IMPACT - State Government
 (continued)

FY 2009 FY 2010 FY 2011
 (10 Mo.)

Costs - Department of Public Safety

Personal Service	(\$18,087)	(\$22,355)	(\$23,026)
Fringe Benefits	(\$7,998)	(\$9,885)	(\$10,182)
Expense and Equipment	(\$3,506)	(\$1,545)	(\$1,591)

Total Costs - DPS (Section 135.610) **(\$29,591)** **(\$33,785)** **(\$34,799)**

FTE - Change - DPS 1 FTE 1 FTE 1 FTE

Costs - Department of Revenue

Personal Service	(\$21,146)	(\$26,136)	(\$26,920)
Fringe Benefits	(\$9,351)	(\$11,557)	(\$11,904)
Expense and Equipment	(\$6,229)	(\$1,030)	(\$1,060)

Total Costs - DOR (Section 135.610) **(\$36,726)** **(\$38,723)** **(\$39,884)**

FTE - Change - DOR 1 FTE 1 FTE 1 FTE

Loss - Tax Credit for Volunteer
 Firefighter Training (Section 135.610)

\$0 to **\$0 to** **\$0 to**
(\$2,340,000) **(\$4,680,000)** **(\$4,680,000)**

Revenue Reduction - Federal Economic
 Stimulus Sales Tax Holiday
 (Section 144.067)

(More than **\$0** **\$0**
\$100,000)

Costs – Office of State Courts

Administrator (CTS)

Personal Service	(\$91,139)	(\$112,647)	(\$116,027)
Fringe Benefits	(\$70,697)	(\$87,380)	(\$90,002)

Total Costs – CTS (Section 487.466) **(\$161,836)** **(\$200,027)** **(\$206,029)**

<u>Revenue reduction</u> - Sales tax exemption (Section 144.052)	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>Unknown to more than (\$2,606,317)</u>	<u>Unknown to more than (\$5,052,535)</u>	<u>Unknown to more than (\$5,060,712)</u>
<u>FISCAL IMPACT - State Government (continued)</u>	<u>FY 2009 (10 Mo.)</u>	<u>FY 2010</u>	<u>FY 2011</u>
BLIND PENSION TRUST FUND - (Section 155.010)			
<u>Revenue Reduction</u> - Property taxes on aircraft. (Section 155.010)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO BLIND PENSION TRUST FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
CONSERVATION COMMISSION FUND			
<u>Revenue reduction</u> - Sales tax exemption (Section 144.052)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>Revenue Reduction</u> - Federal Economic Stimulus Sales Tax Holiday (Section 144.067)	<u>(More than \$100,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	<u>(More than \$100,000 to Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
PARKS, AND SOILS AND WATER FUNDS			
<u>Revenue reduction</u> - Sales tax exemption. (Section 144.052)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>Revenue reduction</u> - Federal Economic Stimulus Sales Tax Holiday (Section 144.067)	(More than \$100,000)	\$0	\$0
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ESTIMATED NET EFFECT TO PARKS AND SOILS AND WATER FUN	<u>(More than \$100,000 to Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>FISCAL IMPACT - State Government</u> (continued)	FY 2009 (10 Mo.)	FY 2010	FY 2011
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SCHOOL DISTRICT TRUST FUND

<u>Revenue reduction</u> - Sales tax exemption. (Section 144.052)	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
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<u>Revenue reduction</u> - Federal Economic Stimulus Sales Tax Holiday (Section 144.067)	(More than \$100,000)	\$0	\$0
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ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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LOCAL GOVERNMENTS

<u>Revenue reduction</u> - Sales tax exemption (Section 144.052)	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
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CITIES AND COUNTY - PUBLIC SAFETY SALES TAX FUND
(Sections - 67.175, 94.900, 94.902)

Income - To Certain Political Subdivisions.

From voter approved sales tax. \$0 or Unknown \$0 or Unknown \$0 or Unknown

Cost - To Certain Political Subdivision.
 From providing public safety related programs, equipment, activities. \$0 or (Unknown) \$0 or (Unknown) \$0 or (Unknown)

Estimated Net Effect to Certain Cities and County Public Safety Sales Tax Fund. \$0 \$0 \$0
FISCAL IMPACT - Local Government FY 2009 (10 Mo.) FY 2010 FY 2011

Revenue reduction - Federal Economic Stimulus Sales Tax Holiday (Section 144.067) (More than \$100,000) \$0 \$0

Revenue Reduction - Property Taxes on aircraft. (Section 155.010) (Unknown) (Unknown) (Unknown)

FIRST CLASS CHARTER AND NON-CHARTER COUNTIES - SPECIAL 911 FUND (Section 190.450)

Income - To Certain First Class Counties Special 911 Fund. \$0 to \$1,279,126 \$0 to \$1,279,126 \$0 to \$1,279,126

Costs - To Certain First Class Counties Special 911 Fund. \$0 to (\$1,279,126) \$0 to (\$1,279,126) \$0 to (\$1,279,126)

Estimated Net Effect to Certain First Class Counties Special 911 Fund. \$0 \$0 \$0

FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY, and ST. CHARLES COUNTY SPECIAL FUND (Section 321.227)

<u>Income</u> - To Certain Fire Protection District in St. Louis County. From voter approved sales tax.	Unknown	Unknown	Unknown
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<u>FISCAL IMPACT - Local Government</u> (continued)	FY 2009 (10 Mo.)	FY 2010	FY 2011
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<u>Loss of Income</u> - To Fire Protection District from property tax levy reduction.	(Unknown)	(Unknown)	(Unknown)
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<u>Costs</u> - To Certain Fire Protection District in St. Louis County. From funding emergency services.	(Unknown)	(Unknown)	(Unknown)
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<u>Estimated Net Effect</u> to Certain Fire Protection District in St. Louis County Special Fund. (Section 321.227)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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JACKSON COUNTY GENERAL REVENUE FUND (Section 487.466)

