

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5185-02
Bill No.: HCS for SB 693
Subject: Motor Vehicles; Taxation and Revenue - Sales and Use
Type: #Updated
Date: April 30, 2014
Updated estimate from the Department of Revenue.

Bill Summary: This proposal would make a number of changes to tax laws.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
#General Revenue	(Up to \$15,053,691)	(Up to \$15,027,738)	(Up to \$15,027,738)
#Total Estimated Net Effect on General Revenue Fund	(Up to \$15,053,691)	(Up to \$15,027,738)	(Up to \$15,027,738)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 25 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Blind Pension	(Unknown)	(Unknown)	(Unknown)
School District Trust	(More than \$3,755,719)	(More than \$4,506,863)	(More than \$4,506,863)
Conservation Commission	(More than \$938,125)	(More than \$1,125,750)	(More than \$1,125,750)
Parks, and Soil and Water	(More than \$750,122)	(More than \$900,146)	(More than \$900,146)
State Road Bond	(\$11,244,359)	(\$13,493,230)	(\$13,493,230)
State Transportation	(\$299,930)	(\$359,916)	(\$359,916)
State Road	(\$10,944,429)	(\$13,133,315)	(\$13,133,315)
Total Estimated Net Effect on <u>Other</u> State Funds	(More than \$27,932,684)	(More than \$33,519,220)	(More than \$33,519,220)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	Unknown to (More than \$3,748,330)	Unknown to (More than \$4,497,997)	Unknown to (More than \$4,497,997)

FISCAL ANALYSIS

ASSUMPTION

Section 67.585, RSMo. - Clay County Recreation and Community Center

This provision would authorize a 0.5 percent sales tax in Clay county through the creation of a recreational and community center district to be used for new and existing community centers.

Officials from **Clay County** did not respond to our request for information on similar language in HB 2192 LR 6017-03.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume this proposal would allow the Liberty School District to request voter approval for a 0.5-cent sales tax to fund the construction of a new community center. BAP officials noted the Department of Revenue (DOR) does not provide taxable sales data by school district, but stated most recent DOR report shows taxable sales for the City of Liberty were \$412.8 million in 2013. BAP officials estimated a 0.5-cent tax on those sales would generate \$2.1 million annually, but stated it is likely the boundaries of the school district differ from those of the City, and noted Total State Revenues would increase to the extent DOR retains a 1% collection fee on the additional sales tax revenues.

Officials from the **University of Missouri - Economic and Policy Analysis Research Center (EPARC)** assumed similar language in HB 2192 LR 6017-03 would, if enacted, authorize a .5 percent sales tax in Clay County through the creation of a recreational and community center district to be used for new and existing community centers. This 0.5 percent sales tax could not be imposed unless it is approved by Clay County voters. Since the 0.5 percent sales could not be imposed until it is approved by the voters of Clay County, the initial enactment of this bill would have no impact. However, if Clay County voters approve the sales tax it is anticipated that it would generate the same amount of revenue as their current county sales tax which is also imposed at a rate of 0.5 percent.

EPARC officials stated their records indicate the Clay County sales tax, imposed at 0.5 percent, generated an average of \$14,525,039.78 in collections over the last three years. EPARC officials assumed the sales tax authorized in this bill would generate identical collections if approved by Clay County voters.

ASSUMPTION (continued)

If the voters in the Clay County School District approve this proposed sales tax, the State of Missouri would retain 1% of revenues as a collection fee. Therefore, if the sales tax is approved by Clay County voters, the estimated impact on state revenues would be an increase of \$145,250 from the 1% collection fee.

Officials from the **Department of Revenue (DOR)** assumed similar language in HB 2192 LR 6017-03 would require computer programming changes to the sales tax program, and provided an estimate of the IT cost of \$4,586 for 168 hours of programming to make changes to DOR systems.

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

DOR officials did not include an estimate of administrative cost to implement this proposal, and **Oversight** assumes any administrative cost would be minimal and could be absorbed with existing resources.

