

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0137-04
Bill No.: HCS for SS for SCS for SB 115
Subject: Revenue, Department of; Taxation and Revenue - Income
Type: Original
Date: April 27, 2015

Bill Summary: This proposal would change several provisions relating to taxation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(More than \$228,826)	(Could exceed \$442,989)	(Could exceed \$442,989)
Total Estimated Net Effect on General Revenue	(More than \$228,826)	(Could exceed \$442,989)	(Could exceed \$442,989)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
School District Trust	\$0	(Up to \$147,663)	(Up to \$147,663)
Conservation Commission	\$0	(Up to \$18,458)	(Up to \$18,458)
Parks, and Soil and Water	\$0	(Up to \$14,766)	(Up to \$14,766)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(Up to \$180,887)	(Up to \$180,887)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 21 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0 or (Unknown)	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Section 94.860, RSMo. - St. Louis County Law Enforcement Sales Tax:

Officials from the **Office of Administration - Division of Budget and Planning** deferred to the Department of Revenue for an estimate of the impact of similar language in HB 812 (LR 1827-03).

Officials from the **Department of Revenue (DOR)** stated similar language in HB 812 (LR 1827-03) would authorize a new local sales tax in St. Louis County of one-half percent for law enforcement purposes.

Administrative impact

DOR officials assumed the proposal would result in the need to mail approximately 25,000 rate change letters to businesses and taxpayers, and provided an estimate of cost of $(25,000 \times \$0.555) = \$13,875$.

Oversight assumes DOR could provide the information to taxpayers and businesses through regularly scheduled DOR communications including the department website and will not include those costs in this fiscal note.

At our request, DOR officials stated that taxable sales in the unincorporated portion of St. Louis County were \$3.1 billion (rounded) for FY 2014. Oversight notes the sales tax would become effective the first day of the second quarter after the election in which the tax is approved. This proposal does not include a specific effective date and if it is approved by the General Assembly and the Governor, would become effective August 28, 2015. Oversight notes this effective date is after the final certification date for a November, 2015, special election. The first date available for an election to approve the tax would be in April, 2016 (FY 2016) and if the sales tax is approved by the voters at that election, could become effective October 1, 2016 (FY 2017).

IT impact

DOR officials also provided an estimated IT cost of \$128,126 to implement similar language in HB 812 LR 1827-03 based on 1708 hours of programming to make changes to current systems and to the Integrated Revenue System.

ASSUMPTION (continued)

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

Oversight did not receive an estimate of election costs for this proposal and will include an election cost of \$0 or unknown for St. Louis County in FY 2016 in this fiscal note.

Oversight will assume the vote would be scheduled on the first available election, and will indicate a fiscal impact of \$0 (no vote or tax not approved by the voters) or up to an unknown amount of tax generated in unincorporated areas of St. Louis County. Oversight has no information regarding the amount of retail sales in unincorporated St. Louis County. For simplicity, Oversight will not include any collection cost reimbursement to the Department of Revenue in this fiscal note.

Section 94.902, RSMo. - City Public Safety Sales Tax:

Changes to this provision would authorize certain cities to impose, upon voter approval, a sales tax of up to .5% for the purpose of improving the public safety of the city.

In response to HB 566 (LR 1455-01), officials from the **City of Liberty** stated their estimate of revenue from a one-half cent sales tax would be approximately \$1,700,000 per year and the election cost would be approximately \$30,000. City officials did not indicate any additional cost to their organization to implement this proposal, and Oversight assumes any additional cost could be absorbed with existing resources. Oversight will include the city's estimated municipal election cost in this fiscal note.

