

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6124-06
Bill No.: Truly Agreed To and Finally Passed CCS for HCS for SCS for SB 896
Subject: Counties; Motels and Hotels; Taxation and Revenue - General; County Government; Crimes and Punishment
Type: Original
Date: June 5, 2014

Bill Summary: This proposal modifies provisions relating to county governance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	\$0 or Up to \$36,000	\$0 or Up to \$36,000	\$0 or Up to \$36,000
Total Estimated Net Effect on General Revenue Fund	\$0 or Up to \$36,000	\$0 or Up to \$36,000	\$0 or Up to \$36,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

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	\$0 or Could Exceed \$3,600,000	\$0 or Could Exceed \$3,600,000	\$0 or Could Exceed \$3,600,000

FISCAL ANALYSIS

ASSUMPTION

§49.272 - Buchanan County Counselor to impose fines for certain violations

§49.272 allows the County Commission in Buchanan County to impose by rules, regulations or ordinance a civil fine of up to \$1,000 for each violation of any county rule, regulation or ordinance. Oversight assumes the County Commission, if they adopted the provisions of this section, would realize income from the civil fines and would have cost from enforcement of the rules, regulation, or ordinances. For purposes of this fiscal note, **Oversight** assumes the net fiscal impact would be \$0. **Oversight** assumes income would cover the cost of enforcement and administration.

Officials at the **Department of Revenue** assume no fiscal impact from this proposal.

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.

In response to a previous version, 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.

ASSUMPTION (continued)

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.

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)** assume this section allows Clay County through creation of a recreational and community center district in an area of a specific school district to impose a local sales tax. The Department's systems require updates if a new rate is imposed and notification would need to be sent. The estimated cost would be \$9,173 for 336 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 at the **City of Kansas City** may incur some costs associated with holding an election on the question of approving the recreation and community center sales tax. The amount of the election costs cannot be estimated at this time and may be reimbursed to the cities upon implementation of the tax.

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.

ASSUMPTION (continued)

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.

§§67.587 and 67.1367 - Transient guest taxes in Perry County and sales tax in New Madrid County

Officials at the **Office of Administration's Division of Budget and Planning** assume this proposal provides the option for voters in New Madrid County to approve a 0.5 cent sales tax for transportation. Taxable sales for New Madrid County were \$292.4 million in 2013, so this tax might generate \$1.5 million in sales tax. General and total state revenues will increase to the extent the DOR retains a 1% collection fee.

Officials at the **Department of Economic Development's Division of Tourism**, the **State Tax Commission** and the **Department of Revenue** each assume no fiscal impact to their respective agencies from this proposal.

In response to a previous version, officials at the **City of Perryville** assumed no fiscal impact from this proposal.

Officials at **Perry County** and **New Madrid County** did not respond to Oversight's request for fiscal impact.

Oversight notes that the New Madrid County sales tax rate is 1.25% (source: Department of Revenue Local Sales Tax Rate Chart). The Department of Revenue distributed \$2,831,727 for FY 2013 (source: Missouri Department of Revenue Financial and Statistical Report: Fiscal Year ended June 30, 2013). A .5% tax would yield about \$1,150,000. Using the numbers provided by the Office of Administration's Division of Budget and Planning, Oversight will show the impact as \$0 (sales tax not implemented) or up to \$1,500,000. Oversight will show the impact to General Revenue of \$0 or up to \$15,000.

Repeal of §§1-21 and §§1-10 relating to Randolph County

Officials at the **Office of the State Courts Administrator** assume this portion of the proposed legislation modifies provisions relating to Randolph County. There may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future

ASSUMPTION (continued)

budget requests.

Legislation as a whole

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** assumed 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 at the **Department of Elementary and Secondary Education** assume no fiscal impact from this proposal.

Officials at the **Jackson County Board of Election Commission**, the **Special School District of St. Louis County**, **St. Francois County**, the **St. Louis County Board of Election Commission**, **Platte County**, the **Mississippi County Recorder of Deeds** and **St. Louis County** each assume no fiscal impact to their respective organizations from this proposal.

In response to a previous version, officials at the **City of Columbia** assumed no fiscal impact from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Revenue</u> - Department of Revenue - 1% collection fee (§67.585) for Clay County sales tax	\$0 or Up to \$21,000	\$0 or Up to \$21,000	\$0 or Up to \$21,000
<u>Revenue</u> - Department of Revenue - 1% collection fee (§67.587) for New Madrid Sales Tax	\$0 or Up to <u>\$15,000</u>	\$0 or Up to <u>\$15,000</u>	\$0 or Up to <u>\$15,000</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	\$0 or Up to <u>\$36,000</u>	\$0 or Up to <u>\$36,000</u>	\$0 or Up to <u>\$36,000</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - Buchanan County - from civil fines (§49.272)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - Buchanan County - enforcement and administration of violations of county ordinances, etc. (§49.272)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue</u> - Perry County - transient guest tax (67.1367)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue</u> - New Madrid County - sales and use tax rate .5% (67.587)	\$0 or Up to \$1,500,000	\$0 or Up to \$1,500,000	\$0 or Up to \$1,500,000
<u>Revenue</u> - Clay County - recreation center sales and use tax rate .5% (§67.585)	\$0 or Up to <u>\$2,100,000</u>	\$0 or Up to <u>\$2,100,000</u>	\$0 or Up to <u>\$2,100,000</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or Could Exceed <u>\$3,600,000</u>	\$0 or Could Exceed <u>\$3,600,000</u>	\$0 or Could Exceed <u>\$3,600,000</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

§49.272 - adds Buchanan County to the list of counties authorized to impose, by rule, regulation, or ordinance a civil fine of up to \$1,000 for each violation of any county rule, regulation, or ordinance.

§67.585 - 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.

§67.587 - authorizes New Madrid County to impose a sales tax of up to 1/2% to fund transportation infrastructure improvements. The tax must be approved by a vote of the county residents before it may take effect. The county must submit the question of repeal of the tax to the voters at least every four years.

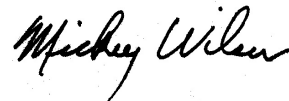
§67.1367 - authorizes Perry County to impose a transient guest tax of up to 6% per room per night. The tax must be approved by the voters of the county before becoming effective. Proceeds from the tax may only be used for the promotion of tourism.

UNREVISED SESSION LAWS RELATING TO RANDOLPH COUNTY - repeals various provisions relating to Randolph County in the session laws of 1885. The session laws being repealed are: Sections 1 to 21 on pages 116 to 120, Sections 1 to 11 on pages 131 to 133, and Sections 1 to 10 on pages 134 to 135

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 Economic Development
 Division of Tourism
State Tax Commission
Department of Revenue
City of Perryville
Office of the Secretary of State
Office of Administration
 Budget and Planning
University of Missouri
 Economic and Policy Analysis Research Center
Office of the State Courts Administrator
Department of Elementary and Secondary Education
St. Louis County
St. Louis County Board of Election Commission
Platte County Board of Election Commission
Mississippi County Recorder of Deeds
City of Columbia
City of Kansas City
Jackson County Board of Election Commission
Special School District of St. Louis County
St. Francois County



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