Officials from the **Office of the Secretary of State** assumed there would be no fiscal impact from similar language in HB 2192 LR 6017-03.

Oversight notes this proposal would allow a sales tax to be levied at no more than 0.5%, and assumes this proposal would limit the sales tax to the area included in the school district boundaries and not the full county. Therefore, Oversight is not able to determine what the actual tax rate would be if enacted by Clay County and approved by the voters in the school district or how much sales tax would be collected within the school district boundaries.

Therefore, **Oversight** will show the impact as \$0 (sales tax not implemented) or up to the estimate provided by BAP. If the sales tax is enacted, the Department of Revenue would receive a 1% collection fee. Oversight will show the impact to General Revenue of \$0 (sales tax not implemented) up to the estimate provided by BAP.

ASSUMPTION (continued)

Section 67.1367, RSMo. - Perry County Transient Guest Tax

This provision would authorize a transient guest tax in Perry County to fund the promotion of tourism.

Officials from the **Department of Economic Development - Division of Tourism**, the **Office of the Secretary of State**, the **Department of Revenue**, the **State Tax Commission**, and the **City of Perryville** assumed no fiscal impact to their respective agencies from similar language in HB 1909 LR 6122-01.

Officials from **Perry County** did not respond to our request for information.

Oversight assumes this proposal is permissive in nature and would have no local fiscal impact without action by the governing body of Perry County and voter approval. Oversight notes this proposal would allow a tax rate up to 6% but does not have any information as to the tax base, and will indicate an impact of \$0 (tax not implemented) to Unknown for Local Governments.

Section 99.845, RSMo - Tax Increment Financing

Changes to this provision would exclude county sales taxes for emergency services levied under Section 67.700, RSMo, from the allocation of tax revenues in a redevelopment project area.

Officials from the **Department of Economic Development - Division of Business and Community Services**, **St. Louis County**, the **City of Columbia**, the **City of Kansas City** and the **City of Jefferson** assumed there would be no fiscal impact to their organizations from similar language in HB 1504 LR 5461-01.

Officials from **Cole County** assumed no impact from similar language in HB 1504 LR 5461-01; however, county officials stated it is unclear whether this addition would apply to all counties or just that charter county with a population greater than 600,000 but less than 700,000. If it would apply to all counties, Cole County would have a small positive fiscal impact. For 2013, Cole County would have saved \$841 due to not paying Section 67.700 tax revenues. In the future, positive impact would likely improve because another TIF project is getting off the ground.

ASSUMPTION (continued)

Officials from the **Department of Revenue** and the **State Tax Commission** did not respond to our request for information on respond to our request for information similar language in HB 1504 LR 5461-01.

Not responding

Officials from the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to our request for information on similar language in HB 1504 LR 5461-01.

Officials from the following counties: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to our request for information on similar language in HB 1504 LR 5461-01.

Oversight assumes this provision relates to the allocation of tax revenues among local government organizations and would have no net fiscal impact.

Section 137.100, RSMo - Tax Exemption for Property Used for Charitable Purposes

Changes to this provision would provide a specific charitable property exemption from property taxation for homes for the aged operated by an organization that is exempt from taxation under the Internal Revenue Code.

Officials from the **Office of Administration - Division of Budget and Planning** assume this provision would exempt homes for the aged that are operated by tax exempt organizations from property taxes. This proposal would not directly impact general revenues; however, to the extent that property tax payment growth is slowed by this proposal, Blind Pension Fund revenue growth may be slowed.

ASSUMPTION (continued)

Officials from the **Office of the State Auditor**, the **Department of Revenue**, and the **State Tax Commission** assumed similar language in HB 2035 LR 6225-01 would have no fiscal impact to their organizations.

Officials from the **City of Kansas City** stated they were unable to estimate the potential revenue loss from this proposed property tax exemption.

Officials from the **Special School District of St. Louis County** assume this proposed property tax exemption would result in substantial revenue reductions to their organization.