In response to HCS for HB 566 (LR 1455-02), officials from the **City of North Kansas City** stated their estimate of revenue from a one-half cent sales tax would be approximately \$1,575,000 each year if the entire half-cent sales tax was levied. City officials did not indicate any additional cost to their organization to implement this proposal, and Oversight assumes any additional cost could be absorbed with existing resources. The city did not provide an estimate of election costs for this proposal, and Oversight will include an unknown but less than \$100,000 estimated election cost in this fiscal note for the city.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** noted similar language in HCS for HB 566 (LR 1455-02) would allow voters in certain cities to approve a sales tax up to ½ of one percent to improve public safety of the city.

ASSUMPTION (continued)

BAP officials provided information from the Department of Revenue (DOR) 2014 sales tax report which indicated taxable sales in Liberty totaled \$428.8 million in fiscal year 2014. Therefore, BAP officials estimated the proposed sales tax could generate up to $(\$428,800,000 \times .005) = \2.14 million (rounded) annually for the city beginning as early as two weeks after the 2016 August primary election, unless a special election is called before such date. BAP officials assume up to \$1.79 million would be collected for FY 2017.

BAP officials also provided information from the Department of Revenue (DOR) 2014 sales tax report which indicated taxable sales in North Kansas City totaled \$365 million in fiscal year 2014. Therefore, BAP officials estimated the proposed sales tax could generate up to $(\$365,000,000 \times .005) = \1.825 million (rounded) annually for the city beginning as early as two weeks after the 2016 August primary election, unless a special election is called before such date. BAP officials assume up to \$1.544 million would be collected for FY 2017.

BAP officials also noted the revenues collected would have no direct impact on Total State Revenues; however 1% would be retained to offset DOR collection costs, and Total State Revenues could be increased by \$39,650 if the sales tax proposals are approved.

For simplicity, **Oversight** will not include the one percent additional collection deduction in this fiscal note.

Oversight assumes the BAP revenue estimates for this proposal are the best estimates available and will use those estimates for this fiscal note.

This proposal does not include a specific effective date and if it is approved by the General Assembly and the Governor, would become effective August 28, 2015. The first date available for an election to approve the tax would be in April, 2016 (FY 2016) and if the sales tax is approved by the voters at that election, could become effective October 1, 2016 (FY 2017).

For fiscal note purposes, **Oversight** will assume the election would be held with the April, 2016 municipal elections and sales tax could be collected from October 1, 2016 to June 30, 2017 (FY 2017). Oversight is also aware there is some delay in collecting, reporting, accounting, and remitting sales tax to local governments; however, we will indicate revenue up to nine months (75%) of the annual estimate for FY 2017.

ASSUMPTION (continued)

Finally, **Oversight** notes this proposal would allow but not require the cities to propose a public safety sales tax to the voters, and the fiscal impact will be presented as \$0 (no election held) or the estimated election costs above and \$0 (no election or voters do not approve the sales tax) or the estimated sales tax revenue above.

For the City of Liberty, the estimate for FY 2017 would be \$0 or up to $(\$2,140,000 \times .75) = \$1,605,000$, and for FY 2018 and following years, the sales tax revenue estimate would be \$0 or \$2,140,000.

For the City of North Kansas City, the estimate for FY 2017 would be \$0 or up to $(\$1,825,000 \times .75) = \$1,369,000$ (rounded) and for FY 2018 and following years, the sales tax revenue estimate would be \$1,825,000.

Officials from the **Department of Revenue (DOR)** stated that HCS for HB 566 (LR 1455-02) would authorize these cities to impose a one-half percent sales tax for improving public safety but would have no impact on their organization.

DOR officials provided an estimate of the IT cost to implement the proposal of \$3,000 based on 40 hours of programming at \$75 per hour 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, and 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 budget process.

Section 99.845, RSMo. - TIF Allocation of County Anti-Drug Tax:

Changes to this provision would add a county anti-drug sales tax to the local taxes subject to allocation between the TIF authority and the originating tax authority. Fifty percent of additional revenues attributed to the TIF would be paid to the county.

Oversight notes this provision would alter the distribution of local tax revenues among political subdivisions and will include unknown additional revenues and revenue reductions to local governments.

