

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5509-03  
Bill No.: Truly Agreed To and Finally Passed SCS for HB 1504  
Subject: Aircraft and Airports; Kansas City; Libraries and Archives; Parks and Recreation; St. Louis; St. Louis County; Taxation and Revenue - Sales and Use  
Type: Original  
Date: June 4, 2012

Bill Summary: This proposal allows Jackson County to create a parks, trails and green ways district, counties in the Metropolitan Park and Recreation district and library districts in Pemiscot County to submit additional sales taxes to the votes, and extends provisions regarding sales tax on aviation fuel.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0	(More than \$100,000)	(More than \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>(More than \$100,000)</b>	<b>(More than \$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Aviation Trust	\$0	More than \$100,000	More than \$100,000
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>More than \$100,000</b>	<b>More than \$100,000</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Local Government</b>	<b>\$0</b>	<b>(More than \$100,000) to Unknown</b>	<b>(More than \$100,000) to Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the State Treasurer** and **Department of Natural Resources** each assume the current proposal would not fiscally impact their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** state 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 the 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, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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.

Officials from the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **City of Columbia** assume the current proposal would not fiscally impact their agency.

In response to a nearly identical version of this legislation, officials from the **Department of Transportation** assumed the proposal would not fiscally impact their agency.

### Section 144.805

**Oversight** has obtained from the Department of Revenue's annual reports the amounts of sales tax on aviation jet fuel collected by the Department of Revenue and deposited into the Aviation Trust Fund for the past five years as authorized by Section 144.805, RSMo. The current provision authorized the state portion (3 percent) collected on the sale of aviation jet fuel to be deposited in the Aviation Trust Fund up to a maximum of \$6 million per calendar year, and the

ASSUMPTIONS (continued)

cap on the program was increased to \$10 million as of January 1, 2009.

FY 2007	\$5,229,256
FY 2008	\$7,413,601
FY 2009	\$4,777,063
FY 2010	\$4,018,391
FY 2011	\$4,669,303

**Oversight** assumes this proposed legislation would extend an existing provision by removing or changing the expiration date. Oversight also assumes that removing or changing the expiration date would extend any fiscal impact associated with the existing provision. Therefore, Oversight will include an estimated impact in this fiscal note.

The current provision was set to expire on December 31, 2013 (FY 2014) and the proposal would have a fiscal impact for six months of FY 2014 and all of FY 2015. For fiscal note purposes, Oversight will indicate unknown additional revenue greater than \$100,000 for the Aviation Trust Fund for FY 2014 and FY 2015. Oversight will include an offsetting revenue reduction to the General Revenue Fund.

The proposal would also extend the current local sales and use tax exemption for aviation jet fuel. Accordingly, Oversight will indicate a revenue reduction greater than \$100,000 for local governments for FY 2014 and FY 2015.

**Section 144.190**

The proposal would provide a process for purchasers to seek refunds from **Department of Revenue (DOR)** when the purchaser has overpaid sales tax. New refund claims would be allowed for those claims that have been denied to vendors since January 1, 2007. DOR has reported that \$96 million in refund claims, including General and Total State Revenues and local revenues, have been denied since that date. To the extent this proposal would increase refunds, General and Total State Revenues including those for education, and local revenues, may be reduced.

Officials from the DOR state that additional programming costs will be required for this section.

**Oversight** assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple

ASSUMPTIONS (continued)

bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

**IT Impact**

Implementing the proposal would require significant changes to the department's IT systems. DOR officials included an estimate of the IT cost to implement this proposal of \$220,904 based on 8,336 hours of programming for ITSD/DOR to make changes to various tax systems.

**Oversight** assumes ITSD/DOR is provided with core funding to handle a certain amount of activity each year. Oversight further assumes ITSD/DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, ITSD/DOR could request funding through the budget process.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>GENERAL REVENUE FUND</b>			
<u>Revenue reduction - sales taxes</u>	<u>\$0</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>(More than \$100,000)</u></b>	<b><u>(More than \$100,000)</u></b>
<b>AVIATION TRUST FUND</b>			
<u>Additional revenue - sales taxes</u>	<u>\$0</u>	<u>More than \$100,000</u>	<u>More than \$100,000</u>
<b>ESTIMATED NET EFFECT ON AVIATION TRUST FUND</b>	<b><u>\$0</u></b>	<b><u>More than \$100,000</u></b>	<b><u>More than \$100,000</u></b>

<u>FISCAL IMPACT - Local Government</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
	<u>(10 Mo.)</u>		
<b>LOCAL GOVERNMENTS</b>			
<u>Revenue reduction</u> - sales taxes	<u>\$0</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
<u>Revenue</u> - The proposal allows for a Theater, Cultural Arts, and Entertainment District in Buchanan County. A sales tax of up to one-half of one percent may be imposed.	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>\$0</u></b>	<b><u>(More than \$100,000) to Unknown</u></b>	<b><u>(More than \$100,000) to Unknown</u></b>

FISCAL IMPACT - Small Business

This proposal may impact small businesses that operate within a municipality that enacts a newly authorized tax.

FISCAL DESCRIPTION

The proposal will continue the exemption on aviation jet fuel which may reduce total state revenue. The proposal will also permit purchasers to appeal refund denials submitted to DOR by vendors. Allowing purchases to pursue claims that sellers chose not to pursue will likely increase refund claims in future years.

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

SOURCES OF INFORMATION

Department of Natural Resources  
Department of Revenue  
Office of the Secretary of State  
Office of the State Treasurer  
Department of Transportation  
Attorney General's Office  
City of Columbia

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
June 4, 2012