Officials from the **Office of the St. Louis County Assessor**, the **Office of the City of St. Louis Assessor**, and the **Office of the Jackson County Assessor** did not respond to our request for information on similar language in HB 2035 LR 6225-01.

Officials from the **State Tax Commission (TAX)** provided the following information.

The current property tax exemption is based on the operation of the individual property - a facility operated as a charity would qualify for a property tax exemption but a facility which is operated as a for-profit organization would not qualify. TAX officials stated they provide an exemption analysis form for local assessors to use in determining whether a nursing home would qualify for the current property tax exemption.

This proposed language would provide a property tax exemption if the ownership entity meets an IRS income tax exemption standard.

Oversight assumes this provision would likely result in a property tax exemption for significantly more facilities than is currently the case, and will indicate an unknown revenue reduction for local governments and the Blind Pension Fund. Oversight notes this provision could affect taxes currently paid under protest or otherwise in dispute and will indicate a fiscal impact for FY 2015, FY 2016, and FY 2017.

ASSUMPTION (continued)

Section 143.451, RSMo. - Corporate Income Tax on Interstate Transactions:

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume this proposal would change the methodology for determining the portion of a corporation's income which is taxable in Missouri and assumes the change could have an unknown impact on Total State Revenue. BAP officials deferred to the Department of Revenue for an estimate of the impact.

#Officials from the **Department of Revenue (DOR)** stated this language would provide, for purposes of income allocation, that transactions involving sales other than the sale of tangible personal property would be considered in this state if the taxpayer's market is in this state.

#DOR officials prepared an estimate of the impact for these provisions which suggests the total loss of state revenue from this provision could be as much as \$10 to \$15 million annually.

#DOR officials stated their calculation used 2011 information because that is the most recent year the Department has complete corporate information. DOR officials stated their understanding of the language in these provisions was to eliminate the current "partially within/partially without" category from the one-factor and three-factor allocation procedures and make sales either "in" or "out" of Missouri for corporate income tax reporting purposes. DOR officials also stated they assumed the new provisions would primarily apply to services.

#DOR officials stated they calculated their estimate of impact by eliminating the reported "partially" sales for corporations with a cost of sales percentage under 50% for companies based in Missouri assuming those sales were services and would be reported as "outside" Missouri under the proposed language.

#**Oversight** notes this provision includes definitions to use in allocating the taxable income from multi-state transactions to determine the taxable amount for Missouri. Oversight does not have information regarding the number or amount of transactions which might be subject to those definitions. For fiscal note purposes, Oversight will indicate a reduction in income tax revenues up to the Department of Revenue estimate of \$15 million.

ASSUMPTION (continued)

Section 144.030, RSMo - Sales Tax Exemption for Utilities Used in Laundry and Dry Cleaning Businesses

Changes to this provision would provide a sales tax exemption for materials, supplies, and utilities used in dry cleaning and laundry businesses.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume this proposal would provide a sales tax exemption for all materials, manufactured goods, machinery and parts, energy, chemicals, and other cleaning agents used to treat and clean textiles. BAP officials assume this provision would reduce Total State Revenues, including those for schools and deferred to the Department of Revenue for an estimate of the impact.

Officials from the **City of Kansas City** assumed their organization would lose an undetermined amount of sales tax revenue from this proposed exemption.

The Department of Revenue response did not include an estimate of the fiscal impact for this proposal and **Oversight** has no information regarding the potential fiscal impact of this proposal. For fiscal note purposes, Oversight will assume this provision would cause an unknown reduction in sales tax revenues for the General Revenue Fund, other state funds which receive sales tax revenues, and for local governments.

Section 144.030, RSMo. - Sales Tax Exemption on Motor Vehicles Over Ten Years Old and Valued at Less than \$15,000

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

This proposal would exempt motor vehicles older than ten years from sales tax due on titling. BAP officials assume this would reduce Total State Revenues, including those for schools, and assumes the Department of Revenue may have more detailed information.