ASSUMPTION (continued)

Section 137.076, RSMo - Additional Factors in Assessed Valuation:

Changes to this provision would add several additional factors that an assessor would be required to consider in establishing the value for property tax purposes of a parcel of real estate.

Oversight assumes this provision would, in general, lead to an unknown reduction in the assessed valuation of real properties. **Oversight** notes, based on information from the Missouri Tax Commission, that the total assessed valuation of real property has decreased in the last three assessment cycles. Oversight is also aware that many additional factors influence actual property tax revenues for local governments and the Blind Pension Fund, which are supported by those revenues. For the purposes of this fiscal note, Oversight will assume there would be no revenue reductions to political subdivisions or the Blind Pension Fund resulting from the additional requirements for assessed valuations proposed in this legislation.

Section 143.221 Withholding Tax Filing Frequency:

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** noted similar language in HB 502 (LR 1199-01) would increase the threshold for annual withholding filers from \$20 to \$100. Withholding taxes that would otherwise have been collected on a quarterly basis in April, July, and October would be delayed until January. This proposal would not impact state revenues in the aggregate, but could have a cash flow impact across fiscal years.

Assuming the proposal would be effective August 28, 2015, quarterly payments due in October 2015 would instead be remitted in January 2016. This would have no cash effect overall for FY 2016, though timing of payments are different. However, some quarterly payments due in April of 2016 would not arrive until January 2017. Therefore, revenue collections would be reduced in FY 2016, but the payments in FY 2017 would increase by similar amounts. Further, similar patterns would follow in subsequent years.

BAP officials noted there would be a very slight reduction in Total State Revenue and general revenue the first year by the amount of interest the state would have earned on the withholdings received before the end of the calendar year. BAP officials estimated the amount would be less than \$20,000. BAP officials assume this proposal would not impact the calculation required under Section 18(e) of the state constitution.

ASSUMPTION (continued)

BAP officials stated the Department of Revenue had reported about 3,500 businesses would be impacted by this proposal.

Officials from the **Department of Revenue (DOR)** noted similar language in HB 502 (LR 1199-01) would change current filing requirements for employee withholding tax. If an employer deducts and withholds less than \$100 in each of the four preceding quarters, the employer would be allowed to file a withholding return for a calendar year at a time. DOR officials noted the department could increase the amount required for making an annual employer withholding payment and return to more than \$100 or decrease such required amount; however, the decreased amount could not be less than \$100.

Administrative impact

DOR officials assumed the Department would need to make forms changes, and the Department and ITSD-DOR would need to make programming changes to various tax systems.

Oversight notes DOR officials did not provide an administrative cost estimate for this proposal and assumes DOR could implement this proposal with existing resources.

Fiscal impact

DOR officials also assumed the proposal would not reduce Total State Revenue (TSR), but would delay the collection of withholding taxes. DOR officials assume this legislation would impact approximately 3,500 businesses that could delay the remittance of their withholding taxes until January of the following year. These taxes would have otherwise been paid in April, July, and October. Assuming the state could earn a rate of interest of five percent; this could reduce total state revenue by \$17,500 annually.

IT impact

DOR officials provided an estimate of the IT cost to implement the proposal of \$2,997 based on 40 hours of programming to make changes to DOR systems.

ASSUMPTION (continued)

Oversight assumes OA - ITSD (DOR) is provided with core funding to handle a certain amount of computer programming activity each year. Oversight also 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 budget process.

Oversight assumes this proposal would allow certain employers to delay filing and paying withholding taxes, which are currently due on a quarterly basis, until the following January 31. The amount of tax due and the overall amount of revenue for a tax year would not change; however, implementing the provisions could delay receipt of withholding taxes as explained below.