<u>Savings</u> - Jackson County			
Personal Service	\$91,139	\$112,647	\$116,027
Fringe Benefits	\$70,697	\$87,380	\$90,002
<u>Total Savings</u> - Jackson County	<u>\$161,836</u>	<u>\$200,027</u>	<u>\$206,029</u>

ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>\$161,836 to more than (\$100,000)</u>	<u>\$200,027 to more than (\$100,000)</u>	<u>\$206,029 to more than (\$100,000)</u>
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FISCAL IMPACT - Small Business

Sections 67.175, 94.900, and 94.902 - Sales Tax:

If voters were to approve the imposition of a city or county wide sales tax for public safety purposes, small businesses located within that city or county could expect to collect, administer, and pay the sales tax. Oversight assumes these sections are permissive.

FISCAL IMPACT - Small Business (continued)

Sections 67.1360, 94.271, and 94.1011 - Transient Guest Tax:

If the City of Sugar Creek, Grandview, or Waynesville were to seek and receive voter approval to impose a transient guest tax, small businesses in the sleeping rooms business as defined in this proposal could expect to collect and administer the tax. Oversight assumes these sections are permissive.

Section 190.450 - Wireless Fee:

If voters in any first class county were to approve a fee on every wireless number from any wireless device capable of accessing the 911 system, a small business located within that county would be expected to pay the monthly fee on any wireless system meeting this proposals description.

Section 321.240 - Certain Fire Protection Districts in St. Louis County:

If voters in certain fire protection districts in St. Louis County were to approve an additional 10 cents per one hundred dollars of assessed valuation for employee pensions, small businesses located within the fire protection district boundaries would be expected to pay the additional property tax.

Section 155.010 - Changes definition of aircraft for tax purposes:

This proposal could have a fiscal impact to a small business which own or operates light aircraft

FISCAL DESCRIPTION

Sections 21.810 and 32.400 - Increases the authority of the Joint Committee on Tax Policy to review, any increase in fees made by the Director of Revenue. The Director of Revenue would appear before the committee with explanation of the proposed increase in fees before an increase could be made.

Section 67.175 - Authorizes Cass County to impose a sales tax for public safety purposes upon voter approval.

FISCAL DESCRIPTION Continued)

Section 67.1360 - would allow the cities of Sugar Creek, to impose a voter approved transient guest tax for the promotion of tourism.

Section 94.271 - allows for the City of Grandview to impose a guest tax for the promotion of tourism, and for capital improvements.

Section 94.900 - Authorizes the City of Harrisonville to impose a sales tax for public safety purposes upon voter approval.

Section 94.902 - Authorizes City of Raytown to impose a sales tax for public safety purposes upon voter approval.

Section 94.1011 - allows the City of Waynesville to impose a transient guest tax for the purpose of constructing and maintaining a multi-purpose convention and conference center.

Section 135.610 - Provides that beginning January 1, 2008, this bill authorizes a \$180 income tax credit for volunteer firefighters who complete at least 12 hours of any firefighter training program approved by the Office of the State Fire Marshal within the Department of Public Safety. If the firefighter completes at least 36 additional hours of training after the initial 12 hours of training, the firefighter may claim a \$360 credit. The tax credit is not refundable but can be carried forward for four years.

The provisions of the bill would expire six years from the effective date.

Section 135.090 - Terminates eligibility for a surviving spouse of a public safety officer income

tax credit upon remarriage.

Section 144.030 - Provides for an exemption from sales tax on over-the-counter drugs when prescribed by a practitioner.

Section 144.052 - This proposal would create a sales tax holiday for retail sales of certain energy efficient products.

FISCAL DESCRIPTION (continued)

Section 144.067 - Establishes a state and local sales and use tax exemption on the purchase of any product costing \$600 or less during a three-day period beginning on June 27, 2008. Retailers with less than 2% of their sales for qualifying merchandise during the holiday may offer a sales tax refund in lieu of the sales tax holiday. **This section has an emergency clause.**

Section 190.450 - This section allows for a voter approved wireless fee in all first class counties for the purpose of funding police departments to purchase 911 equipment, training, and other 911 related services.

Section 155.010 - Changes the definition of "commercial aircraft" by lowering the maximum certified gross take-off weight from 7,000 to 3,000 pounds.

Section 321.227 - Allows fire protection districts in St. Louis County and St. Charles County that provide emergency ambulance service and that provides service to any property that uses programs or redistributes or abates property as provided in Chapters 99, 100, 135, or 353, RSMo., or in any other abatement program, to impose a sales tax with voter approval. The tax could be used only for providing services of the fire protection district. The district must reduce the property tax rate as defined in section 137.073, RSMo., by a percentage equal to the percentage of increase in revenues received under the sales tax.

Section 487.466 - Removes the requirement that the state be reimbursed by Jackson County for the salary and benefits of the drug court commissioner in the sixteenth judicial circuit.

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

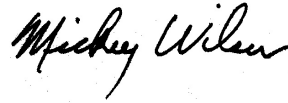
Office of the Secretary of State - Rulesmaking
Office of Administration
 Division of Budget and Planning
 Information Technology
Department of Public Safety - All Divisions
Department of Elementary and Secondary Education

SOURCES OF INFORMATION (continued)

Department of Conservation
Department of Natural Resources
Department of Revenue
Department of Economic Development - Tourism
 Public Service Commission

Office of State Courts Administrator
Department of Transportation
Department of Social Services

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A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, prominent "M" and "W".

Mickey Wilson, CPA
Director
May 2, 2008