BAP officials also assume this proposal would impact the revenue limit calculation under Article X, Section 18(e).

ASSUMPTION (continued)

Officials from the **Department of Revenue (DOR)** assume this proposal would exempt from sales tax vehicles or ATV's that are ten years old or older.

Administrative impact

DOR officials assume the Department would create a new state and local tax exemption code for vehicles with a model year ten years old or older from the year of titling. For example, if titling in 2014, vehicles with a model year of 2004 and prior would be exempt. This exemption code would be included on the printed title to indicate no sales tax due. The purchase date and purchase price would still need to be collected to assess any applicable title penalties and to meet record keeping requirements.

DOR officials included an estimate of \$2,136 for employee overtime in reviewing and implementing procedures for this proposal. DOR officials also noted this proposal could potentially result in an increase in the number of motor vehicles sold that are ten years old or older, resulting in an unknown increase in the number of title applications processed by the Department. DOR officials assumed this could result in additional FTE being requested.

Oversight assumes this proposal could be implemented with existing DOR resources. If unanticipated costs are incurred or if multiple proposals are implemented which increase the DOR workload, resources could be requested through the budget process.

IT impact

DOR officials provided an estimate of the IT cost to implement this proposal of \$30,576 based on 1,120 hours of programming to make changes to DOR systems.

Oversight will include the DOR cost estimate in this fiscal note.

ASSUMPTION (continued)

Fiscal impact

DOR officials provided the following estimate of revenue losses for this proposal.

Projected Loss in Sales Tax
 (Motor Vehicles)

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
<u>State Funds</u>			
Conservation Fund	\$937,162	\$1,124,594	\$1,124,594
Soil & Water Fund	\$374,675	\$449,610	\$449,610
State Park Fund	\$374,675	\$449,610	\$449,610
State Road Bond Fund	\$11,244,359	\$13,493,230	\$13,493,230
State Transportation Fund	\$299,930	\$359,916	\$359,916
State Road Fund	\$10,944,429	\$13,133,315	\$13,133,315
School District Trust Fund	\$3,748,014	\$4,497,617	\$4,497,617

Local Governments

Cities	\$2,249,998	\$2,698,798	\$2,698,798
Counties	\$1,499,332	\$1,799,199	\$1,799,199

Projected Loss in Sales Tax
 (All-Terrain Vehicles)

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Conservation Fund	\$963	\$1,156	\$1,156
Soil & Water Fund	\$386	\$463	\$463
State Park Fund	\$386	\$463	\$463
General Revenue	\$23,115	\$27,738	\$27,738
School District Trust Fund	\$7,705	\$9,246	\$9,246

DOR officials noted in 2013 there was \$19,666,991 in local sales tax collected on motor vehicles that were ten years old or older and sold for \$15,000 or less, and assume this proposal would result in a loss of that revenue to local taxing jurisdictions.

Oversight will use the DOR estimates of revenue losses for this proposal; however, Oversight is unable to verify this information due to the Department of Revenue's interpretation of confidentiality laws regarding their department.

ASSUMPTION (continued)

DOR officials also stated that delinquent fees currently total \$1,913,419 in uncollected local sales tax that the Department would otherwise attempt to assess and collect from the applicant, and DOR officials assume if this proposal were to pass the uncollected taxes would be waived, resulting in a potential loss to local taxing jurisdictions.

Oversight assumes a waiver of uncollected revenues would not be considered a loss to the state or local governments for fiscal note purposes since those revenues are not available for budget support or expenditure.

Officials from the **Department of Transportation** deferred to the Department of Revenue for an estimate of the revenue reduction that would result if this proposal was implemented.

Officials from **Cole County** assumed a previous version of this proposal would have an unknown negative impact on their organization.

Officials from **Pettis County** assume that exempting vehicles over ten years old from sales tax on titling would result in revenue reductions of \$24,000 for FY 2015 and \$48,000 for FY 2016 and for FY 2017.

Officials from the **City of Columbia** assume this proposal would have a significant but unknown negative impact on sales tax revenues for their organization.