- * Taxes withheld for the third calendar quarter ending September 30, 2015 are currently filed and paid by October 31, 2015 (FY 2016); the proposal would include those taxes in an annual filing due January 31, 2016 (FY 2016). Those taxes would be received in the same fiscal year as currently required, although filing and payment of those funds would be delayed three months. For fiscal note purposes there would be no impact from that delay.
- * Taxes withheld for the fourth calendar quarter ended December 31, 2015 would be paid January 31, 2016 (FY 2016) as currently required.
- * Taxes withheld for the first calendar quarter ending March 31, 2016 are currently required to be filed and paid by April 30, 2016 (FY 2016). The proposal would include those taxes in an annual filing due January 31, 2017 (FY 2017). That delay would be permanent, as each year's first quarter withholding taxes would be paid the following state fiscal year.
- * Taxes withheld for the calendar quarters ending June 30, 2016 are currently required to be filed and paid by July 31, 2016, and taxes withheld for the quarter ending September 30, 2016 currently required to be filed and paid by October 31, 2016 (FY 2017) would be paid by January 31, 2017 (FY 2017). Those taxes would be paid in the same fiscal year as currently required but would be delayed six months and three months, respectively, as compared to current requirements.

ASSUMPTION (continued)

- * Based on the number of filers provided by the Department of Revenue, the amount of first calendar quarter withholding taxes delayed over the end of a state fiscal year could range from (3,500 filers x the current \$20 threshold) = \$70,000 to (3,500 filers x the new \$100 threshold) = \$350,000.

For fiscal note purposes, **Oversight** will indicate an unknown revenue reduction for FY 2016 due to first calendar quarter withholding taxes which would be remitted in January, 2017 (FY 2017) rather than April 2016 (FY 2016).

Section 143.801, RSMo. - Credits and Refunds

Changes to this provision would allow a taxpayer to claim a credit or refund for overpayment of income taxes after the statute of limitations for making a claim has expired, if the taxpayer files an amended federal return or if the federal Internal Revenue Service changes the taxpayer's federal return after such time has expired.

Officials from the **Office of Administration - Division of Budget and Planning** assumed similar language in SS for SCS for SB 115 LR 0137-02 could reduce Total State Revenues and General Revenue but would not have an impact on the calculation of excess revenue under Section 18(e) of the state constitution.

Officials from the **Department of Revenue (DOR)** assumed similar language in SS for SCS for SB 115 LR 0137-02 could result in additional refunds.

Oversight will assume this proposal would result in an unknown amount of additional refund payments.

Oversight notes the proposal would require DOR to create a process to allow a taxpayer to claim refunds and credits which can not be claimed under current statute of limitations provisions. That process would become available if the taxpayer files an amended federal return, or the Internal Revenue Service changes the taxpayer's federal return and the changes would make the taxpayer eligible for a credit or refund.

ASSUMPTION (continued)

Administrative Impact

DOR officials assumed Personal Tax would require two additional Revenue Processing Technicians I for returns processed and error correction, and Corporate Tax would require one additional Revenue Processing Technician I for correspondence, and programming time to develop and install new notices and notice messages. In addition, Collections & Tax Assistance (CATA) would require two additional Tax Collection Technicians I for calls to the delinquent and non-delinquent call centers. These personnel would require CARES equipment and licenses. Finally, Withholding Tax would require one additional Revenue Processing Technician I for correspondence.

The DOR estimate of cost to implement this proposal including six additional employees, benefits, equipment, and expense, totaled \$245,770 for FY 2016, \$252,257 for FY 2017, and \$254,882 for FY 2018.

Oversight assumes a relatively small number of additional refunds would be allowed by this proposal and assumes DOR could implement this proposal with existing resources. If an unanticipated additional workload is created by this proposal or if multiple proposals are implemented which increase the DOR workload, additional resources could be requested through the budget process.

IT impact

DOR officials also provided an estimate of the IT cost to implement this proposal of \$100,700 for 1,343 hours of contractor programming at \$75 per hour.

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

Section 144.049, RSMo. - Sales Tax Exemption for Certain Graphing Calculators:

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** noted similar language in HB 410 (LR 0881-01) would add graphing calculators valued at \$150 or less to the sales tax holiday in August.

