

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1041-01
Bill No.: SB 380
Subject: Agriculture and Animals; Taxation and Revenue - Sales and Use
Type: Original
Date: March 4, 2009

Bill Summary: Would create a state and local sales tax exemption for sales of farm products made at farmers' markets.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$310,000)	(\$620,000)	(\$620,000)
Total Estimated Net Effect on General Revenue Fund	(\$310,000)	(\$620,000)	(\$620,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
School District Trust	(\$105,000)	(\$210,000)	(\$210,000)
Conservation Commission	(\$15,000)	(\$30,000)	(\$30,000)
Parks, and Soil and Water	(\$10,000)	(\$20,000)	(\$20,000)
Total Estimated Net Effect on Other State Funds	(\$130,000)	(\$260,000)	(\$260,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Local Government	(\$235,000)	(\$470,000)	(\$470,000)

FISCAL ANALYSIS

ASSUMPTION

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

BAP officials stated that this proposal would exempt from sales tax qualifying sales at farmers' markets. According to a study published for the state of Iowa in 2005, total sales at farmers' markets for the state were around \$20.8M.

BAP assumes a similar sales figure would apply in Missouri. An exemption on the qualifying sales as listed in the proposal would have minimal impact on general revenues, depending on whether the sales were "fresh" foods or "prepared" foods such as breads or pies. To the extent the taxes are being collected, the exemption could reduce other revenues up to the following amounts:

GR (3%) less than:	\$0.62M
Prop C (1%)	\$0.21M
Conservation (0.125%)	\$0.03M
DNR (0.1%)	\$0.02M
Local (2.25%)	\$0.47M

Officials from the **Office of the Secretary of State**, the **Department of Agriculture**, and the **Department of Revenue** assume this proposal would have no fiscal impact on their organizations.

Oversight will use the BAP estimate of revenue reduction and assumes this proposal would have no significant administrative impact on the state or on local governments. For fiscal note purposes, Oversight assumes this proposal would become effective in August 2009, reducing revenues from sales taxes on sales at farmers markets by approximately one-half the impact of a full year.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Revenue reduction - sales tax exemption</u>	<u>(\$310,000)</u>	<u>(\$620,000)</u>	<u>(\$620,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$310,000)</u>	<u>(\$620,000)</u>	<u>(\$620,000)</u>
SCHOOL DISTRICT TRUST FUND			
<u>Revenue reduction - sales tax exemption</u>	<u>(\$105,000)</u>	<u>(\$210,000)</u>	<u>(\$210,000)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	<u>(\$105,000)</u>	<u>(\$210,000)</u>	<u>(\$210,000)</u>
CONSERVATION COMMISSION FUND			
<u>Revenue reduction - sales tax exemption</u>	<u>(\$15,000)</u>	<u>(\$30,000)</u>	<u>(\$30,000)</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	<u>(\$15,000)</u>	<u>(\$30,000)</u>	<u>(\$30,000)</u>
PARKS, AND SOIL AND WATER FUNDS			
<u>Revenue reduction - sales tax exemption</u>	<u>(\$10,000)</u>	<u>(\$20,000)</u>	<u>(\$20,000)</u>
ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER FUNDS	<u>(\$10,000)</u>	<u>(\$20,000)</u>	<u>(\$20,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
LOCAL GOVERNMENTS			
<u>Revenue reduction - sales tax exemption</u>	<u>(\$235,000)</u>	<u>(\$470,000)</u>	<u>(\$470,000)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>(\$235,000)</u>	<u>(\$470,000)</u>	<u>(\$470,000)</u>

FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact to small businesses which sell farm products at farmers' markets.

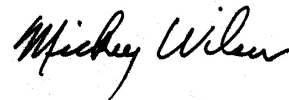
FISCAL DESCRIPTION

This proposal would provide a sales tax exemption for sales of farm products at farmers' markets.

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 Agriculture
Department of Revenue



Mickey Wilson, CPA
Director
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