Officials from the **City of Kansas City** assume their organization would lose substantial amounts of sales and use tax revenue from the proposed sales tax exemption.

Officials from the **Francis Howell School District** and the **St. Louis County Directors of Elections** assumed a previous version of this proposal would have no fiscal impact on their organizations.

ASSUMPTION (continued)

Section 144.1030, RSMo. - Sales Tax Exemption for Certain Fees at a Multi-Use Arena

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** noted this provision would provide that the amount paid for right of first refusal for tickets at the Kansas City Sprint Center would be exempt from sales taxes. BAP officials assume this would reduce Total State Revenues, including those for schools, and deferred to the Department of Revenue for an estimate of the impact.

Officials from the **Department of Revenue (DOR)** noted in 2012, sales from commercial sports reported sales of \$287,624,234.49, and stated sales for the first opportunity to purchase or decline tickets are reported within these sales. DOR officials stated they could not determine how much of the sales reported are from such sales. Exempting these sales could result in a loss of revenue by less than \$12.2 million annually.

Officials from the **City of Kansas City** assume their organization would lose substantial amounts of revenue from the proposed sales tax exemption.

Oversight assumes there would be a reduction in revenues for the General Revenue Fund and the other state funds which receive sales taxes, and for local governments if this provision was implemented; however, Oversight has no information as to the number or amount of such transactions and will indicate an unknown revenue reduction for those funds and entities from this proposed sales tax exemption.

ASSUMPTION (continued)

Bill as a whole responses

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 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 Secretary of State's Office 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 **Joint Committee on Administrative Rules** assume this proposal would have no fiscal impact their organization.

Officials from the **Department of Natural Resources** provided a response that indicated no direct fiscal impact to their organization for this proposal, and deferred to the Department of Revenue for an estimate of the fiscal impact to sales tax funds for their departmental operations.

Not responding

Officials from the following counties: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Phelps, Platte, Pulaski, Scott, St. Charles, St. Louis, St. Francois, Taney, Warren, Wayne and Worth did not respond to our request for information.

ASSUMPTION (continued)

Officials from the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kansas City, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to our request for information.

Officials from the following school districts: Blue Springs, Branson, Charleston R-I, Cole R-I, Columbia, Fair Grove, Fulton, Harrison R-IX, Independence, Jefferson City, Johnson County R-7, Kansas City, Kirksville, Kirbyville R-V, Lee's Summit, Malden R-I, Malta Bend, Mexico, Monroe City R-I, Nixa, Parkway, Pattonville, Raymore-Peculiar R-III, Raytown, Riverview Gardens, Sedalia, Sikeston, Silex, Special School District of St. Louis County, Spickard, St Joseph, St Louis, St. Charles, Sullivan, Warren County R-III, and Waynesville did not respond to our request for information.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Additional Revenue</u> - 1% collection fee Section 67.585	\$0 or Up to \$21,000	\$0 or Up to \$21,000	\$0 or Up to \$21,000
<u>#Revenue reduction</u> - allocation of interstate sales income Section 143.451	(Up to \$15,000,000)	(Up to \$15,000,000)	(Up to \$15,000,000)
<u>Revenue reduction</u> - sales tax exemption for laundry and dry cleaners Section 144.030	(Unknown)	(Unknown)	(Unknown)
<u>Revenue reduction</u> - sales tax exemption for right of first refusal fees Section 144.1030	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - DOR Computer programming Section 144.030	(\$30,576)	\$0	\$0
<u>Revenue reduction</u> - sales tax exemption on ATV's Section 144.030	(\$23,115)	(\$27,738)	(\$27,738)
#ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(Up to <u>\$15,053,691</u>)	(Up to <u>\$15,027,738</u>)	(Up to <u>\$15,027,738</u>)
BLIND PENSION FUND			
<u>Revenue reduction</u> - property tax exemptions Section 137.100	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON BLIND PENSION FUND	(Unknown)	(Unknown)	(Unknown)