ASSUMPTION (continued)

BAP officials used information provided by the Department of Elementary and Secondary Education (DESE) which indicated there were 98,442 students enrolled in Pre-Algebra or Algebra I in 2012. BAP officials assumed each of these students was a new algebra student that required a new graphing calculator, or $(98,442 \times \$150) = \$14,766,300$ in purchases. BAP officials noted it is possible (or even likely) that not every student would make a qualifying calculator purchase. BAP officials stated they had no data to indicate how many the purchases would be made in stores vs. by e-commerce, nor does BAP have data to indicate how many of these sales might occur during the holiday.

Oversight assumes many but not necessarily all of the graphing calculators in the BAP estimate of sales would be purchased during the sales tax holiday. Oversight also notes that local governments could opt out of the sales tax holiday. Oversight has calculated the following estimated impact of the proposed sales tax exemption for graphing calculators based on the BAP estimate of qualifying sales.

Fund	Sales Tax Rate	Estimated Revenue Reduction
General Revenue	3.0000%	\$442,989
School District Trust	1.0000%	\$147,663
Conservation Commission	0.1250%	\$18,458
Parks, and Soil and Water	0.1000%	\$14,766
Local Governments *	3.8800%	\$572,932
* The 3.88 percent average local government sales tax rate was calculated by Oversight based on tax collections reported by the Department of Revenue.		

ASSUMPTION (continued)

Oversight notes the amounts calculated would be considered maximum amounts for the sales tax exemption, and will indicate a fiscal impact up to those amounts.

Oversight notes that sales tax revenues in the School District Trust Fund are allocated to Missouri school districts according to a formula in Section 163.087, RSMo. but Oversight will not include those distributions in this fiscal note.

Oversight also notes the proposal would become effective after the sales tax holiday in August of 2015 (FY 2016) so the first impact would be in FY 2017.

Officials from the **Department of Conservation (MDC)** assumed similar language in HB 410 (LR 0881-01) would have an unknown negative fiscal impact to their organization, but greater than \$100,000. MDC officials stated Conservation Sales Tax funds are derived from a one-eighth of one percent sales and use tax pursuant to the Missouri Constitution. MDC officials deferred to the Department of Revenue for an estimate of the anticipated fiscal impact for this proposal.

Officials from the **Department of Natural Resources (DNR)** stated the Department's Parks and Soils Sales Tax funds are derived from a one-tenth of one percent sales and use tax pursuant to the Missouri Constitution. DNR officials deferred to the Department of Revenue and Office of Administration - Division of Budget and Planning for a more detailed account of the fiscal impact of similar language in HB 410 (LR 0881-01).

Officials from **Cole County** stated they could not provide an estimate of the fiscal impact of similar language in HB 410 (LR 0881-01).

Officials from the **City of Columbia** stated their organization would have no fiscal impact from similar language in HB 410 (LR 0881-01) since the City had opted out of the sales tax holiday.

ASSUMPTION (continued)

Section 205.205, RSMo. - Hospital District Tax:

Changes to this provision would allow a specified hospital district to abolish the current hospital district property tax and impose a sales tax on all retail sales in the district.

In response to similar language in another proposal, officials from the **Office of Administration, Division of Budget and Planning (BAP)** stated the proposal would allow the Barton County Hospital District to abolish their property tax in order to impose a voter approved special sales tax. BAP officials assumed the proposal would not impact Total State Revenue and does not change the BAP original fiscal note response to the underlying bill.

Officials from the **University of Missouri, Economic and Policy Analysis Research Center (EPARC)** provided the following response.

This proposal would authorize the Barton County Hospital to replace their property tax levy with a sales tax, if approved by the voters of that county. If approved by voters of Barton County, this amendment would allow up to a 1% sales tax to solely fund the Barton County Hospital.