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2015 (10 Mo.)	FY 2016	FY 2017
SCHOOL DISTRICT TRUST FUND			
<u>Revenue reduction</u> - sales tax exemption for laundry and dry cleaners Section 144.030	(Unknown)	(Unknown)	(Unknown)
<u>Revenue reduction</u> - sales tax exemption for right of first refusal fees Section 144.1030	(Unknown)	(Unknown)	(Unknown)
<u>Revenue reduction</u> - DOR Sales tax on vehicles Section 144.030	(\$3,748,014)	(\$4,497,617)	(\$4,497,617)
<u>Revenue reduction</u> - DOR Sales tax on ATV's Section 144.030	<u>(\$7,705)</u>	<u>(\$9,246)</u>	<u>(\$9,246)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	<u>(More than \$3,755,719)</u>	<u>(More than \$4,506,863)</u>	<u>(More than \$4,506,863)</u>

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2015 (10 Mo.)	FY 2016	FY 2017
CONSERVATION COMMISSION FUND			
<u>Revenue reduction</u> - sales tax exemption for laundry and dry cleaners Section 144.030	(Unknown)	(Unknown)	(Unknown)
<u>Revenue reduction</u> - sales tax exemption for right of first refusal fees Section 144.1030	(Unknown)	(Unknown)	(Unknown)
<u>Revenue reduction</u> - DOR Sales tax on vehicles Section 144.030	(\$937,162)	(\$1,124,594)	(\$1,124,594)
<u>Revenue reduction</u> - DOR Sales tax on ATV's Section 144.030	<u>(\$963)</u>	<u>(\$1,156)</u>	<u>(\$1,156)</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	(<u>More than \$938,125</u>)	(<u>More than \$1,125,750</u>)	(<u>More than \$1,125,750</u>)

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2015 (10 Mo.)	FY 2016	FY 2017
PARKS, AND SOIL AND WATER FUND			
<u>Revenue reduction</u> - sales tax exemption for laundry and dry cleaners Section 144.030	(Unknown)	(Unknown)	(Unknown)
<u>Revenue reduction</u> - sales tax exemption for right of first refusal fees Section 144.1030	(Unknown)	(Unknown)	(Unknown)
<u>Revenue reduction</u> - DOR Sales tax on vehicles Section 144.030	(\$749,350)	(\$899,220)	(\$899,220)
<u>Revenue reduction</u> - DOR Sales tax on ATV's Section 144.030	<u>(\$772)</u>	<u>(\$926)</u>	<u>(\$926)</u>
ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER FUND	(More than <u>\$750,122</u>)	(More than <u>\$900,146</u>)	(More than <u>\$900,146</u>)
STATE ROAD BOND FUND			
<u>Revenue reduction</u> - DOR Sales tax on vehicles Section 144.030	<u>(\$11,244,359)</u>	<u>(\$13,493,230)</u>	<u>(\$13,493,230)</u>
ESTIMATED NET EFFECT ON STATE ROAD BOND FUND	<u>(\$11,244,359)</u>	<u>(\$13,493,230)</u>	<u>(\$13,493,230)</u>