EPARC officials estimated the Barton County sales tax base at \$112,184,000; therefore, a 1% sales tax on this base would generate approximately \$1,121,840. A 2% Collection Fee to the General Revenue Fund would amount to \$22,436.80.

For simplicity, **Oversight** will not include the collection fee to the General Revenue Fund in this fiscal note.

Oversight notes the proposal would allow the hospital district to eliminate their current property tax levy and replace it with a sales tax. According to reports provided by the Office of the State Auditor, revenue from the Barton County Hospital District property tax levy totaled \$186,424 for 2014.

ASSUMPTION (continued)

For fiscal note purposes, **Oversight** will assume the election would be held with the April, 2016 municipal elections. If the proposition is approved by the voters, the sales tax would become effective on the first day of the second calendar quarter after the election and could be collected from October 1, 2016 to June 30, 2017 (FY 2017). Oversight is also aware there is some delay in collecting, reporting, accounting, and remitting sales tax to local governments; however, we will indicate revenue impact up to nine months (75%) of the annual estimate for FY 2017 or $(\$1,121,840 \times .75) = \$841,380$ and \$1,121,840 for FY 2018.

Oversight did not receive an estimate of election costs for this proposal and will include unknown election costs for the Barton County Hospital District in FY 2016.

Oversight notes, again, that the election would be held in April 2016 (FY 2016) after FY 2016 property taxes are levied. Therefore, if the proposal is approved by the voters, no property taxes would be levied for FY 2018 and FY 2018 and will include a revenue reduction of \$186,424 for the Barton County Hospital District for those years.

Bill as a whole responses

Officials from the **Office of the Secretary of State**, the **Joint Committee on Administrative Rules**, the **Department of Revenue**, **St. Louis County**, the **Platte County Board of Elections**, and the **St. Louis County Directors of Elections** assumed the proposal would have no fiscal impact on their organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Additional revenue</u> - Previous year withholding taxes paid			
Section 143.221	\$0	Unknown	Unknown
<u>Cost</u> - Department of Revenue Computer programming			
Section 143.801	(\$100,700)	\$0	\$0
<u>Cost</u> - DOR Computer programming			
Section 94.860	(\$128,126)	\$0	\$0
<u>Revenue reduction</u> - Delayed filing and payment of withholding taxes			
Section 143.221	(Unknown)	(Unknown)	(Unknown)
<u>Revenue reduction</u> Sales tax exemption on graphing calculators & reduce caps on computers			
Section 144.049	\$0	(Less than \$442,989)	(Less than \$442,989)
<u>Revenue reduction</u> Additional refunds			
Section 143.801	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(More than <u>\$228,826</u>)	(Could exceed <u>\$442,989</u>)	(Could exceed <u>\$442,989</u>)

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2016 (10 Mo.)	FY 2017	FY 2018
SCHOOL DISTRICT TRUST FUND			
<u>Revenue reduction</u>			
Sales tax exemption on graphing calculators & reduce caps on computers Section 144.049	<u>\$0</u>	<u>(Less than \$147,663)</u>	<u>(Less than \$147,663)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	<u>\$0</u>	<u>(Less than \$147,663)</u>	<u>(Less than \$147,663)</u>
 CONSERVATION COMMISSION FUND			
<u>Revenue reduction</u>			
Sales tax exemption on graphing calculators & reduce caps on computers Section 144.049	<u>\$0</u>	<u>(Less than \$18,458)</u>	<u>(Less than \$18,458)</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	<u>\$0</u>	<u>(Less than \$18,458)</u>	<u>(Less than \$18,458)</u>
 PARKS, AND SOIL AND WATER FUNDS			
<u>Revenue reduction</u>			
Sales tax exemption on graphing calculators & reduce caps on computers Section 144.049	<u>\$0</u>	<u>(Less than \$14,766)</u>	<u>(Less than \$14,766)</u>
ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER FUNDS	<u>\$0</u>	<u>(Less than \$14,766)</u>	<u>(Less than \$14,766)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
LOCAL GOVERNMENTS			
<u>Additional revenue</u> - St. Louis County			
Countywide law enforcement sales tax Section 94.860	\$0	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> - St. Louis County			
Election Section 94.860	\$0 or (Unknown)	\$0	\$0
<u>Additional revenue</u> - City of Liberty			
Sales tax Section 94.902	\$0	\$0 or Up to \$1,605,000	\$0 or \$2,140,000
<u>Cost</u> - City of Liberty			
Election Section 94.902	\$0 or (\$30,000)	\$0	\$0
<u>Additional revenue</u> - City of North Kansas City			
Sales tax Section 94.902	\$0	\$0 or Up to \$1,369,000	\$0 or \$1,825,000
<u>Cost</u> - City of North Kansas City			
Election Section 94.902	\$0 or (Less than \$100,000)	\$0	\$0
<u>Additional revenue</u> - local governments			
TIF revenue allocation Section 99.845	Unknown	Unknown	Unknown
<u>Revenue reduction</u> - local governments			
TIF revenue allocation Section 99.845	(Unknown)	(Unknown)	(Unknown)