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2015 (10 Mo.)	FY 2016	FY 2017
STATE TRANSPORTATION FUND			
<u>Revenue reduction - DOR</u>			
Sales tax on vehicles			
Section 144.030	<u>(\$299,930)</u>	<u>(\$359,916)</u>	<u>(\$359,916)</u>
ESTIMATED NET EFFECT ON TRANSPORTATION FUND	<u>(\$299,930)</u>	<u>(\$359,916)</u>	<u>(\$359,916)</u>
STATE ROAD FUND			
<u>Revenue reduction - DOR</u>			
Sales tax on vehicles			
Section 144.030	<u>(\$10,944,429)</u>	<u>(\$13,133,315)</u>	<u>(\$13,133,315)</u>
ESTIMATED NET EFFECT ON STATE ROAD FUND	<u>(\$10,944,429)</u>	<u>(\$13,133,315)</u>	<u>(\$13,133,315)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL GOVERNMENTS			
<u>Additional Revenue</u> - recreation center sales and use tax Section 67.585	\$0 or Up to \$2,100,000	\$0 or Up to \$2,100,000	\$0 or Up to \$2,100,000
<u>Additional revenue</u> - transient guest tax Section 67.1367	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue reduction</u> - sales tax exemption for right of first refusal fees Section 144.1030	(Unknown)	(Unknown)	(Unknown)
<u>Revenue reduction</u> - property tax exemptions Section 137.100	(Unknown)	(Unknown)	(Unknown)
<u>Revenue reduction</u> - sales tax exemption for laundry and dry cleaners Section 144.030	(Unknown)	(Unknown)	(Unknown)
<u>Revenue reduction</u> - Cities Sales tax on vehicles Section 144.030	(\$2,248,998)	(\$2,698,798)	(\$2,698,798)
<u>Revenue reduction</u> - Counties Sales tax on vehicles Section 144.030	<u>(\$1,499,332)</u>	<u>(\$1,799,199)</u>	<u>(\$1,799,199)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	Unknown to (More than <u>\$3,748,330</u>)	Unknown to (More than <u>\$4,497,997</u>)	Unknown to (More than <u>\$4,497,997</u>)

FISCAL IMPACT - Small Business

Several provisions in this proposal could have a fiscal impact to a small business.

A qualifying small business which owns or operates a home for the aged could receive a property tax exemption.

A small business which has interstate sales transactions could have an impact to the portion of its sales subject Missouri income tax.

The sales tax exemption for laundry and dry cleaning businesses could have an impact to a small business which operates a qualifying facility.

The sales tax exemption for a vehicle or ATV more than ten years old and valued at \$15,000 or less could result in a reduction in sales tax for a small business which purchases a qualifying vehicle or ATV.

FISCAL DESCRIPTION

This proposal would changes the laws regarding taxation as follows.

The proposal would authorize, upon voter approval, the creation of a Recreational and Community Center District that includes only the area encompassed by the Liberty School District, and a sales tax not to exceed .5% on all retail sales made within the recreational and community center district for funding the construction, maintenance, operation, and purchase of equipment for community centers and other purposes of recreation and wellness as determined by the board.

The proposal would authorize Perry County to impose, upon voter approval, a transient guest tax of up to 6% per occupied room per night to be used solely for the promotion of tourism.

The proposal would exempt taxes imposed on sales for capital improvements in certain counties enacted after August 28, 2013, for the purpose of funding emergency communication systems from the provisions regarding tax increment financing local sales taxes.

FISCAL DESCRIPTION (continued)

The proposal would expand the charitable property exemption from property taxation to include homes for the aged operated by an organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and consistent with Internal Revenue Service revenue ruling 72-124, if applicable.

The proposal would change the method of allocating income for transactions involving more than one state.

The proposal would authorize a sales and use tax exemption for materials, manufactured goods, machinery, parts, utilities, chemicals, soaps, detergents, cleaning and sanitizing agents, and other ingredients consumed by commercial and industrial laundry operators to treat, clean, and sanitize textiles and other materials.

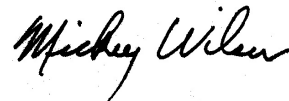
The proposal would exempt from all state and local sales and use taxes any motor vehicle with a model year of at least 10 years prior to the year in which the vehicle is being titled with a value less than \$15,000.

The proposal would exempt from sales tax any fee for the right of first refusal to purchase or decline tickets for admission to events at the Sprint Center.

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
Joint Committee on Administrative Rules
Office of Administration
 Division of Budget and Planning
Department of Revenue
Department of Transportation
Cole County
Pettis County
City of Columbia
City of Kansas City
Francis Howell School District
Special School District of St. Louis County
St. Louis County Directors of Elections



Mickey Wilson, CPA
Director
April 30, 2014

Ross Strope
Assistant Director
April 30, 2014