<u>FISCAL IMPACT - Local Government</u> (Continued)	FY 2016 (10 Mo.)	FY 2017	FY 2018
<u>Revenue reduction</u>			
Sales tax exemption on graphing calculators & reduce caps on computers Section 144.049	\$0	(Less than \$572,932)	(Less than \$572,932)
<u>Additional revenue - Barton County</u>			
Hospital District Sales tax	\$0	\$0 or Up to \$841,380	\$0 or \$1,121,840
Revenue reduction - Barton County			
Hospital District Property tax	\$0	\$0 or (\$186,424)	\$0 or (\$186,424)
<u>Cost - Barton County Hospital District Election</u>	\$0 or <u>(Unknown)</u>	<u>\$0</u>	<u>\$0</u>
 ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	 <u>\$0 or (Unknown)</u>	 <u>\$0 or Unknown</u>	 <u>\$0 or Unknown</u>

FISCAL IMPACT - Small Business

A small business could receive a tax credit or refund which was previously unavailable due to the statute of limitations, if this proposal is implemented.

If one or more of the proposed sales taxes are approved by the voters, this proposal would have a direct fiscal impact to businesses in one of the designated locations which purchase taxable goods or services.

FISCAL DESCRIPTION

This proposal would allow a taxpayer to claim a credit or refund of an income tax overpayment which was otherwise disallowed due to the statute of limitations, if the taxpayer files an amended federal return or the federal Internal Revenue Services changes the taxpayer's federal return and the changes would make the taxpayer eligible for a tax refund or tax credit.

This proposal would also authorize certain cities to submit to the voters a proposal to impose a sales tax of up to .5% for the purpose of improving the public safety of the city, and would authorize St. Louis County to submit a similar proposal for the unincorporated parts of the county.

The proposal would allow the Barton County Hospital District to submit a proposal to the voters to eliminate the current property tax levy and impose a sales tax.

Other provisions would add a county anti-drug tax to those taxes which are subject to allocation of additional revenue between the TIF and the original taxing authority, change the filing frequency for employee withholding tax for certain employers, specify additional considerations in the assessment of real property, and add certain graphing calculators to the eligible purchase during the back-to-school sales tax holiday.

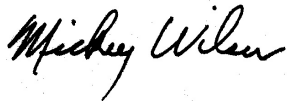
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Joint Committee on Administrative Rules
Office of Administration
 Division of Budget and Planning
Department of Economic Development
Department of Insurance, Financial Institutions, and
 Professional Registration
Department of Revenue
Department of Revenue
City of Liberty
City of North Kansas City

Not responding:

Clay County
Barton County
City of Lamar
Barton County Hospital District



Mickey Wilson, CPA
Director
April 27, 2015

Ross Strobe
Assistant Director
April 27, 2015